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“Economic” Development is not “Community” Development: Lessons for a Mayor

by Eugene “Gus” Newport

Economic development is one of the most important elements of an effective community development plan. Economic development can mean jobs for the community, as well as the development of new businesses and the enhancement of a city’s tax base, which provides the funds to operate the government. I had campaigned on the need for responsible alternative economic development. But, one of the first things I learned is that community development often gets misinterpreted as economic development. That is an unfortunate mistake, since the term *community development* has a much broader meaning, both conceptually and practically. Community development means development of a wide variety of facets of a community, and it always includes people in its definition as well as other key elements that make up the infrastructure of the community.

A report titled *Our Cities, Their Role in the National Economy*, published in 1937 by the National Resources Committee, was the underpinning of President Franklin Delano Roosevelt’s New Deal program. The beginning section reads:

Of all our national resources the most important, and the one in terms of which all the others have to be judged, is human life. The safety, welfare, and happiness of the men, women, and children who compose the American people constitutes the only justification of government. They are the ends for which all our resources, land, water, minerals, plants, animals, technology, institutions, and laws are merely instruments.

The manner of life of our people, the problems they face, and the hopes and desires they cherish for improvement in their existence and the advance of their civilization should be the supreme concern of government.

Successful community development requires a comprehensive analysis of the community based on an assessment of the people who live there. This analysis permits those in power to plan and set priorities based, in large measure, on the needs of the community. From a political/



philosophical perspective, the vehicle created to address these needs is most often called public policy. The following essay is a brief overview of how I, as mayor of Berkeley, California, between 1979 and 1987, learned some hard lessons about the pursuit of economic development.

Taking Office

On the morning of April 18, 1979, I awoke with the full realization of having won an upset election the previous evening for the office of mayor of Berkeley. I was to take office on May 1, just two weeks away. I was supposed to begin implementing the myriad programs and ideas upon which I had campaigned.

My immediate concern was, Where do I start, and what do I have to work with? In order to get some answers, I made an appointment with the mayor of Oakland, the neighboring city to the south. He had been in office for a few years. While some aspects of the meeting I could count as interesting, I did not learn anything of particular relevance to satisfy my immediate needs. Next, I had the traditional transition meeting with the mayor whom I had defeated. That proved to be even more futile. I took a deep breath and focused on my prior but limited experiences in government. I decided to gather the “issues people” from my campaign and prepare an agenda for the city council meeting.

My most pressing concern was to adapt and then adopt a city budget that had been largely prepared by the previous council and city manager, a budget that did not reflect some of the areas that I believed had to be given high priority. Of course, the annual budget is the game plan for every project, program, or policy, including community development. On top of having an already-prepared budget to deal with, I also had to face the fact that my coalition did not have a majority on the city council, a basic

prerequisite to pass any legislation. Fortunately, the city council had eight members, and three of the eight were with me. Every now and again, one of the remaining five would move to an independent position. Very early on we saw that this swing vote could sometimes be persuaded to vote with us, providing the five-to-four majority.

Technically, we had to adopt a budget by June 30 of my first year, and that meant a lot of work in a very short time. With the help of the swing vote, I convinced the city council to increase the number of persons appointed to the Citizens' Budget Committee. The previous city council had passed a resolution creating the committee but had never implemented it.

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My campaign theme had been to implement a zero-based budget analysis, to adopt a budget that reflected selected needs, to prioritize those needs, and to implement strategies to meet them through a community development plan. Bureaucracies have a tendency to adopt incremental budgets every year. That is, each year they submit the same work plan, with a minimum of change, and they increase the amount, reflecting a percentage increase in, for example, employee salaries, plus the cost of inflation as it impacts on supplies and services. The adoption of incremental budgets does not require or reflect any creativity. There is no demand for needs analysis or any close listening to what citizens want or ought to expect for their tax dollars. Here is a simple example: If the public works department's work plan reflects that it intends to pave several miles of roads, both the budget and the plan should specify the amount of cement required and its cost, as well as the number of personnel hours and costs. This requirement does not threaten the number of jobs the bureaucracy might support; to the contrary, it only helps to place sufficient jobs in areas where your community development program analysis has suggested they should be placed to best fulfill the government's prioritized needs.

Through our Citizens' Budget Committee, we were informed early on that our police department had one administrator for every three patrol officers. We sensed that the ratio was a bit weighted in the wrong direction, and so we contacted a state police training and consultant organization to inquire if this ratio were common. At the same time, we began an organizational and personnel power comparability survey with other police forces of similar-sized cities. Our concerns were justified. We found out that no other police force had an administrator-to-patrol officer ratio of better than one-to-seven.

As a result of our findings, I suggested to the chief of police that he cut some of the administrative positions, some of which had been budgeted previously but were vacant at that time, and increase the number of patrol

positions in such areas as victims of rape, youth activities, and foot patrol. The chief hesitated in his response, citing inconsistent and illogical reasons why he should not make the requested change. I informed him that I, and some in my citizens' support network, had talked to other police administrators and that we had received materials from the National Police Institute that supported this change. I informed him that we had been advised against funding a top-heavy administration. Moreover, these reports showed there is a saturation point for police. These consultants cited studies that had shown that after reaching a prescribed police-to-population ratio, excessive numbers of personnel had little, if any, impact on crime control.

Taking on the Police and the Police Budget

The chief of police decided at this point that he was going to outmaneuver me. Being black himself and noting that some black officers were in line for promotion, he asked the local NAACP chapter for support. He suggested that I was blocking the upward mobility of black officers. He was successful in getting the NAACP to attack me at the first public budget hearings. Soon after those budget hearings, I met with the NAACP leaders in my office and showed them the police department affirmative action profile and projections. I was able to provide them with a body of data that suggested that they were making a mistake, and they withdrew from the issue.

On the day we were to adopt the budget, I again met with the police chief and asked him to amend his budget and explained what I wanted. He seemed to agree. As a result of discussions with the budget staff, I had decided to try to increase the police budget in the areas of equipment and training, but because of the overall status of the total city budget, we had to make cuts and amendments in other areas. When the chief presented his budget for final approval, he again opposed me and stated a number of reasons why he could not and would not amend his budget. Fortunately, I had been warned by certain staff members that he might not play ball, and I was prepared.

After hearing from all the department heads about their concerns and doing analyses of their work plans, I read my budget message, interpreting my analysis of the problems confronting us and why I had emphasized certain areas. I explained that some changes were due to federal and state funding cuts. In other cases, I did not deem it feasible to continue programs or work that did not meet high-priority needs. I made my point when I cut \$1 million from the police budget and transferred it into social service programs that had been cut totally by the previous city council after the passage of Proposition 13, a state ballot measure limiting taxes similar to Proposition 2¹/₂ in Massachusetts.

I justified this action by pointing to studies that showed crime had decreased in areas where social services and jobs had been given priority to meet the problems of the disadvantaged. Arguing that these programs should be given the same status as other basic services, I also lowered the police budget costs by changing some of their

desk positions to civilian positions. Uniformed personnel fringe benefits are much higher than civilian benefits because of the challenges police meet. It is important that I point out here that I had made sure that community people, who would benefit by the funds to be appropriated, were present to show their support and offset the demeanor of the chief of police and his entourage of supporters.

My budget message had a very important domino effect, because my point was also made to other department heads, the media, and the general population. Furthermore, those persons who had suggested that they believed all of the local tax monies should go into public safety (police and fire services) were silenced, because I explained to them that after the passage of Proposition 13, residential property tax collected for the city of Berkeley was only about \$11 million.

I find this example of the funding of the police budget instructive, because this particular experience helped me to understand that with the power of the pen and a majority of votes, change is possible if one moves with authority, precise judgment, and sound information. In municipal government, the police are usually sacrosanct, but when they are presented as part of overall community needs, the police, as well as the community, begin to understand their role in the larger perspective, and they are forced to interact more as a part of a community. These results were achieved in Berkeley.

... practical approaches can often persuade where obstinacy fails.

For example, socially conscious police officers—and many were—began to take a greater interest in social programs, school programs, and even tax and fee ordinances, because they understood the relevance of these programs and funding sources for the fulfillment, both programmatically and financially, of their own department's needs. From this point on, ironically, some of the police could be counted among my best supporters. As a result of the smoothness with which these budget amendments were implemented, changes in other departments were accomplished with much less opposition.

Once this budget became a reality, I was able to empower the Citizens' Budget Committee to examine the work plans of the various departments and to get a much better understanding of what their relation was to their line item budgets. It was through this process, where reorganization was necessary, that we assured a system that related to and produced an effective community development plan.

An example of the lack of management vision was apparent in the routine system of municipal government. The city had a small economic development office that had no interaction with CETA (Concentrated Employment Training Act), its job development activities, the youth

jobs program, or the planning department. The latter was responsible for negotiating development agreements, which could include a commitment for a specified number of jobs, funds for transportation, funds for child care, and funds to be set aside for low-income housing. Furthermore, when I took office, the city had no overall economic development plan.

Following the adoption of an economic development plan, I immediately applied to the Minority Business Development Division of the U.S. Department of Commerce and received a \$500,000 revolving loan for Berkeley's predominantly black area. This loan was managed by a local community development corporation and was used for loans to small, marginal businesses and joint ventures in a prescribed community.

Successes and Failures

The Colgate-Palmolive Company decided to close a plant that had been operating in Berkeley for sixty-five years. Before announcing its decision to shut down, the company assured workers it had no intention of closing this plant. I scheduled a city council hearing to get a public airing of the workers' concerns and to hear from the company's representative. Colgate refused to send a representative, so I organized a panel to assess the situation and to develop a strategy to keep Colgate from closing its plant.

We were not successful in keeping the plant open, but as a result of several lunches, well-attended by a wide cross section of people I had invited to participate, and after developing a plan for alternative use for the plant, we were able to convince Colgate to donate the property to a nonprofit corporation. The understanding was that it would be subdivided and used for small-business incubators, to include child care, computer inventory assistance, and a commitment of \$2 million in seed money from five banks against the equity.

We also applied for and received monies to build rental housing. Scattered site, rental, and limited equity housing were developed for the first time in years, even though Berkeley had enacted the toughest rent control law in the country during my tenure. This fact lays to rest the myth that rental housing will not be built in a municipality that has strong rent control laws. Berkeley's residential rent control exempts new construction. However, we passed an inclusionary zoning regulation that mandates that 25 percent of all new private units must be low income.

During my term in office many other changes took place, such as the upgrading of certain neighborhoods; streamlining of the Section 8 (low-income subsidized housing) permit process; development of a solid waste recycling program, including construction of a transfer station; passage of a library tax to assure full funding of the city's library system; and passage of an ordinance to complete an overall downtown plan and area plan. We also hired new staff to complete the Waterfront Master Plan, and we ushered in the construction of a repertory theater through a UDAG grant.¹

In attempting to implement this ambitious program

of community development, I encountered my share of resistance and problems, most often from persons or organizations where I least expected it. To put it bluntly, I encountered more resistance from my own coalition and supposed allies during the years in which I had an absolute majority on the city council than during the years in which I was either in the minority or had a fluid and problematic majority. This was a beneficial learning experience for me. I learned more of what to expect from certain groups, as well as how and when it is effective to be diplomatic or dogmatic. Perhaps the saddest revelation to me was the recognition of the germ of truth in the allegation that "the Left is its own worst enemy."

One of my worst periods in politics was when Berkeley received \$6.75 million to construct seventy-five units of affordable housing, only to encounter continuous opposition from persons and sectors who claimed to be concerned for people, but who concocted numerous reasons why this housing should not be built in certain neighborhoods. The city ended up building only sixty-one units in an era when thousands of people were sleeping in the street. I consider this the low point in my tenure in politics and an ignoble blotch on Berkeley's reputation as a caring city.

If I were again to attempt clearly political objectives, I would pursue a more populist position, now that I recognize that politics, played well, is essentially a game of trade-offs. A more populist position would not have signaled a change in my philosophy, only a positive change in tactics. In many cases, the more progressive forces, as they call themselves, often turn out to be single-issue people who oppose any issue that is not their own. I did learn that practical approaches can often persuade where obstinacy fails.

Notes

¹We not only worked on the home front, but we also passed and implemented sister-city relations with San Antonio Los Ranchos, El Salvador (in the Liberated Zones); Leon, Nicaragua; and Gao, Mali.

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