Building the Austin Technology Cluster: The Role of Government—Discussion

Moderator: Gary Gorshing

Gary Gorshing: In keeping with the format of this morning, we will accept questions for Pike.

Jack Geller, Center for Rural Policy and Development, Minnesota: As Austin grew from a sleepy college town to a tech center, talk a little bit about whether or not it lifted all boats in the community or created graded disparities within various cohorts in the community?

Pike Powers: That is a very good question. It did create a disparity, not only on the educational attainment level but also on the occupational income levels. It exacerbated some pre-existing conditions or situations. It made it difficult for us to address some of the social concerns or changes. As a consequence, the business community had to pitch in and work harder to try to live through some of those issues. It became acute in the 1990s, which was a time of great prosperity in our community. A number of companies locally grown and developed took initial public offerings (IPOs), and people became outrageously wealthy overnight. The newspaper, of course, would publicize those stories on the front page with pictures showing celebrations and bottles of champagne. The gap became wider.

With the dot.com crash beginning March 2000, people got back on a more reasonable communications keel. The humbling of the technology community actually made possible more serious social consequences discussions. You are absolutely right, Jack. We don’t have a perfect answer to it. I don’t think there is one. There was a great disparity, and it drove some wedges that weren’t there before in the community to have some people doing well and other people not catching up at all. That is the ugly underside of the technology success story. This is no surprise to anyone in this room, I suspect.

Andrew Skadberg, Texas A&M University: I am actually at an advantage because I lived in Austin for five years. In looking at the opportunity that you were part of in Austin, do you think Austin was in a unique situation? I know Austin is a great town. It has a lot of natural resources. It is at the center of things. In comparison with other places that might be more challenged, did you have to, as part of your initiative, try to draw that story of Austin out or do you think people knew it was a great place?

Mr. Powers: Certainly, all of us who have been involved more than 25 years would be reluctant to say it was our efforts that did it. It is a wonderful place, as you know, Andy. It has a magical feeling of quality of life. People love being there. It is the city of choice for Texans when they can get away from wherever they are living because of job opportunities.

On the other hand, we faced some big challenges in terms of persuading some members of the environmental community that the technology scene was the way to go. We had others who were skeptical and antagonistic about incentive packages. They were asking how we could pay so much for so little and saying that the project really would not make a long-term difference. All of the traditional economic development struggles did go on. What was positive and a real learning experience for us over the last 25
years was that when the chips really got down everyone rallied to the cause. Everybody basically said, through unanimous votes of the city council, county commissioners court, and state legislative delegations: “This is bigger than we are.”

The real lesson in all of this is—if presented properly and there is the right buy-in from all segments of the community—is that it can be an enormous community builder, in addition to being an economic builder. That is what happened for us. I give the people of the city—the human capital—and the university great credit for that. You are right. We had a head start on a lot of other communities, given our natural beauty, natural assets, and the university. Still, we had some tough days in the middle of that along the way.

I am very fond of Texas A&M. Had it not been for the A&M engineering school in 1983 and Microelectronics and Computer Technology Consortium (MCC), who came and made pitches and presentations, we would not have gotten there a number of times on various projects.

We have recently repeated all that one more time and have a new project in place called the Texas Technology Initiative, which emphasizes advanced technology platforms. Austin continues to grow, change, expand, and be competitive.

Mr. Gorshing: Thank you, Pike.

Mr. Powers: Thank you.