

FLASHBACK: A SHORT POLITICAL HISTORY OF SAN JOSE

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THE FIRST HUNDRED YEARS: AN AGRICULTURAL CITY

Cities have reasons for being where they are. Most are situated on a great harbor, a navigable river, or an important crossroads. Some are located near a natural resource like coal or oil. Sunbelt cities often trace their roots to such resource extraction, or to agriculture. Indeed, although San Jose has become a crossroads, the principal reason for its existence until recently was the fertile agricultural land of the Santa Clara Valley.

The city was founded in 1777, part of the Spanish colonization of the Pacific Coast. Located in a verdant valley, with abundant water, a mild climate, and several small independent tribes of native Ohlone Indians, San Jose was a perfect site for agricultural development. Within a few years, the small band of Spanish settlers were raising cattle, sheep, and corn to supply the Spanish military bases and missions in the area.

Fifty years later, settlers from the United States began arriving. Seeing a greater potential for commercial expansion through affiliation with the United States, they broke with Mexico in 1846, and in 1850 California attained statehood. Yankees took over leadership of the town and San Jose became briefly, the state capital. The County of Santa Clara and the City of San Jose were given legal status through state charters, and the city adopted a mayor-council form of government.

Perhaps even more significant for the growth of San Jose was the discovery of gold in California. Most of the men in the city, including the mayor and the jailer with ten prisoners, left to seek their fortunes in the gold fields. Some returned to establish businesses and ranches in San Jose, using their gold as capital. But the city also benefited indirectly from the gold rush. It was located on one of three major routes to the mines, and providing supplies to the miners considerably expanded the market for the valley's agricultural products.

During the following decades, the town developed rapidly as the commercial center of the Santa Clara Valley. New businesses, homes, churches, and schools were built. A support system for future expansion was developed, as the city established police and fire departments, a public library and a sewer system. A teachers' college that later became San Jose State University was founded, and the first newspaper was published.

Technological advances brought more rapid change and growth. The railroad and the telegraph came to town, linking San Jose more directly to the rest of the world. Private companies brought gas, electricity, telephones, water, and streetcars to the growing town.

Farmers shifted to more intense use of the land, planting orchards and growing vegetables. Fruit drying and canning, combined with rail transport, gave the valley farmers access to a world market. The town became a center for food processing, with

canneries as a major seasonal employer. Even now, in parts of San Jose you can tell the season by the smell of stewing tomatoes; it's like driving through someone's kitchen.

**City of San Jose and County of Santa Clara,
Population, 1777-2000**

<u>Year</u>	<u>San Jose</u>	<u>Santa Clara County</u>
1777	66	
1820	240	
1852	2,500	6,764
1870	9,089	26,246
1890	18,060	48,005
1910	28,946	83,539
1920	39,642	100,676
1930	57,651	145,118
1940	68,457	174,949
1950	95,280	290,547
1960	204,196	658,700
1970	445,779	1,064,714
1980	625,763	1,265,200
1990	782,248	1,497,577
2000	894,943	1,682,585

By 1880, the town was dominated, like so many others in that era, by a political machine. The new utility companies, streetcar operators, and canneries were intimately associated with the machine. Each needed government to maximize its profits. Utility companies and streetcar lines needed franchises --or monopolies on service areas -- granted by local government. Canneries needed a system for disposing of their massive effluent, preferably subsidized by the taxpayers. Inevitably, these companies became involved in community politics.

And then there was the greatest power of all, the railroads. San Jose, like the rest of California, was almost totally dependent on the railroads to transport its products. Combined with their extensive landholdings, the railroads gained enormous power and used it. Southern Pacific, after a period of absorbing smaller railroads, came to dominate both the city of San Jose and the state of California.

Their machine, known as "the gas house gang" because of its utility connection, was Republican but depended on working class voters, seduced by jobs or lesser favors. Friendly merchants were rewarded with city contracts. But the main job of the machine was to protect the interests of the railroad - the Southern Pacific - and utility companies. That meant maintaining the prevailing distribution of the spoils rather than enhancing the community.

1880 - 1940 : EMERGENCE OF A COMMERCIAL CITY

With an expanding market and transportation network, San Jose began to move into the commercial phase of its development. By 1890, San Jose had grown to 18,060. The town was becoming a city. As in other growing cities throughout the Sunbelt, a new, urban class was emerging in San Jose. Merchants and professionals were growing in number and organizing socially through the formation of a country club, a yacht club, and a women's club. And although San Jose's economy still centered on agriculture, this new class was interested in more intense economic development to expand the market for their department stores, newspapers, instruction companies, and legal services. It was only a matter of time before the commercial classes organized politically to oppose the machine, which they viewed as corrupt, amateurish, and inefficient. Perhaps even worse, it served big business and the working class but not the merchant and professional classes.

They felt the machine was doing too little to foster economic development. The city had not adapted rapidly enough to new technology, particularly the automobile. Streets weren't being paved and lighted, and storm drains, sewers, and other improvements weren't being built quickly or well enough under the machine. San Jose - and its merchants - were missing out on the growth other cities were enjoying, and the machine was to blame. As one historian has said, in order to get things moving again:

...governments had, first of all, to find new sources of revenue to build the unprecedentedly expensive new facilities. The tax rate for individual taxpayers could be - and was - raised. But a far more palatable course was to increase the overall tax base, which could be accomplished merely by annexing outlying populated areas to the central community, or, with more difficulty, by attracting new residents and new business to town. Another means of finding new funds was to demand an end to the inefficient spending of existing city governments.¹

The political machine was the obstacle to such growth, and a group of businessmen, orchardists, doctors, lawyers, and judges began a reform movement in San Jose that was bent on ending the machine's existence. In 1896 they succeeded in revising the city charter to weaken the powers of the mayor and strengthen the independent commissions that were in charge of schools, police, fire, and other city departments. The machine was still strong enough to win the next election, however, and it wasn't until 1902 that the reformers elected their own mayor. Their success seems to have been due to their growing numbers, their acquisition of two of the city's three newspapers, and an accommodation with the Southern Pacific Railroad.

The Reformers

The reform administration cleaned up City Hall and paved and lighted the streets. Business boomed. Real estate prices rose rapidly. The city grew from 21,400 in 1900 to 27,868 in 1904. The leader of the reform movement was elected to Congress, and it seemed that the reformers had the town sewn up.

After their victories, the reformers returned to their businesses, uninterested in the jobs and favors machine supporters had expected when their side won. But those jobs

and favors proved better at holding an organization together than the ideals of the reformers. The machine remained popular with policemen, firefighters, and school teachers. Nor were liquor and gambling interests pleased with the reformers. In 1906, the local attorney for the Southern Pacific pulled these elements together to recapture City Hall.

The reformers were out of power for a decade, but they spent those years building a movement for more substantial changes in the structure of city government. Winning elections, they could see, wasn't enough. They had to modify the system to purge forever the politicians and replace them with efficient administrators who would govern on a businesslike basis - and who would serve their businesses.

The Good Government League, the New Charger Club, and the Women's Civic Study League, all made up of middle - and upper-class business and professional men and their wives, worked for a decade to accomplish these ends. They became part of the state and national Progressive Movement. Nationally known muckrakers passed through San Jose, speaking to frenzied middle-class audiences. They attacked the bosses, the railroad, the utilities, the monopolies, and the immigrants. They studied innovative governmental structures designed to lessen the influence of their enemies while bringing good government and enhancing their own power.

In 1914 the reformers regained control of City Hall, and the following year a committee of freeholders, dominated by members of the Chamber of Commerce and the Merchants' Association, was elected to rewrite the city charter. They called in an expert, Professor Thomas Reed of the University of California, to write their new charter, which won voter approval that same year. The reform newspapers campaigned hard for the charter revision, and the only opposition came from labor leaders, who argued that working people had been left out of the process and would have less accountable government under the new guidelines.

The reform charter was based on Professor Reed's concept of replacing "amateurs in the art of administration" with professional city managers:

The administrator has no concern with "policy," except to offer such suggestions and advice as his experience warrants. The administrator's relation to the people is the same that is borne by the general manager of a corporation to its stockholders. [Therefore the administrator] should be removed as far as possible from the immediate effects of public opinion.²

Thus the office of mayor was abolished, and a manager appointed by the city council became the chief executive. The manager was meant to be a neutral professional, implementing council policy, making suggestions, and responsible for the budget and for hiring and firing other city employees. The city council was expanded from five to seven, all to be elected at large, thus reducing the parochial influences of wards. They were given minimal pay because they were meant to serve only part time, leaving local government to the professionals under the leadership of the manager.

By 1915, San Jose also had primary elections for city council, recall of elected officials by petition and election, and the initiative and referendum to allow the voters to make or review laws. All were a part of the reformers' efforts to lessen the machine's stranglehold on the city. As a result of a 1911 amendment to the California constitution intended to weaken the Southern Pacific machine's control on state politics, all local elections were nonpartisan, meaning that candidates were not party nominees and party

labels were not allowed on the ballot. Thus, by 1916, San Jose's governmental structure was almost purely reformist, consisting of: (1) a city manager (2) at-large, nonpartisan, council elections; and (3) the recall, referendum, and initiative. There was no longer even a titular mayor. The council chose a president by seniority rotation, but his powers were confined to presiding over council meetings.

The effect of all these reforms was to solidify the influence of the business class and to lessen that of the general populace. Administrative powers were in the hands of a supposedly neutral, professional manager, expected to govern in a businesslike manner and accountable to the voters only indirectly through the city council. The council itself was elected at large; no longer were individual council members responsible to any section of the city.

In combination with nonpartisan elections, the at-large system gave electoral advantages to the well-known and affluent members of the business class who could secure newspaper support and raise the money necessary for a campaign. Without a party label to establish legitimacy or a party organization to supply workers, ethnic and working-class candidates had difficulty getting elected. The system as a whole was a businessman's model government, insulated from the voters and emphasizing professional management. Even today, the city's public information brochure compares city government to a corporation: the voters are the stockholders, the council is the board of directors, and the person in charge is the manager.

Such a reform structure is typical of Sunbelt cities. A substantial majority use the council-manager form of government and at-large elections, and 94 percent of western cities and 78 percent of southern and border-state cities use nonpartisan elections. The adoption of these structures in the Sunbelt reflects the dominance of business elites at the turn of the century. They seized local government and molded it in their image. They attempted the same in Frostbelt cities, but with considerably less success because the machines there were stronger, thanks to their alliance with the large ethnic-immigrant population. In the North and West, instead of structural reform businessmen had to reach an accommodation with the machines.

But what was happening in San Jose was typical of events in many Sunbelt cities. Business interests were forging a city government that could hasten the growth they wanted and needed. San Jose was going to be a city that did more than pack prunes and stew tomatoes.

The reformers won the 1916 election, the first under the new charter, and made Professor Thomas Reed their first city manager. Reed introduced competitive bidding for city contracts, awarding them to the lowest qualified bidder rather than giving them to supporters in the style of the machine. He also introduced a civil service system for hiring, promoting, and firing municipal employees on the basis of merit, not loyalty to the machine.

But Reed's ideals soon foundered on the rocks of political reality. As Reed and many other reformers learned, changing the structure of government didn't necessarily consolidate their control. The reformers had won, but the machine was still around, active in county politics and leading the resistance to Reed's tight budgets, competitive bidding, and civil service system. Again it retained control of the police and fire departments, and also the schools, through the carefully cultivated loyalty of the workers

in them. Reed lasted two years, then left San Jose with his ideals profoundly shaken. By 1920, the Southern Pacific machine reclaimed control of the city council.

Clarence Goodwin, the young city engineer, was then appointed city manager. For twenty-four years- one of the longest tenures in the profession of city management- he held the post and unlike his predecessors, Goodwin had great political acumen and was able to adapt to the shifting political winds. Many years later a magazine writer described him as “the perfect public servant of an agricultural metropolis: a firm Methodist, a public prohibitionist and, in the words of one of his admirers, ‘economical to the point of parsimony.’”³ He performed an admirable political juggling act, too. On the one hand, he accepted “the theory that he [was] an employee of the council.”⁴ His image suited the reformers, and he gave them enough efficiency to keep them happy. At the same time, he accommodated the demands of the machine when it was in power.

The Bigley Machine

In the late 1920's, in what must have come as a great shock to the reformers, a new machine became a power in city politics. Charlie Bigley, a beer distributor and ambulance operator, became the boss and controlled a majority on the city council through the 1930's. Bigley never consolidated a base as substantial as the old machine's, but with gifts of shoes and clothing, he maintained support among low income voters, and through his control of the police and fire departments he kept liquor and gambling interests loyal. Needless to say, his influence came in handy for his own ambulance company. Both police and fire-fighters campaigned in uniform for machine candidates, and Bigley's control over hiring in both departments was his strongest base.

Ray Blackmore, who was later chief of police for twenty-five years, illustrates Bigley's powers of patronage with the story of his hiring: A native lad, Blackmore approached the city manager for work as a policeman but was told there were no positions. Blackmore wandered across the street to Bigley's office, told his story, and was asked if he could play baseball. He replied he could and was sent back across the street where a position had suddenly opened; Bigley needed players for the police baseball team. Thus was San Jose's reform government made to adapt to the power of the machine through the cooperation of City Manager Goodwin.

1940 - 1979: EMERGENCE OF AN INDUSTRIAL CITY

Agricultural and commercial cities can grow only to a certain point, after which further expansion will depend upon the development of a solid industrial base. All across the Sunbelt- in Houston and San Antonio, in Phoenix and in our case city, San Jose- local business leaders knew this, and after World War II they set about industrializing their communities with all the vigor they could muster. Happily for their cause, these local leaders were aided and abetted by national forces and the federal government, ultimately causing the growth machine to shift into high gear.

I. The Internal Forces

By 1940, San Jose had become a thriving commercial city of 68,457 people. The pleasant downtown shopping district, with classic movie palaces and busy department stores, attracted people from farms throughout the valley. The city's principal function, however, was still as an agricultural center; canneries were the major employer.

As in many other Sunbelt cities, the new generation of business leaders coming of age was not content for their city to remain a modest commercial center. They were concerned that, with half the city's work force employed in canneries, San Jose "feasted in the summer and starved in the winter."⁵ They began boosting growth, persuading the city and county governments to spend money to recruit industry, inviting Boeing to locate in San Jose (although, as it turned out, this offer wasn't accepted), and celebrating when, in 1943, IBM built its first West Coast plant in the city. They lobbied for freeways, a municipal airport, and a Naval air base.

As an earlier generation had at the turn of the century, they felt government wasn't doing enough to bring about the growth they wanted. It was corrupt and inefficient, and change was in order. They criticized City Manager Goodwin and the chiefs of the police and fire departments but could not get enough votes on the city council to fire them. To circumvent the council, they introduced a charter amendment requiring a vote of confidence for the city manager. Putting the manager before the voters violated the ideal of the city manager as an apolitical administrator, but they weren't worrying about ideals - they just wanted to get rid of him. Nevertheless, Goodwin survived his first vote of confidence.

The Progress Committee. To rid themselves of Goodwin and Boss Bigley permanently, the business boosters formed their own political organization in 1944. In naming it the Progress Committee, they expressed their hope for the future and looked back to an earlier generation of reformers. The one hundred members of the committee, proudly listed in the local press which supported their cause, were almost all merchants, attorneys, industrialists, and major property owners. They were members of the Chamber of Commerce and the Merchants Association, mostly young and aggressive. They wanted "to build...a new metropolis, in place of sleepy San Jose."⁶ They wanted growth and economic progress for the city and themselves. They wanted to take advantage of the boom they knew was ahead. But to do that, they had to overcome the resistance of large landowners and labor unions who were against new taxes "to do things the voters actually needed" and seemed to support the "veto-power politics" of the machine.⁷ The Progress Committee produced a slate of endorsements, they swept to easy victory and soon began cleaning house. Although City Manager Goodwin had won his vote of confidence in the same election, the new council ended his 24-year tenure as manager and also fired the police chief and the fire chief charging them with "bossism," "mismanagement," and "political interference."⁸

Once they controlled City Hall, the interests represented by the Progress Committee held it for thirty years, although the committee itself soon ceased to function formally. "We were all boomers then," said one with enough momentum to elect the candidates of the business interests without much effort.

Having purged the city administration, they set out to promote industrial development. Subsidized by the city and county governments, the Chamber of Commerce spent \$60,000 on a national advertising campaign in 1944. As a result of the campaign, or more likely because San Jose was the right place at the right time, industrial development followed. The Food Machinery and Chemical Corporation (FMC), a local manufacturer of equipment for farms and canneries, had shifted to building armaments during World War II and expanded following the war. IBM made San Jose its Pacific headquarters. General Electric, Pittsburgh Steel, Owens-Corning, and Kaiser all built plants in or near San Jose.

Despite these apparent successes, the boomers soon faced dissent within their ranks. In 1946, one of their leaders denounced the Progress Committee as “reactionaries” and charged that they had acquiesced to a “land grab” by FMC, selling the corporation municipally owned land at well below its market value.⁹ A court agreed, much to the embarrassment of the Progress Committee and the company. Others split with the majority on the issue of water, arguing for municipal rather than private ownership. But the newspapers and the Progress Committee soon put the dissenters in their place by labeling them socialists, an effective charge in the heyday of anticommunism.

Industrial recruitment proceeded, and the water stayed in private hands, but other public investments were necessary to bring the growth the Progress Committee wanted. “Company’s coming, we must be ready,” urged the newspaper.¹⁰ The boomers agreed that the city needed streets, storm drains, an improved sewer system, an airport, a new city hall, and even a deep water port. But to build these needed facilities, they needed voter approval of general obligation bonds, so they city could borrow money for long periods of time, at low interest. The bonds were paid for by property taxes, and that’s where the voters balked. Election after election, they were unswayed by the fervor of their leaders and the newspapers. Although waste from the canneries made sewage a special problem in San Jose, the voters obstinately refused to vote for sewage treatment bonds; perhaps they were unwilling to subsidize the canners. By 1948, the problem was so bad that the state even declared San Jose in violation of pollution regulations. Nor were voters much more enthusiastic about other growth bonds. The Progress Committee did manage to get approval for airport expansion, although that was mostly done with federal funds. They also finally won authorization to move the site of City Hall, a decision that symbolized their ambitions for San Jose. The new City Hall was to be built outside the central business district and adjacent to new county offices; the ultimate goal was the consolidation of the two.

The Progress Committee and the newspapers had attempted to repeal the charter vote-of-confidence provision for the city manager on grounds that it politicized what was supposed to be an apolitical position and made it difficult to recruit professionals. After Goodwin’s firing in 1944, the city council had replaced him with a nationally known professional manager; he resigned in 1950, however, partly in protest over the vote of confidence. But the voters, who evidently liked having this power, rejected the repeal.

The boosters needed a multifaceted manager, someone who could cope with the referendum, who shared their vision, and who could get voter approval for their bond measure. They pushed for and ensured the hiring of Anthony P. “Dutch” Hamann, whose professional background consisted only of being business manager for the nearby

University of Santa Clara and a representative for an oil company. Hamann's connection with the university was useful, however, because it was the alma mater of most of the Catholic business leaders of the city, including Mayor Albert J. Ruffo. And although Hamann had no training or experience in city management, he was a skilled politician and a public relations expert - in short, a salesman. That was what the Progress Committee wanted and needed. Hamann was like them: he knew how to get along and he wasn't an unbending professional. As one leader later put it, "as city manager, Dutch was the best salesman we ever had."¹¹

Hamann added a needed component to the pro-growth coalition which was riding high in 1950. Two years later, another shot in the arm came when the Hayes family sold the morning Mercury and evening News to the Ridder group of newspapers. The elder Hayeses, who had acquired the newspapers during the Progressive era, had died, and the succeeding generation had lost interest in San Jose. The newspapers had not been as vigorous in boosting San Jose as they might have been. Joseph B. Ridder, the new publisher of the newspapers, promised an end to anemic leadership, declaring, "We hope to make the Mercury News not only among the best newspapers on the Pacific Coast but a vital and constructive force in the development of San Jose and its territory."¹²

II. Outside Forces: Stimuli to Growth

With the local boosters of growth solidly united, the city boomed through the next three decades. In 1950, the population was 95,280 in a compact 17 square miles. Ten years later, San Jose had grown to 204,196 people and 64 square miles. In 1970, the city of 445,779 sprawled over 149 miles, and in 1980, the population reached 625,763. The population of Santa Clara County grew proportionately.

It would be easy to give full credit - or blame - for what happened to boosters like the Progress Committee, to Dutch Hamann and Joe Ridder; for good or bad they deserve much of it. But local forces can't create growth all by themselves. There have to be reasons for people and industries to come to a city besides the fact that the welcome mat is out. Although the boosters did a lot to make San Jose grow, they were going with the flow of history.

Like other Sunbelt cities, San Jose offered a good climate, low taxes, plenty of land for low-rise, low-cost buildings, and an absence of unions. It was also near San Francisco, a financial center. But the key to the industrial development of San Jose and the Santa Clara Valley was the electronics industry, the roots of which can be traced to Stanford University. In the 1930's, encouraged by Professor Frederick Terman, young Stanford engineers began to establish their own companies in the area. In 1938, William Hewlett and David Packard took Terman's advice and formed Hewlett-Packard, now a major local employer. In 1946, financial, industrial, and university leaders to the north of San Jose established the Stanford Research Institute (SRI), which did industrial and defense research and later became an essential component of the industrial growth of the Santa Clara Valley. The federal government had already established similar facilities nearby at a naval air base and at the Ames Research Center.

Three stimulants to growth were already in place in the valley: friendly local government, plentiful land, and technological skill. Now the federal government added a fourth, money, through massive injections of defense and aerospace spending. The

effects on the fledgling electronics industry were rapid. IBM and FMC expanded. New companies that soon would be household names, like Lockheed, Hewlett-Packard, Philco, General Electric, Sylvania, Fairchild, Memorex, National Semiconductor, and dozens of others, located in or near San Jose and expanded through the 1960s and 1970s. By 1979, two hundred thousand residents of the county were directly or indirectly employed in the electronics industry; twenty of the largest manufacturing firms in the county were either defense -, aerospace -, or electronics-related; only five were not. And Santa Clara County was the recipient of \$2 billion annually in federal defense contracts, 3 percent of the national total.

The jobs were there, then, for a nation eager to migrate to California, a movement that began in the 1930s and accelerated after the war. Millions of people were coming to California

...in search of something ...seen in a movie or heard on the radio...[a place where] the air smells of orange blossoms and it is a long way to the bleak and difficult East, a long way from the cold, a long way from the past...For the war was over and the boom was on a the voice of the aerospace engineer would be heard in the land. “VETS NO DOWN! EXECUTIVE LIVING ON LOW FHA!”¹³

The job boom stimulated another growth sector. With thousands of new workers on their way, housing was needed. Local government gleefully provided the zoning, but federal policy also played an important part. Veterans Administration (VA) and Federal Housing Administration (FHA) mortgage insurance made it possible for the average American to fulfill the dream in the suburban housing tracts that began to characterize San Jose and other Sunbelt cities. The tax benefits of real estate ownership were an added stimulant: it was economically irrational *not* to own a home.

Federal and state aid also was essential for supplying the growing city and its industries with water and for subsidizing the construction of sewage treatment facilities and an airport. But the biggest direct assistance of both the federal and state government came in the form of highway construction. Three major freeways were built, running through and encircling San Jose and connecting it to San Francisco, Oakland, the Pacific Coast, and Southern California, as well as opening up new areas of Santa Clara County for development.

These external forces - federal defense spending, the location of industry, the migration of people, federal housing policy, and highway construction - contributed greatly to the growth of San Jose. The local supporters of growth, well aware of this, did all they could not only to promote San Jose but to support those state and federal programs that were useful to them and to make sure San Jose got its share. State and federal legislators from the Santa Clara Valley became cheerleaders for these programs, assisted by local economic and political leaders.

In sum, San Jose couldn't have become the city it is today without enormous outside forces working in its favor and at its urging. Growth was occurring throughout the Sunbelt: in California, in the San Francisco Bay Area, and in Santa Clara County. It would have happened without Dutch Hamann or Joe Ridder or the Progress Committee, though the pace might not have been so fast in San Jose in particular. But they were there, and their endeavors put San Jose in the forefront of growth in the South Bay.

“They say San Jose is going to become another Los Angeles. Believe me,” said Hamann, “I’m going to do everything in my power to make that come true.”¹⁴

III. The Growth Machine at Work

While some of San Jose’s growth was inevitable, much of it was consciously brought about by the very interests that benefited most from it. These interests were in charge of the city virtually without challenge from 1944 to 1969. Their policy was growth. Their tool was city government.

Since World War II, they had been promoting industrial growth to diversify San Jose’s economy and as a basis for overall growth. San Jose and other cities in the area were also eager to strengthen their property tax base with industrial development. so they waged advertising campaigns to recruit industry and catered to industry’s every whim when it located in the city. Between 1950 and 1965, the Chamber of Commerce spent a million dollars plugging San Jose, subsidized by the city and county governments. Arriving industry found a cooperative local government eager to provide the zonings and capital improvements it needed. What industry wanted, it got. When IBM Planned to expand south of the city , San Jose simply annexed the area for the corporation’s convenience. Scenarios like this were repeated many times over as the city did everything it could to woo and accommodate industry.

As early as 1954, the *Mercury* was celebrating the benefits of such growth. Trumpeting progress, an article crowned that new industry provided a “year round [rather than seasonal] industrial payroll.”¹⁵ By 1956, new industrial wages equaled cannery wages. And while 101,666 acres of Santa Clara Valley land had been devoted to orchards in 1940, by 1973 only 25,511 acres were put to such uses.

Dutch Hamann’s Panzer Division. The city approved 491 annexations between 1950 and 1960 and more than 900 in the next decade, adding 132 square miles to its domain. The city did not accomplish this by awaiting humble petitions from landowners and residents eager for its services. Annexations were hustled, and sometimes even coerced. Instead of the planning department taking responsibility for annexation, the normal practice in most other cities, in San Jose the city manager was in charge, and his aides were known as “Dutch’s Panzer Division.” Among other things, they went door-to-door persuading farmers and residents to annex and offering lucrative concessions to landowners and developers. Growth came so fast that local mapmakers issued monthly packets of stickers to add to their master maps. As Hamann explained:

If you wanted to grow and be able to pay the bill, you had to annex surrounding areas to the city. To do that you couldn’t sit on your hands. Pretty soon you would become like Bakersfield and St. Louis, an enclave circled by small incorporated cities or special service districts that would tie you up forever. If you got bottled up, your tax rate would put you out of the running for new industries.¹⁶

The city government wanted to give developers and landowners what they needed, but they also wanted to make strategic annexations that would maintain San Jose’s dominance of the valley, “bottling up” other cities rather than being trapped by them. The city manager’s “Panzer Division” was vigorously engaged in urban

imperialism, at war with neighboring communities. San Jose developed a policy of “shoestring” or strip annexation, adding a street or just one side of a street to reach a parcel of land the city wanted because of its strategic location or because some landowner had advantages to be gained. San Jose sought to capture key intersections where shopping centers would one day be built. San Jose also used strategic annexations to block the expansion of adjacent cities.

The rationale for the policy of leapfrog annexation was that I would insure one large city, which, according to Hamann, would be “better...than a lot of little ones” because “it gives you the opportunity to plan.”¹⁷ Though gaps were left by the leapfrogging, they would supposedly be filled in later as landowners prepared to develop and wanted city services. Thus, “by annexing and expanding services to territories several miles beyond core, San Jose preordained the future of annexation and development of most of the intervening lands.”¹⁸

Beginning Opposition to Aggressive Annexation. Defenses against San Jose’s aggression were not entirely successful. Individual residents and property owners frequently alleged skullduggery and sued the city, delaying or blocking annexations. The city dealt with his resistance by ignoring it. Officials simply annexed around pockets of resistance, assuming that someday the surrounded areas would have no choice but to join the city. As San Jose’s land grab continued, groups of residents in developed areas to the south and east attempted to incorporate as cities themselves in order to avoid being absorbed. Their efforts failed, but at least three other cities in Santa Clara County were incorporated for this reason. Existing cities like Santa Clara found themselves in constant annexation battles with San Jose, and although they sometimes won the battles, they lost the war because of San Jose’s strategic position.

Perhaps the most serious opposition to San Jose’s annexations came from school districts. Until 1954, California cities and school districts were required by state law to have the same boundaries; when a city annexed territory, that territory joined the city’s school district. Rural school districts adjacent to San Jose were seeing their tax bases and their schools annexed away from them. They responded with lawsuits that delayed and sometimes stopped annexations. Resistance from the schools ceased when San Jose’s state legislators gained passage of a law separating school districts from municipal boundaries. But the children of San Jose today attend school in two dozen different districts, a factor that has contributed to the city’s fragmented politics, lack of identity and racial segregation.

San Jose’s ambitions went beyond annexation where necessary. Two incorporated cities, Alviso and Milpitas, lay in the path of San Jose’s drive to the northeast, where it sought access to the San Francisco Bay and more direct control of its own sewage treatment facilities. Agents of San Jose instigated campaigns within these small communities for consolidation with San Jose. Their efforts failed in Milpitas but ultimately succeeded in Alviso, giving San Jose what it wanted.

Flexible Land-Use Policies. But annexation was not the only means by which San Jose facilitated growth, nor were city services and the prestige of being part of a big city all that persuaded landowners to annex. Another means of enticing them was San Jose’s

flexible land-use policy. By and large, the city let developers do what they wanted wherever they wanted to do it.

Most cities have general plans that set forth guidelines and policies for land use. yet until 1960, when the state and federal governments began making general plans a prerequisite for certain grant-in-aid, San Jose had none. Although the city's population had more than doubled in the preceding decade, the plan San Jose produced in 1960 was not much more than a collection of the public works department's maps of streets, sewers, and storm drains. No policy goals were included. A 1966 general plan was an improvement, but just having a plan wasn't enough. If a plan is to be effective, a city must follow it; but San Jose was far more concerned with cooperating with developers than with good planning.

A general plan is a statement of goals; those goals are put into effect through specific zoning decisions which dictate what particular uses specific parcels of land may have. Thus, through zoning cities regulate land use and control the quality of development. But San Jose's use of these controls was, to say the least, lax. The city approved subdivision on floodplains, hillsides, earthquake faultlines, and wetlands and in areas without water or sewer connections. Later, some of these subdivisions cost the taxpayers a lot of money, either in reparations or in building needed facilities. But at the moment of their approval, they satisfied the developers.

Such policies ensured that given a choice of what city to annex to, landowners would opt San Jose. Whether in future land sales or in developing themselves, they could be sure to be rewarded with "lower lot sizes, less stringent construction requirements, unusually low rates on service extensions to the developments, and an almost 100 percent probability of favorable rezoning. Milpitas, for example, required a 6,000 square foot minimum lot size for residential development; San Jose required 5,000 square feet. the city's research section produced a report showing that builders saved 50 percent on lot preparation costs in San Jose as compared to Milpitas.

Much land was annexed without these enticements. For the developers of this land, there were other advantages. Through its vigorously anticipatory annexation policy, the city always had "plenty of land...ripe for development," so builders could do their work furthest from the center of the city, where land was cheapest and had the additional marketing advantage of "country living".¹⁹

Capital Improvements Through General Obligation Bonds. To facilitate the development of annexed areas as well as to entice others to annex, San Jose's boomers used capital improvements like roads and sewers. Such improvements cost a great deal of money. Federal grants paid for some: during those years, San Jose received federal money for highways, sewage treatment, libraries, parks, and its airport. But most of the money had to be extracted from local taxpayers through general obligation bonds.

Typically, in approving general obligation of bonds, voters authorize their city government to borrow money, usually at relatively low interest rates over a long period of time to pay for them. That payment is generated by an increase in the property tax, a commitment made by the voters when they approve the bonds.

But in San Jose, while the bill went to the taxpayers, the biggest benefits went to the developers. It was they who needed the capital improvements in order to build. For a time San Jose voters balked, but then, in bond elections in 1957, 1961, 1966 and 1969,

the voters approved \$134 million in general obligation bonds, most of which financed capital facilities in new areas. Dutch Hamann and the Mercury News were the principal propagandists for the bonds, but the campaigns were steered by a group of contractors, developers, businessmen, and public officials that came to be known as the Book (or Buck) of the Month Club. They raised \$57,000 for the 1966 bond campaign, with major contributions from construction companies, the San Jose Water Works, Pacific Telephone, Pacific Gas and Electric, the Real Estate Board, the Chamber of Commerce, packers and canners. With voter turnouts as low as 15 percent, their lavish campaigns and the strong support of the newspapers usually turned the trick.

Once voters approved bonds, they still had to be sold to investors. Here again, Hamann and the boosters met success. Former mayor George Starbird explained that “much growth of the city was due to the confidence of the investment interests in New York in San Jose bonds - Hamann, the real architect of this city, had a lot to do with and that. He organized promotional trips to the East, “telling our story” and “creating a favorable market.” The bonds did better than some expected, and one informant had this theory why:

On a strict basis of classification, San Jose voters were carrying a heavy load indeed and the bonds shouldn't [have sold] as well as they did, but with the glamour we painted into the picture...I guess everyone wanted to invest in California if they couldn't live there.²⁰

Hamann and other city officials began to commute regularly to the East, “and the results were really fantastic,” noted the same observer. “You don't build, you sell...And I was the gun for hire.”

With the money now flowing in, much of it was used for capital improvement went where developers wanted to develop. Sewers, for example, were “planned” by putting pins in a map with each inquiry from a developer; when there were enough pins, a sewer line was built. Often streets and sewer lines were constructed larger than necessary. The city argued that this was just good planning for anticipated future growth, but it also encouraged and to some extent subsidized that growth. The subsidy was produced by selectively exempting newly annexed areas from paying for municipal bonds that provided them with capital improvements. Only the taxpayers who resided in the city at the time the bonds were originally approved paid for them. Part of the bargaining process in the packaging of annexations, unacquired areas were often fatally tempted to annex with the promise of “free capital improvements.”²¹

San Jose's Sewage Monopoly. San Jose's greatest weapon in the annexation wars was its control of the sewer system. What water was to Los Angeles, sewage was to San Jose. In the 1880's, San Jose had built a drainage “outfall” to the San Francisco Bay large enough for a city of 250,000. The scale was partly needed for cannery effluent, although as early as the 1930's, San Jose was in trouble with the state for polluting the Bay. With the state threatening to cancel building permits, San Jose passed bonds for new treatment facilities in 1950. The city was cited again in 1967, 1979, and 1980, but despite the problems, San Jose had the largest sewage disposal system in the South, and had it first.

San Jose used this sewage monopoly in its battles with adjacent cities and with recalcitrant landowners. In 1951, the city council banned outside links to the system;

annexation was to be the price of sewage disposal. At one point, Hamann boasted, “We’re in this fight to the finish, and if we have to use sewage disposal to bring [neighboring] Santa Clara to some point of reasoning, we’ll do it.”²²

A Paradise for Developers. The combination of aggressive annexation, lenient zoning, eagerly supplied capital improvements, and the sewage monopoly sped growth on its way. San Jose was a paradise for developers, who maintained good relations with the city council through the Book of the Month Club and generous campaign contributions. But the council and city administrators also benefited directly from growth. “Illegal activities” and “payoffs” were suspected although never proved.²³ But collusion was patently obvious. Builders, local merchants, and politicians were, after all, part of the same class; they thought alike and they met frequently. Exchanging information or making deals involving land speculation or development was easy, even natural. And with minimal conflict-of-interest laws, it was even legal. City Manager Hamann himself was involved in more than fifty property transactions during his tenure; some of his property later became sites for major intersections and shopping centers.

The most avid booster of all the projects and candidates of the growth machine was Jose Ridder’s *Mercury News*, which clearly benefited from the growth it promoted: “We don’t have newspapers,” said the circulation manager, “we have catalogues.”²⁴ For, as San Jose boomed in population, it was growing into one of the major retail markets in the country, a trend that would make the *Mercury News* one of the nation’s most profitable newspaper combinations.

In addition to the local growth facilitating policies, the boomers successfully lobbied the state and federal governments to build freeways and water supply systems. And to enhance San Jose’s image as a major city, its leaders promoted an expanded City Hall, a community theater, and a sports arena. But the voters resisted, unpersuaded that these projects were essential as sewers and roads. Proposals for the new City Hall had to be submitted to the voters four times before winning approval. The financial manipulating necessary to win construction of the community theater has already been outlined in chapter 3. The sports arena was never approved.

Recognizing the Need for Urban Renewal. Ironically, the boomers’ vigorous annexation and pro-growth policies had in some ways hurt their own San Jose pocketbooks. Though retail sales for the region had sky-rocketed during the growth years, most of the increase was in suburban shopping centers, not downtown. Some of the shopping centers were not even in San Jose but in adjacent municipalities. By 1963, San Jose accounted for only 9.4 percent of the county’s retail sales, down from 67 percent in 1920. The city administration had contributed to the decline of downtown parking problems, and moving City Hall and hundreds of workers out of the area. By 1970, every downtown department store had closed or moved elsewhere.

So as early as 1956, even as they continued to peddle freeways and shopping centers that helped create the problem, business leaders pushed for urban renewal. They established an urban renewal agency eligible for federal funds and empowered to condemn property. But by the time the new agency had acquired and cleared land for redevelopment, it was too late. No major department store or hotel has yet been built in downtown San Jose. Land had been vacant for years, removed from the tax rolls and

demoralizing to view. Gradually, there has been some improvement. As the electronics business burgeoned, a number of banks built regional headquarters to oversee their investments. but although the new office buildings have brought many workers there, much of downtown San Jose remains a wasteland.

Keeping San Jose Autonomous. Underscoring all the actions of the boosters of the 1950's and 1960's was the effort to make San Jose the dominant force in the South Bay and to retain San Jose's autonomy. It was, after all, the government the boosters controlled. They ran roughshod over smaller cities, with conflict continuing until San Jose's annexation policies had done their work and cut off expansion from their competition. they fought the "ranch house conservatism" of the county government, which attempted to "retain agricultural areas as buffers along the expanding towns."²⁵ San Jose also guarded its political autonomy and its physical and symbolic independence from the larger cities of San Francisco and Oakland from the north. In 1950, San Jose successfully resisted being included in the San Francisco-Oakland standard metropolitan statistical area by the census bureau. San Jose and Santa Clara county remain a separate metropolitan statistical area. More substantively, the city and county rejected participation in the Bay Area Rapid Transit when invited to participate in 1957, a decision now regretted by many. A decade later, when the federal government mandated a regional council of governments, San Jose was a reluctant participant.

IV. The Challengers: Growth versus Livability

As the city grew, its nature and functions changed. The economy diversified. Construction and electronics displaced agriculture and canneries as the economic base of the community, introducing new interests to city politics. A subtle shift in power had occurred as early as the 1950's when developers and new industrialists became major political forces, edging out the orchardists and merchants who had been in ascendance for the first half of the century.

And as the city grew, newcomers came to outnumber old-timers. Eventually, as in many other Sunbelt cities, these new residents began to question the old leadership. The growth machine faced its first electoral challenge from the grassroots in 1962 , a challenge that has been in progress ever since. The very people who had been brought to the city by growth began to question that ethic.

"The election of 1962," former Mayor George Starbird said, "cast a shadow that falls across our political scene even today." Councilwoman Virginia Shaffer and two other new council members were elected on a vigorously anti-incumbent platform with the support of emerging homeowners organizations. Starbird incredulously observed that "City Hall audiences became unruly for the first time in history...You could not seem to get the pulse of the voters - what they actually wanted."²⁶

But the concerns of the insurgents were not really so different to understand. San Jose had grown so quickly that the city was unable to provide the services its affluent residents wanted and expected. The city sprawled across what had once been the Valley of Heart's Delight. But the new residents didn't care much about what had been there before them. What they did care about was their own immediate environment and, to a lesser extent, the loss of the remaining open space.

The dependence of the sprawling city on the automobile meant polluted air. The incapacity of the sewage treatment plant to keep up with the rate of growth meant polluted water. But the most important issue for the new residents was the inadequacy of basic city services: police and fire protection, libraries, parks, streets, and schools. The affluent aerospace engineers and electronics technicians that thronged to the valley expected good municipal services. But sprawl put a heavy strain on the ability of government to provide them.

The police and fire departments had to protect a huge and constantly expanding area. Leapfrog growth made it difficult for them even to know where their jurisdictions began and ended. There were stories of firefighters from two or three cities converging at the scene of a fire and watching buildings burn as they disputed whose responsibility it was. Schools couldn't keep up either, and by the 1970s, many were on double sessions, a development that affluent parents of the city abhorred. Open space disappeared and was not replaced by an adequate system of parks. Yet the taxpayers continued to carry a heavy burden for capital improvements. Bonded indebtedness had doubled between 1950 and 1970 - twice as fast as in other large cities in California. Residents paid the city's bills, but their money went for growth-inducing capital improvements, not for the services and facilities they wanted.

Councilwoman Shaffer and the homeowners - upset over the inadequate city services, the tax burden, and the city's emphasis on growth- took the offensive. Both past planning practices and new proposals came under their fire. They condemned shoddy developments - some built on hillsides subject to earthslides, others unconnected to the water system, and many that were simply badly constructed. They opposed a "new town" of 100,000 people on recently annexed land at the edge of the city. They accused city officials of involvement in land-use deals and the suppression of scandals, pointing their finger too at the district attorney and the *Mercury News* for ignoring the corruption because of their own connections to the growth machine. The homeowners' criticisms were supplemented by occasional complaints from business leaders that City Hall was allowing too much housing construction and doing too little to promote industrial development.

The Growth Machine Retrenches. In 1962 Shaffer and her allies launched a recall of the council members who supported City Manager Hamann. Not surprisingly, the *Mercury News* and the old Progress Committee and Book of the Month Club rallied round Hamann and his council. Hamann later boasted that an industrialist friend had called up a councilman who was hassling and said "no more [campaign] funds from FMC if you don't lay off." Hamann and his council supporters survived the recall, but their share of the vote was far below the once-typical landslide levels. Changes were brewing, but they chose to ignore them: immediately after the election they reaffirmed the city's aggressive annexation policy.

In a defensive move, leaders of the growth machine undertook a revision of the city charter. They proposed to eliminate the vote of confidence for the city manager, something they had disliked for a long time, although it had worked well enough for Hamann. They also proposed that the mayor be elected directly instead of being selected from among the council. This, they thought would give the city a more visible and authoritative spokesperson. Still, the powers of the office were strictly limited to

presiding over council meetings. They also considered discarding at-large city council meetings. They also considered discarding at-large city council elections and replacing them with district elections, which they hoped would make residents of unincorporated areas more willing to annex the city.

Proposals for district elections came to nothing at the time, but the vote of confidence was eliminated; beginning with the 1967 election of businessman Ron James, San Jose has had a directly elected mayor. The campaign for the charter change brought the growth coalition together once again. The *Mercury News* was vigorously supportive, and the campaign was funded by FMC, the San Jose Water Works, Pacific Gas and Electric, Pacific Telephone, various homebuilders and realtors, and *Mercury News* publisher Joe Ridder.

Low-Income and Minority Residents Speak Out. Besides the challenges from relatively affluent homeowners, the growth machine faced accelerating demands from low-income and minority residents. The 1970 census reported that 22 percent of the city's population was Hispanic and 4 percent, black - minorities sufficiently large to have considerable potential power. but as a 1973 Rand Corporation study pointed out, the minority population had not prospered as much as the Anglo majority: "poor [largely Hispanic] neighborhoods [had] deteriorated relative to better-off neighborhoods, and segregation had increased."²⁷ The boom had not benefited them.

During the 1960s, the era of the civil rights movement and community action, San Jose's minority population began demanding its share of the pie. Complaints focused on police brutality, housing discrimination, and inadequate services, but City Hall was largely unresponsive except to appoint a Japanese-American, Norman Mineta, to a seat on the city council in 1967.

The federal government was more responsive to the minority community, however, providing aid the city refused and even enticing the city into cooperation to obtain federal funds. A community action agency was established in 1967 as part of the federal War on Poverty. That same year, the city applied for and won federal urban renewal funds for a program in the Mexican-American barrio; the money was used to induce the area to annex to the city. In 1969, San Jose began receiving federal Model Cities funds, targeted to low-income neighborhoods and intended to spur model community development projects.

Although these programs were the center of much attention and controversy in the late 1960s, their long range impact is questionable. Much energy in the minority community went into the effort to control these programs, as opposed to forming significant electoral coalitions that could actually alter the balance of power. Meanwhile, growth-oriented city leaders treated the programs as a way to buy off or silence the minority community, while they carried on business as usual. Although these programs did not bring about substantial change in San Jose, they helped define the issues and enabled new leaders and organizations to emerge. Chicanos and blacks continued to demand fair representation, fair housing, and reforms in police practices, finally focusing on plans for a police review board and district council elections as goals.

(The chapter continues with a conclusion pertinent to the book, but not necessary here. The political history of San Jose continues in the next chapter of this reader.)

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- ²Eakins, p. 15.
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- ⁵George Starbird, "The New Metropolis," San Jose: Rosecrucian Press, 1972.
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- ⁸*San Jose Mercury*, March 28, May 19, and May 23, 1944.
- ⁹*San Jose Mercury*, April 1 and 9, 1950.
- ¹⁰*San Jose Mercury*, November 25, 1950.
- ¹¹Reinhardt, p. 66.
- ¹²*San Jose Mercury*, July 1952.
- ¹³Joan Didion, *Slouching Toward Bethlehem*, New York: Penguin, 1968, pp. 22, 30-31, 146.
- ¹⁴Reinhardt, p. 70.
- ¹⁵*San Jose Mercury*, January 31, 1954.
- ¹⁶Starbird.
- ¹⁷Reinhardt, p. 70.
- ¹⁸Stanford Environmental Law Society, *San Jose: Sprawling City*, Stanford, 1970, p. 64.
- ¹⁹Stanford, p. 23-24.
- ²⁰Starbird.
- ²¹Mitchell Mandich, "The Growth and Development of San Jose," Master's Thesis, San Jose State University, 1975, p. 68.
- ²²*San Jose Mercury*, February 6, 1952.
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- ²⁴Reinhardt, p. 68.
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