

SAN JOSE BECOMES THE CAPITAL OF SILICON VALLEY

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When traveling, San Joseans have long had the problem of answering the question “Where are you from?” in a way that resonated with the residents of other places. Saying “San Jose” used to bring only quizzical stares, so “the San Francisco area” became a common response, even though saying it felt like a betrayal. Then sometime in the 1980s, San Joseans learned to answer the “Where are you from?” question by saying “Silicon Valley.” People nodded and looked impressed, but this sometimes felt a little dishonest because until the 1990s, San Jose was only on the periphery of Silicon Valley. Today, San Jose claims the title of the “capital of Silicon Valley” with some justification. But San Jose has also become the tenth largest city in the United States, a city with an identity of its own, bolstered by a renewed downtown, a professional ice hockey team, and a reputation for its quality of life and for embracing the diversity that has divided other cities.

Silicon Valley Comes to San Jose

It’s hard to believe that computers and all their associated technology came into most of our lives less than four decades ago. So did the term “Silicon Valley.” Of course both were much older than most of us knew: big computers had been in use in industry and at universities for decades, and the foundations of Silicon Valley date back to the turn of this century. But only in the 1970s did the phenomenon of the computer and the new label for what had previously been called the Valley of Heart’s Delight come upon most of us. In fact, the heart of Silicon Valley lies north of San Jose and for a long time San Jose was little more than its bedroom. High technology industries, however, brought a boom to the Santa Clara Valley that was bigger and longer lasting than the Gold Rush of 1849 and its effects on San Jose were even more profound.

The name “Silicon Valley” did not derive from great deposits of silicon in the San Jose area, the way deep veins of gold ore gave the Gold Country its name. Silicon is a far more common element than gold. In fact, it’s as common as dirt or sand, of which it is a primary component. Silicon Valley became home to hundreds of companies that manufacture semiconductors from silicon, hence the title. Silicon is cast into loaf-like shapes that are a few inches in diameter, then sliced into thin wafers and put through acid baths, acid etching, washing and other processes and cut into tiny chips. These silicon chips are mounted on little ceramic frames which then go into circuit boards for computers and other electronic products. They are the brains and heart of the high-tech revolution that has transformed our lives.

But if great deposits of silicon do not account for its location, why is Silicon Valley in the Santa Clara Valley? Experts disagree, but clearly there is no compelling physical or geographic reason for Silicon Valley to be where it is. A pleasant climate helps, but isn’t essential. Being on the Pacific, with direct access to Asia seems an obvious advantage now, but surely was not a factor early on. Besides, other West Coast communities have pleasant climates and Pacific access. Nor was there a political reason for the location of Silicon Valley; local governments discovered it long after it was well-established and thriving. The Santa Clara Valley’s relative newness and lack of rigid social and economic structures may have made it an ideal place for an innovative new industry, but other Sunbelt communities could have provided the same.

Some experts think the location of Silicon Valley resulted from the good fortune that a few of the great geniuses of electronics had local connections or simply chose to live here because it was nice.

Others see Stanford University and its college of engineering as the key, with Santa Clara University and San Jose State University as supplements. If any one institution was crucial to the birth of Silicon Valley, it surely was Stanford, but a host of other factors also played a part. Tim John Sturgeon, a University of California geographer, argues that Silicon Valley did not “locate” but “arose” from the valley’s earliest industrialization. “From 1890 to 1940,” Sturgeon writes, “local electric power and electronics firms developed a tradition of collaboration, information and resource sharing, university/industry cooperation, spin-off, and rapid market adjustment that were to become the hallmarks of Silicon Valley’s industrial organization, and crucial to the region’s success.”¹

Before the silicon chip, the vacuum tube was the key to electronics, and the vacuum tube was invented and developed in Palo Alto in 1909 by engineers with connections to both Stanford and what was then Santa Clara College. Charles Litton, another Stanford engineering genius, continued the evolution of vacuum tube technology in the 1920s, eventually helping to found Litton Industries and spinning off a variety of radio-related electronics companies.

Stanford continued to lead the way in the 1930s, when electrical engineering professor Fred Terman recruited outstanding faculty and students. Among Terman’s many talented protégés were David Packard and William Hewlett, who launched what was to be Hewlett-Packard in their now-famous garage workshop in Palo Alto in 1938.

At about the same time, Ames Laboratory, a government research facility which would become a key component of Silicon Valley, was founded near San Jose in Sunnyvale. World War II added urgency to technological innovation, with television, radar and tape recorders all invented and developed in the San Francisco Bay Area (though not in what was to be Silicon Valley) during the war. Even in these times, investors willing to take a chance on unknown inventors with cutting-edge products—now known as venture capitalists—were to be found in the region.

When World War II ended, a prolonged Cold War fostered continued military spending, and Santa Clara County got more than its share, in some years receiving as much as 3% of the national defense budget. General Electric (GE) set up major facilities in San Jose, Food Machinery Corporation (FMC) made permanent its shift from food machinery to weaponry, Lockheed launched its huge operations in Sunnyvale, and other companies like Sylvania, ITT, Xerox, Westinghouse, and Admiral located in the Valley. At Stanford, Fred Terman and then-university president Wallace Sterling created Stanford Industrial Park in 1951 and Stanford Research Park in 1954. Seven companies were operating in the Research Park in 1955; by 1984 there were 90 companies with 25,000 workers. Terman used some of Stanford’s revenues from these developments to continue to build his engineering program and attract top faculty.

Meanwhile, another engineering genius, William Shockley, co-inventor of the transistor in 1947 at Bell Labs in New Jersey, returned to Palo Alto, his home town, in 1955 to found Shockley Transistors. Like Terman, Shockley, who was a Stanford graduate, also attracted a talented team, but like some other eccentric geniuses of high technology, Shockley was unable to keep his crew together. Eight of his best left to found Fairchild Semiconductor in Mountain View with backing from the Fairchild Instrument and Camera Corporation in 1957. Soon the eight had moved on, some separately, some in smaller groups. Fairchild itself spawned over forty other local high-tech companies, including National Semiconductor, Intel, and Advanced Micro Devices (AMD). “Fairchild Semiconductor was like a ripe dandelion,” Apple co-founder Stephen Jobs said. “You blow on it and the seeds of entrepreneurship spread on the wind.”²

¹Tim John Sturgeon, “The Origins of Silicon Valley,” Master’s Thesis, University of California, Berkeley, 1992, p. 1.

²From a lecture at Stanford Conference on Entrepreneurship, Stanford, CA, April 3, 1982, quoted in Everett M. Rogers and Judith K. Larsen, *Silicon Valley Fever*, New York: Basic, 1985, p. 27.

Although Fairchild was of special significance for Silicon Valley, the way it spawned new companies became a tradition in the Valley, and a key part of its adaptability and creativity. Amdahl and Memorex, for example, spun-off of IBM, and the founders of Apple and Tandem came from Hewlett-Packard. Many other high-tech businesses trace their origins to these incubator companies.

A key trio of Fairchild refugees—Robert Noyce, Gordon Moore, and Andy Grove—founded Intel in Mountain View in 1968. Within a year they made a splash in the industry with innovative new memory chips, but Intel’s big break came in 1971 with the invention of the microprocessor, reducing what multiple chips had once done to just one chip and thus much compressing the space needed. Cramming more and more information onto a single chip has been a crucial part of the development of Silicon Valley and Intel has been a leader in this field since its founding.

Nineteen-seventy-one was, coincidentally, the year Silicon Valley got its name, as coined by Don C. Hoefler, editor of *Microelectronics News*.³ At that time, Silicon Valley was centered around Palo Alto and Mountain View. Eventually, its center moved south, through Sunnyvale and Cupertino towards San Jose.

A crucial force in this shift was Apple Computers, officially founded in 1977 by high-tech legends Steve Jobs and Steve Wozniak. Along with companies like Osborne and Commodore, Apple created the personal computer, changing the way we live and work, and taking Silicon Valley to a new dimension. Jobs and Wozniak were local boys and school friends, working at Hewlett-Packard (H-P) and tinkering with computer components with friends in what they called the Home Brew Computer Club. Until this time, computers were huge machines that took up whole rooms and were shared by many users. Jobs and Wozniak found a way to put together components to create a small personal computer. They took their ideas to H-P and Atari (then the world’s leading video game company), but finding no support, they went to Regis McKenna, the public relations doyen of Silicon Valley. McKenna not only took them on as a public relations client, he connected them with venture capitalist Don Valentine. Valentine in turn brought in marketing manager A. C. “Mike” Markkula (formerly of Intel) who introduced Jobs and Wozniak to Arthur Rock, the valley’s leading venture capitalist (he also backed Intel). The rest is history. By 1980, Apple sales topped \$100 million and the personal computer had burst upon the world.

Apple’s is the quintessential Silicon Valley story, combining creative and marketing genius and venture capital and building on the work of other companies, most notably Intel’s microprocessor and Atari’s video games like Pong and Pac Man, which swept the world in the 1970s, and made computers both popular and unthreatening. With Apple in Cupertino and Atari based in Santa Clara (Intel also expanded there), Silicon Valley’s center of gravity was moving south.

By the early 1980s, Santa Clara County was home to over 3000 electronics firms. Many were small and short-lived, but some of the small ones grew and those that died were constantly replaced: in 1994, the Valley boasted over 3650 high-tech firms, including 1500 of the nation’s largest. Although less than a third of these firms were located in the city of San Jose itself, all were within 30 miles of downtown San Jose.⁴ Despite a recession in the early 1980s, employment in these companies and associated aerospace and defense industries rose steadily. Total employment in Santa Clara County peaked at 825,000 in 1991, then slumped as defense spending declined and some electronics firms moved manufacturing operations out of the county. Total employment for Santa Clara County was 793,000 in 1995; about 250,000 of these worked in electronics and associated industries.

³Rogers and Larsen, p. 27.

⁴“San Jose and Silicon Valley,” Special Advertising Section, *Business Week*, November 18, 1994.

Three major events have affected electronics employment in San Jose and Silicon Valley since the momentous advent of the personal computer in the 1970s. In 1981, industrial solvents were discovered leaking from a chemical storage tank at a Fairchild plant in south San Jose. Nearby residents feared the dangerous leakages were causing birth defects and miscarriages. “I remember thinking about smokestacks in other industries. I didn’t expect this problem in my own backyard,” San Jose Mayor Janet Gray Hayes told *National Geographic*.⁵ Santa Clara Valley had discovered the hidden dangers of its golden goose. Other, similarly dangerous, leaks were soon discovered, involving industry leaders including IBM, National Semiconductor, Signetics, Memorex, Hewlett-Packard, AMD, Verbatim, Intel, Ampex and others in clean-up operations. At the instigation of David Packard, these and other major employers formed the Santa Clara Valley Manufacturing Group to represent their interests and negotiate reasonable regulation—another manifestation of the adaptability of Silicon Valley.

Partly as a consequence of these events and resulting state, local and regional regulation, many of the Valley’s major manufacturers began building plants elsewhere. These moves, however, were related to the normal pattern of expansion of such organizations and, perhaps even more significantly, to the high cost of housing and hence wages in the Bay Area. Most big firms spun their basic manufacturing functions off to branch plants in other parts of California, other states or abroad, but they kept their research and development operations, and usually their corporate headquarters in Silicon Valley where the symbiotic relationship among these companies and their backers was crucial to keep pace with the rapid development of the electronics industry.

But despite recessions and growth outside Silicon Valley, most successful high-tech firms continued to expand within the Valley through most of the 1980s. The economy of the valley was hit hard, however, by cuts in defense spending in the 1990s resulting from the end of the Cold War. The Navy’s Moffett Field closed and NASA’s work at Ames Laboratory was reduced; Lockheed, FMC, GE, GTE and other major defense contractors scaled back, as did high-tech firms that supplied these companies.

The repercussions of toxic pollution, exporting of jobs, and the negative “peace dividend” were several. Overall employment in Santa Clara County declined by over 30,000 jobs between 1991 and 1995 yet Santa Clara County’s unemployment rate in 1995 was only 5.4%, compared to California’s rate of 7.7%. Northern California, the *San Jose Mercury News* wrote, was leading the country in high-tech growth and experiencing a “modest economic revival.”⁶ Economic decline was serious enough that industrial and political leaders began to worry about the areas’ economic future. High-tech companies and their leaders became political in the 1980s, trying to cope with environmental regulations as well as to improve housing affordability and transportation for their workers (and their profits). Local government got interested in high-tech, too, both as a source of jobs and taxes, hence worth recruiting, and as a source of pollution and traffic, hence subject to regulation. Industry and government have too many interests in common to be real antagonists, however, and by the 1990s, industry and local governments were making efforts to work together through a new organization based in San Jose and called Joint Venture/Silicon Valley.

Through the growth years of Silicon Valley, San Jose’s role has changed. Initially on the periphery, with most of the action around Stanford, Palo Alto, and Mountain View, San Jose was the bedroom community for Silicon Valley’s workers, while the demigods of high-tech lived in Los Altos Hills, Los Gatos, Saratoga, and other nominal “suburbs.” Although San Jose has always been the county seat and largest city in Santa Clara County and has thus qualified to be referred to as a “central city” by

⁵Quoted in Michael Malone, *The Big Score*, New York: Doubleday, 1985, p. 412.

⁶*San Jose Mercury News*, August 6, 1995.

traditional census definitions, San Jose, like many other Sunbelt cities, has never been as “central” to its region as the great urban centers of the Northeast and Midwest are to theirs. In the traditional central city-suburb nexus, the central city is the center of employment, while nearby smaller cities, referred to as suburbs, are primarily residential. Although this might have been true of San Jose when it was a cannery center, it has not been true during the high-tech era. Since the 1950s, more San Joseans have commuted to jobs in “suburbs” than worked in San Jose. And nominal suburbs like Palo Alto, Mountain View, Cupertino, Santa Clara and Sunnyvale were both residential and employment centers, with proportionately more industry than San Jose.

This constituted special problems for San Jose, including a weak economic and tax base and massive traffic as its residents commuted north to their jobs. San Jose has been working to deal with these problems since at least the 1970s, but before that the city’s leaders seemed content to be Silicon Valley’s bedroom and let development occur without planning or direction. The result was a profoundly imbalanced community and region.

As both political and business leaders began to perceive this imbalance, greater efforts were made to remedy it. David Packard and other industry leaders created the Santa Clara Valley Manufacturing Group in 1979 to represent the interests of major employers. Although their economic power is formidable, the Group has avoided asserting its policy preferences in a heavy-handed way, opting instead to work for reasonable environmental regulations, more affordable housing, and workable transportation. Later, Joint Venture/Silicon Valley took on issues of education and health as well as industrial regulations. Both organizations have striven to help their member businesses thrive and stay in the Valley and have understood that cooperation with government and positive initiatives are essential to economic well-being.

San Jose’s political leaders have also responded to the impacts of Silicon Valley on the city, not only by developing environmental regulations, but also by working to recruit and assist high tech businesses. Industrial parks have been created in north, south and southeastern San Jose. A redevelopment program covering some of these areas, as well as downtown, was created (and recreated). The city has sought to better balance its tax and employment base with some successes.

In 1988, San Jose claimed the title “the capital of Silicon Valley” as part of a public relations campaign. The claim was somewhat premature, yet as years pass, it gains credibility. San Jose has always played a part in Silicon Valley. San Jose State University, for example, has long supplied engineers and MBAs for the Valley. Some high-tech industry leaders like IBM have been based in San Jose for half a century. Others, like Cisco, Cypress and Adobe are more recent arrivals. Over the years more and more high-tech firms have located in San Jose, not only because its government actively recruited them, but because land was running out in the northern part of the valley. San Jose was more accommodating than northern cities, its land was cheaper, and it was nearer to affordable housing for workers—which made commuting easier, too.

Growth and Diversity: San Jose Becomes a City with No Majority

San Jose was a town in the 19th Century, a small city in the first half of the 20th Century and then, eventually, sometime in the 1970s or 1980s, it grew up to become a big city. It wasn’t just a matter of population growth, however, but also of the changing composition of the population. The farm town became a cannery and regional business center and then, with the emergence of Silicon Valley, a center of industry. The modest city’s 1950 population of 95,280 doubled by 1960, and doubled again by 1970, reaching 445,779—and nearly doubled again by 1995—a huge in-take of new residents. The

occupational and ethnic balance of the community shifted dramatically with the growth of high-tech jobs and immigration from Mexico and Asia. And as the community changed, so did its politics.

Like other cities across the Sunbelt, San Jose attracted migration from other parts of the United States from the 1950s through the 1990s. People came for the climate, for access to California’s beaches and mountains, for the comfortable suburban housing, for the clean, safe neighborhoods and good schools, and most of all for the jobs. Many of these jobs were fueled by federal defense spending during the Cold War and Santa Clara County received more than its share of these funds because defense and aerospace facilities and contractors like NASA-Ames, Moffett Field, Lockheed, FMC, GE, IBM, GTE and a few other defense contractors were located within its boundaries. Most of the companies were located in the north county, but many of their workers lived in San Jose, where housing was cheap and plentiful. The defense industry job machine stimulated high-tech industries in the region with contracts, purchases, and exchange of personnel. The job base expanded, first in the north county and gradually into San Jose, providing a constant magnet for migration and growth.

GROWTH AND DIVERSITY IN SAN JOSE’S POPULATION, 1970-2000						
Year	Total Population	Percent Non-Hispanic White	Percent Hispanic	Percent Asian	Percent African American	Percent Native American
1970	445,779	71.7%	21.9%	NA	2.5%	NA
1980	629,442	64.3%	22.3%	8.1%	4.5%	.5%?
1990	782,200	49.3%	26.6%	19.5%	4.7%	.7%
2000	894,943	36.0%	30.2%	27/3%	3.5%	.8%

But besides growing, San Jose’s population changed in composition. A predominantly Anglo or white city in the 1950s became a city with minorities in the majority by 1990. All ethnic groups grew in numbers over these years, but some out-paced others. African-Americans, for example, nearly doubled their percentage of the population, while the much-larger Hispanic population grew steadily, and Asian immigration exploded.

As a Spanish pueblo and a Mexican town, San Jose has always had a substantial Hispanic or Chicano population. Some parts of the Chicano Eastside were not part of the city until annexations in the 1960s, however, and consolidation with Alviso in 1969 also added to Hispanic numbers. Immigration from Mexico also increased, driven by economic hard times there and expanding jobs in agriculture and service industries here, along with changes in federal immigration policy in 1986, expanding programs for temporary workers from Mexico and providing amnesty for many illegal immigrants. Along with increasing population, the Mexican-American community also increased its political organization and visibility.

The most spectacular increase, however, came in San Jose’s Asian population. Asians weren’t even separately categorized by the Census Bureau until 1980, when they were 8.1 percent of the city’s population. By 1994, that percentage had tripled. San Jose had long been home to a vital and viable Japanese-American community, which suffered the humiliation of internment during World War II, and which today has one of the city’s most vibrant ethnic cultural centers in Japantown. The Japanese population of the city has held relatively steady, however, while the numbers of other Asian ethnic

groups have grown greatly. Filipinos and Chinese have long been an element of San Jose's diversity, but increasing immigration from the 1970s onward has enlarged their presence. Most dramatically, after the fall of Saigon in 1975, tens of thousands of Vietnamese and other Southeast Asians immigrated to San Jose. Many went to other parts of the US initially, but ended up in San Jose, drawn by the city's climate and economy, as well as its blossoming Vietnamese community, which the new immigrants reinforced. Koreans and Asian Indians also increased greatly in number in the 1980s.

The new immigrants changed the face of parts of San Jose, as Asian enterprises sprung up downtown and in neighborhood shopping centers, particularly in the eastern parts of the city, from Evergreen in the south to Berryessa in the north. Despite growing numbers, San Jose's Asian population was slow to engage in politics, perhaps because of the great diversity of the Asians who live here or because of their relatively recent arrival. The Japanese community in San Jose has long played a prominent political role, however, and other groups were becoming more active by the mid-1990s. With continued growth in numbers, they could have a transforming effect on the city. They have already greatly enriched its culture and diversity.

San Jose's expanding economy and growing, increasingly diverse population made a farm town into a city in half a century, but it happened so fast that San Jose often seemed to be trying to catch up with itself. Many were shocked when brash, suburban San Jose surpassed urbane and sophisticated San Francisco in population 1989 to become California's third largest city and, according to the 1990 census, the nation's eleventh largest. But San Jose was not only growing in size during the latter decades of the century, it was also growing up. Manufacturing and services displaced agriculture in the city's economy and the cultural diversity characteristic of a big city also became more apparent. The San Jose's politics also changed as the pro-growth old guard retired or was displaced by a new establishment that redirected the city's priorities, though not without struggle.

Mayor Mineta and the First Challenges to San Jose's Old Guard

The key issues in San Jose for some time have been growth and its costs and the accommodation of diversity. Both first emerged in the 1960s, with a few neighborhood advocates and environmentalists criticizing San Jose's aggressive growth policy and lack of planning, and with Mexican-Americans complaining about discrimination, police brutality, and inadequate services in neighborhoods like *Sal si Puedes* ("get out if you can"), the Eastside *barrio* where farmworker leader Cesar Chavez grew up.

The growth machine that dominated city politics in the 1950s and 1960s faced its first electoral challenge in 1962. Councilwoman Virginia Shaffer and two other new council members were elected on an anti-incumbent platform with the support of the city's recently emerging homeowners groups, especially on the Westside. The new council members and their supporters were critical of growth, not for environmental reasons (although some were concerned about the loss of open space), but because of a growing tax burden (to pay for capital improvements for new developments) and inadequate services, with police and fire departments struggling to protect a huge and constantly expanding area and schools unable to keep up (many were on double sessions by the 1970s).

Meanwhile, San Jose's Hispanic and black populations, about 22 and 2.5 percent of the city's 1970 population, also grew restive in the 1960s, inspired by the successes of the nationwide civil rights movement as well as their own problems. A 1973 Rand Corporation study reported that while much of San Jose had prospered during the boom years, "poor [largely Hispanic] neighborhoods

[had]deteriorated relative to better-off neighborhoods, and segregation had increased.”⁷ Concerns focused on inadequate services, housing discrimination, and police brutality, as well as the lack of representation on the city council. No minorities had served on the city council since Mexico ruled San Jose. Partly to assuage this concern, in 1967 the council appointed Norman Y. Mineta, a young Japanese-American businessman well respected by the city’s elite, to a vacant seat.

In 1969, homeowners and neighborhood activists elected a slate of three candidates to the council along with the city’s first avowed environmentalist. City Manager Dutch Hamann, as politically shrewd as ever, saw the handwriting on the wall and resigned. The council replaced him with Thomas Fletcher, a nationally respected, thoroughly professional city manager. The new council and manager abandoned Hamann’s aggressive annexation policy and enacted a new urban development policy that emphasized improvements within the city’s existing boundaries before further expansion.

Mayor Ron James, a transitional figure between the city’s old-guard business elite and its emerging new majority, fought some of the changes and adapted to others, but he decided not to run for re-election in 1971. James’ heir apparent was Norm Mineta, who, after his appointment, had easily won election to the council in 1969 and who James had made his vice mayor. Political insiders also expected rambunctiously conservative Councilwoman Virginia Shaffer, a leader of the homeowners’ revolt, to run, but she surprised the city by announcing that she would neither run for mayor nor for re-election to the council. In the end, Mineta faced no less than 14 opponents, but nevertheless won every precinct in the city and a total of 61 percent of the vote, making history as the first Asian to be mayor of a large American city. Janet Gray Hayes, a neighborhood and environmentalist candidate, was elected to the council in the same election. With Shaffer gone, Hayes was the only woman on the council. She strongly bolstered its new direction, however, and unlike Shaffer, Hayes was liberal on a wide range of issues. Later that year, the council also gained its first Mexican-American member since statehood when Al Garza, a teacher and community activist who had run for council against Hayes in the 1971 election, was appointed to the council seat vacated by Mineta when he became mayor. Although originally appointed by a pro-growth council and widely viewed as Ron James’ protégé, Norm Mineta proved an independent as mayor, working with the new majority and adapting to a changing city. Neither pro nor anti-growth, Mineta was a moderate as mayor, even on minority issues. Mineta’s liberal politics emerged slowly, mostly after he was elected to Congress in 1974, but as a Japanese-American who had experienced internment during World War II, he brought a new perspective on minority issues to the city council. Some critics felt he did so too cautiously, but his point of view was nonetheless considerably different from that of the council that had originally appointed him and more aggressive assertion of minority values might well have ended his electoral career at that point.

By late 1971, a majority of San Jose’s city council and its city manager were mildly liberal and more concerned about both minority issues and problems of growth. “The voices of the builders and doers became lost in the many voiced demands of the users,” a former mayor declared. “The veto was back.”⁸ The city was, indeed, changing direction, though very gradually, and while the attitude towards development was different, the city’s continued growth through the 1980s suggests that it was hardly a veto. The new council majority was more cautious about growth, but it was willing to approve well-planned developments and it was also often susceptible to the lobbying and campaign contributions of developers, many of whom exhibited formidable political skills.

Minority concerns came to a head in September 1971, when police stopped John Henry Smith, a black IBM research chemist, for a traffic violation and shot him when he tried to run away. What

⁷Daniel J. Alesch and Robert A. Levine, “Growth in San Jose,” Santa Monica: Rand, 1973, p. vii.

⁸George Starbird, “The New Metropolis,” San Jose: Rosecrucian Press, 1972.

actually happened is much disputed, but for San Jose's Mexican- and African-American communities, it was another in a chain of incidents in which white police officers mistreated minority citizens. Similar incidents had set off days of rioting in other cities in the 1960s. In San Jose, the outrage was channeled into political protest, with weeks of marches on city hall and turbulent council meetings. In public the council seemed unresponsive and much of the anger of the crowd was directed at its two minority members, Mayor Mineta and Councilman Garza. But the appearance of inactivity was due only partially to caution on the part of the council. It was also a result of San Jose's council-manager form of government, which limits council intervention on administrative matters. Demands to fire the police chief for wrongly alleging that the victim of the shooting had been under the influence of drugs, resulted in a letter of reprimand from the council, but the Police Officers Association challenged the letter in court and a judge ruled that the council lacked the authority for even so modest a measure. The council did, however, manage to appoint a blue ribbon committee to review police practices and some of their recommendations to improve training and community relations were eventually adopted.

These actions were insufficient, however, for those protesting the shooting of John Henry Smith and the state of police-community relations. Their frustration precipitated a movement to change the way San Jose's council was elected. Since 1916, the council had been selected at-large, so that each member was elected by and represented the entire city. This produced a council reflecting the majority of voters, but left minorities, particularly Hispanics, unrepresented. Although the appointments of Mineta and Garza were meant to assuage the concerns of minorities, both councilmembers had to look to the city's majority to win election, and sometimes did not seem sufficiently assertive to minority political activists. The push for district council representation failed initially, but finally won approval in 1978.

District elections and other reforms might never have succeeded, however, if not for the watershed confrontations between the city's old guard and a new generation of leaders in 1973 and 1974. Thomas Fletcher, the noted professional who succeeded Dutch Hamann as city manager in 1969, resigned in 1972, largely for personal reasons, although wrangling with the entrenched bureaucracy left by Hamann may also have been a stimulus. In choosing his successor, the council was under pressure from the old guard to pick Ron James, the former mayor who was then president of the Chamber of Commerce. The council's four-vote liberal majority, led by James' former protégé Norm Mineta, opted instead for Ted Tedesco, a respected professional who was then city manager of Boulder, Colorado. On the day of their decision, Mayor Mineta was called to the office of Joe Ridder, publisher of the *Mercury News*, who demanded that the council hire ex-mayor James. Mineta went back to city hall and, with the support of his three allies, voted to hire Tedesco. Their defiance of the old guard came as a considerable surprise to many in the community, particularly because Mineta himself had been groomed by Ron James and other establishment leaders who supported his appointment to the city council and viewed him as a local businessman and one of their own. But after his successful election to the council in 1969 and his impressive win as mayor in 1971, Mineta was sufficiently confident to act independently. His own liberal politics, shaped by his childhood experience of internment as a Japanese American and the inspiration of John F. Kennedy to become a Democrat, began to emerge. Campaign contributions from Japanese Americans across the country also enhanced his independence. But besides Norm Mineta's growing stature as a leader, it must have been obvious to him and the council majority that in hiring Ted Tedesco as city manager they were protecting their own power. Ron James, with a power base of his own, would have been difficult for the council to control, but Tedesco would be their own man.

Mineta and the council may also have sensed a shift in public opinion which became clear in the 1973 election. Residents of some of the newer parts of San Jose were upset that local schools couldn't accommodate their children without double sessions or temporary buildings. Doubting the will of the

city council to control growth, they circulated a petition and put an initiative measure on the ballot prohibiting new zoning for homes where schools were overcrowded. Their campaign in favor of what was labeled Measure B was purely grassroots, with no money for anything but flyers delivered door-to-door by volunteers. The opposition, almost entirely funded by home builders, outspent them 10 to 1 and also enjoyed the vigorous support of the *Mercury News*. The critics of growth won a narrow victory, however, having succeeded in connecting growth to people's lives in a way they could understand. The 1973 election was a turning point in San Jose politics, not only because of the approval of Measure B, but also because Susie Wilson and Jim Self, both of whom endorsed the initiative, were elected to the city council, firming up its controlled growth majority. Wilson, who served on the council until she was elected to the Santa Clara County Board of Supervisors in 1978, became the second woman on the council and an important ally and advisor to Janet Gray Hayes, as well as a crucial advocate of women's issues, particularly affirmative action hiring. Self, who also joined the liberal majority, made history by hiring Gene Lokey, a political consultant, to run his campaign—the city's first professionally run council campaign. Before 1973, local campaigns had been low-key and low-cost affairs, conducted by the candidates and volunteer or minimally paid campaign managers who organized signs, ads in the *Mercury News*, leaflets, and precinct walkers. After Self's campaign in 1973, campaigns became more professional, more sophisticated in their techniques (especially in the use of direct mail) and much more expensive. Before 1973, candidates spent might spend a few thousand dollars; by 1976, \$100,000 was more typical.

The victories of Measure B and Councilmembers Wilson and Self were themselves a result of San Jose's growth. They won because of the support of voters in the newer parts of the city, those most concerned about growth, while San Jose's older neighborhoods voted for more conservative candidates and seemed more accepting of growth. New residents had outnumbered old for some time, but only in 1973 did they begin to flex their political muscle.

Mayor Hayes and the Emergence of a New Establishment

The city's political majority and policies had begun to change and the 1974 election confirmed and made permanent these changes in a showdown between the old guard and the new. Mayor Norman Mineta ran for Congress (he won and served until 1995) which produced a contest between Vice Mayor Janet Gray Hayes, a member of the council's new liberal majority, and Bart Collins, a retired chief of detectives and a pro-growth conservative. Collins was backed by the old guard leadership of the 1950s and 1960s, conservatives, builders, developers, and the *Mercury News*, which eagerly touted him not only in its editorial recommendations but also in news items about the race. Hayes was supported by neighborhood activists, environmentalists, liberals, and the city's emerging women's groups as well as Democratic party leaders (although the race was nonpartisan). The minority community, alarmed at the prospect of an ex-cop as mayor, also supported her. The candidates each spent about \$100,000 on the race, setting a new city record. Hayes' slogan, "Let's make San Jose better before we make it bigger," caught the city's changing mood, however, and she won, but by just 1678 votes. Her strongest support came from the heavily minority Eastside and from newer parts of town including Berryessa, Evergreen and the West Valley.

Hayes may have owed her victory to a seemingly minor change in the city charter approved by the voters in 1970. An earlier generation of reformers had concluded that the best way to keep partisan politics and the coattails of gubernatorial and presidential candidates out of local politics was to hold local elections in odd-numbered years separate from state and national contests. Such isolated elections

may achieve this goal, but they also decrease participation because far fewer people turn out to vote solely on local matters, and they are expensive because the cost of holding the election isn't shared with state government. To save money, San Jose amended its charter to make its elections concurrent with state and national elections beginning in 1974. As a liberal Democrat, Hayes benefited from this change because it insured a higher turnout from her constituency. In isolated or off-year elections, those most likely to vote are affluent, well-educated, conservative, and Republican. But concurrent elections increase turnout and also draw in many more working class and minority liberals and Democrats. Voter turnout in San Jose's last isolated election in 1973 had been just 16 percent; in 1974 it quadrupled to over 60 percent. Given her constituency, Hayes needed that high turnout to win her narrow victory. Her conservative opponent would surely have beaten her if the election had been held separately, in an odd-numbered year.

But Hayes won and her victory made history. San Jose had already gained attention by electing the first Asian mayor of a major American city. Now it had elected the first woman mayor of a major American city. Even more than Mineta, Hayes was the center of media attention. That same year, Leona Egeland was elected to represent South San Jose in the state assembly, becoming one of the first women to serve there. By 1976, with a woman chairing the Santa Clara County Board of Supervisors and Susie Wilson serving as San Jose's vice mayor, local women proudly proclaimed San Jose the "feminist capital of the United States" and the national media took it up.

The elections of 1973 and 1974 seemed to confirm a new direction for San Jose, with a rejection of the old pro-growth policies and a more liberal council majority on social issues, but the electoral margins were close as were many council votes. But although the direction of the city had changed, it had not been reversed. Growth continued, with San Jose's population increasing from 445,779 to 629,442 between 1970 and 1980, but the city's territorial expansion slowed, with annexations totaling 20 square miles as compared to 82 square miles in the previous decade. But by the mid-1970s, the growth was better managed, with more thoughtful and rigorous planning and an emphasis on the development of areas within the existing city rather than in new annexations. Measure B forced improved coordination between the city and its school districts and heightened council and community awareness of providing for adequate services of all sorts before permitting new growth. During the terms of Mayors Mineta and Hayes, the city also introduced a "pay as you grow" tax on new construction, to fund the parks, streets and other facilities new areas needed. When rapid growth created traffic congestion in the Evergreen and Almaden areas of the city, the council put a moratorium on growth in these neighborhoods until roads could be built. In 1976, with the adoption of its first rigorous general plan, the city deferred growth in its southernmost region, the Coyote Valley, until at least 1990. From the 1970s onward, Coyote Valley has been the litmus test for growth control in San Jose, with pressure to develop the valley rising every few years, only to be turned back by Mayor Hayes and her successors.

By the mid-1970s, the city council was more liberal and sympathetic to minorities, but police community relations continued to be a problem. The issue came to a head again in 1976, when Danny Trevino, a young Latino, was shot by police investigating a complaint about domestic violence. The police thought Trevino was reaching for a gun that turned out not to be there. The police officers involved were ultimately cleared of wrong-doing, but as with the 1971 shooting of John Henry Smith, the minority community vented its frustration and anger through weeks of protest. Although at the time they felt the council was ignoring their protests, they helped bring about the firing of then-Police Chief Robert Murphy and the hiring of Joseph McNamara later in 1976. McNamara is widely credited with turning the department around, particularly in its relations with the minority community. During his fifteen years as chief, McNamara increased the hiring of minorities and women, improved training, and

opened up communications with the minority community. Mayor Hayes and the council liberals gave him solid support.

By 1978, the city's new direction seemed set, but that year brought a major challenge to Hayes and the new majority. Up for re-election, Hayes faced a serious challenge from Councilman Al Garza, who rallied the support of builders and developers as well as much of the Mexican-American community and won enough votes to prevent Hayes from winning re-election in the June primary. While they prepared to face one another in a November run-off, Garza and three other councilmen pulled a coup at city hall, out-voting Hayes and her two remaining allies to fire the city manager and push for development. The new majority, known as "the Fearsome Foursome" or "the Gang of Four," didn't last long, however. In the November election Hayes soundly defeated Garza and an ally of hers unseated another member of the Gang of Four. Earlier, a drunken run-in with the police had precipitated the resignation of another of the Gang. Hayes led the council in appointing Tom McEnery, a downtown property owner and member of one of San Jose's oldest political families, to fill the vacancy created by the resignation. Two years later Garza was indicted for taking a bribe over a land-use issue and resigned himself. The counter-revolution at city hall failed decisively.

While city hall busied itself with all these machinations, a quiet revolution was getting underway in the community, however. When John Henry Smith was shot in 1971, a small movement emerged with the goal of changing the way council members were elected to make them more responsive and representative. Since 1916, city council members had been elected "at large," so that each one represented the entire city. To those protesting police-community relations, this often meant council members could ignore parts of the city—especially those where minorities were predominant—as long as they could keep the majority happy. Although minorities (mostly Hispanic) were almost a quarter of the population in 1970, the majority was clearly white and middle class, as was the city council. Most council members were businessmen or attorneys, and between 1950 and 1975, 74 percent of the city council members had lived in just two neighborhoods.⁹ The only minority persons to serve on the council—Norm Mineta and Al Garza—were appointed by the white council majority and needed the white voter majority to win election and stay on the council. To many of the protesters, this compromised their ability to represent the minority community, a community which had gained political training through the citizen participation required by the federal government in the 1960s War on Poverty, the 1970s Model Cities Program, and others. The activists eventually concluded that at-large or citywide elections should be replaced by district elections, with each candidate running in and representing just a part of the city. This, they hoped, would insure at least a few council members who represented them directly and who were not dependent on the city's white majority. They also hoped district elections would make campaigning easier for grassroots candidates running in smaller constituencies. San Jose had grown so large that candidates without a lot of money and the support of the conservative, pro-growth *San Jose Mercury News* stood little chance of winning. A candidate running in a district election, however, would need to reach fewer voters and could rely more on volunteers and less on costly advertising and newspaper support.

The supporters of districting launched a petition campaign aimed at putting their proposal to the voters through an initiative to amend the city charter. Although not part of San Jose's political mainstream, they weren't completely out in left field. In 1972, a charter review committee appointed by the city council and made up of establishment attorneys, business leaders, and moderate community activists recommended a change to district elections, too, along with a San Francisco-style strong mayor.

⁹Jack Corr and Fred Keeley, "San Jose City Charter, A Bicentennial Proposal," 1976, p. 17.

The city council voted to put the proposals of both groups on the ballot, but then the old guard, including six former mayors, pressured the council into dropping the proposals. Feeling betrayed (especially by then-mayor Mineta), the districting advocates tried to revive their petition drive, but failed to gather enough signatures by the deadline. The districting movement, demoralized, faded away, although only temporarily.

Meanwhile, a new political force was emerging in the city: neighborhood groups. During the years of rapid growth, hundreds of thousands of new residents had settled in San Jose. But the growth that brought them to San Jose had stretched city services thinly and infrastructure construction, including schools and highways, had not kept up with growth. The new arrivals, many of whom were well educated, middle class professionals, worried about police and fire response times in the sprawling city, having their kids on double-session in schools housed in temporary buildings, and about traffic congestion and lack of nearby parks. They expressed their discontents politically. In 1973, they forced growth control on the city with Measure B; in 1974, they were crucial to the election of Mayor Janet Gray Hayes and a controlled growth council. But they also organized neighborhood groups around issues. In new parts of town, they organized because of what they viewed as inadequate services, while older neighborhoods got together because they felt neglected and their services had declined. By 1978, San Jose boasted 118 neighborhood and homeowner groups—one for every 5000 residents, a high ratio for such a new city.

Between 1974 and 1976, the movement for district council representation was given impetus by two city programs. Projects 75 brought citizens together to plan capital or infrastructure improvements for their neighborhoods, while General Plan 76 gave them a say in long-range land-use planning. Both were organized by “planning areas” which paralleled what would become electoral districts. By attempting to draw citizens into the process and gain their support, the city administration and council had unintentionally introduced activists to one another and helped build district identities, as well as generating leaders with a citywide network.

Many of San Jose’s new neighborhood activists and their organizations felt as neglected as the city’s Mexican-American minority did, having never had a council representative who lived in or even seemed familiar with their area. Many were also vehemently anti-growth and believed that the high cost of citywide campaigns gave developers undue influence through campaign contributions. These neighborhood activists proved ready recruits when the district election movement was revived.

The event that precipitated that revival was the police shooting of Danny Trevino in 1976. Again frustrated by council inaction, the district activists went back to work. This time they carefully cultivated alliances with a wide spectrum of groups and interests. They easily won the support of established minority organizations as well as the Central Labor Council, the umbrella organization for all the city’s unions. The latter was important because labor had not endorsed districting before and because the unions had money and credibility. The city’s emerging women’s groups added their endorsement, readily grasping that women would have a better chance of winning office in smaller-scale, cheaper elections. And perhaps most importantly, many neighborhood activists joined the districting bandwagon.

While some supporters of districting were lining up the support of such groups for a possible initiative to amend the city charter, others participated in another council-appointed charter review committee. The committee had been created by a mayor eager for more power, a city council hoping for better pay, and a city manager who wanted to loosen up the civil service system, but the committee chose to focus on district elections and in May of 1978, they took their proposal to the city council. The community coalition in favor of district elections set aside their own plan to rally support for the committee’s proposal and the council voted to put the plan on the November ballot.

During the campaign a broad and formidable coalition in support of district elections emerged, including minority community groups, neighborhood activists, environmentalists, unions, women's groups, many elected officials and much of the city's Democratic party leadership. Opponents were fewer in number, but included members of the city's old guard, the Chamber of Commerce, and the city's powerful builders and developers, who provided most of the funds for the anti-districting campaign. *The San Jose Mercury News*, which most people expected to be rabidly opposed to district elections in accordance with its traditional pro-growth conservatism, surprised the community with balanced coverage on its news pages and a only brief editorial recommendation against the proposal. Those opposed to district elections argued that they would bring fragmentation and conflict to the city council, with no one except the mayor taking citywide concerns into account and voters allowed to choose only one representative instead of the entire council. "I want the whole damn bunch responsible for my neighborhood," declared a powerful attorney, "I don't want just one."¹⁰ Proponents of districting countered that many neighborhoods felt they didn't have even one representative under the at-large system. The at-large system only provided for elites and deep-pocket developers who funded the expensive citywide races.

On election day, district representation was approved by the voters with 52 percent voting yes and 48 percent voting no. Strongest support came from minority and liberal areas and from the most recently developed parts of the city; opposition was concentrated in the city's most conservative and affluent areas which had been well represented with the at-large system.

The first actual elections by district occurred in 1980 and most of the hopes of the district proponents came to fruition. Campaigns were much cheaper, with winning candidates spending an average of \$25,800 (as compared to over \$100,000 for the last at-large races). A majority of the newly elected council were women—a first in San Jose that gave more legitimacy to its claim to the title "the feminist capital of America." One of the women was Mexican-American and another was black, the first minorities to gain seats on the council by direct election rather than council appointment. Several neighborhood activists were also elected. The goal of making the council more representative had been attained, although other goals of districting, such as cutting campaign costs would be debated in the future as, even with districting, candidates spent more and more.

Also in 1980, the voters approved full-time pay for city council members, with the amount to be set by a new commission. As a result, council salaries were increased from \$4,800 a year to \$15,000, with the mayor earning \$20,500 (in 1995, their respective pay was \$54,400 and \$82,500). Approval of full-time pay was a vote of confidence in San Jose's city council, despite the turbulence of the 1970s and of faith in their new district representatives. It was also a recognition that unlike council members in the 1950s and 1960s, most council members in the 1970s worked full time at their jobs and the voters expected them to do so, particularly when they had problems in their neighborhoods. Full-time pay was also part of the evolution of a more professional city council. Council members had budgeted funds for personal staff to assist them with research and constituent service since 1973, and in 1978 Mayor Hayes organized the council into committees to develop more policy expertise and work towards the resolution of issues prior to council meetings. Full-time pay, staff and committees, along with district elections and an increasing focus on the mayor rather than the city manager as the city's leader, tilted the balance of power from the city manager and the bureaucracy towards the mayor and council.

In this regard and many others, the 1970s were a turning point in San Jose politics, as the old guard that built the city in the 1950s and 1960s lost control to a new generation. The transition started

¹⁰*San Jose Mercury News*, October 15, 1978.

with the election of Mayor Norman Mineta, but was fixed by the 1974 and 1978 elections of Mayor Janet Gray Hayes and by the change to district council elections. The 1974 shift of local elections to coincide with state and national elections, which greatly increased voter turnout and broadened participation, was a key factor in the victories of the city's new establishment.

The shift in power to the new San Jose was further insured in 1977 when the family-dominated Ridder Corporation merged with the Knight newspaper chain and management of the *Mercury News* changed. The highly biased news coverage of the old *Mercury* under its imperious publisher, Joe Ridder, was replaced by far more objective and professional reporting and editorials that were no longer reactionary—some even thought they were liberal. The newspaper's enthusiasm for growth was considerably tempered and its responsiveness to the city's old guard was reserved, as illustrated when the city manager organized a "march on the Mercury News" by the city's business elite to lobby the newspaper to oppose district elections in 1978.¹¹ Whereas Joe Ridder's *Mercury* would have bashed districts in both news and editorial coverage, the new, corporate *Mercury* under Tony Ridder, played the issue straight and serious on its news pages and offered only mild editorial opposition. That same year the *Mercury* played a key part in the downfall of "the Gang of Four" councilmembers who took control of the council away from Mayor Hayes and endorsed the re-election of Hayes, who the newspaper had opposed in 1974. The *Mercury*, always a key player in city politics remained so, shifting from being a pillar of the old establishment in the early and mid-1970s to a pillar of the new establishment at the end of the decade.

Exemplifying both the new establishment and the new *Mercury*, the newspaper published a carefully executed study of power in the city in 1979.¹² The study revealed a very different set of power holders than might have been found a decade earlier. The 1979 study named forty powerful individuals, of whom 23 were businessmen, 14 were public officials, and 3 were grassroots activists (a minority leader, a union executive, and a professor). Few of those listed had been leaders before the 1970s and even fewer were developers, who were commonly thought to be running San Jose. Among the ten people considered most powerful were two former mayors, representing the old guard, as well as the two mayors of the 1970s, Mineta and Hayes, from the new establishment. "Silicon Valley" was represented in the top ten by David Packard, judged a power in San Jose even though he did not live in the city. Known as an advisor to Mayor Janet Gray Hayes, Packard had recently helped fund an expansion of San Jose State University's stadium and, most notably, had formed the Santa Clara Valley Manufacturing Group, which was already making an impression on local politics. The new *Mercury* was also well represented in the top ten, with both its new publisher and editor. The *Mercury* power study revealed a city in transition, with elements of both an old and new elite, but with a distinct tilt towards the new, as every election in the 1970s confirmed.

But if the new establishment that was emerging was liberal, it was severely tested in the early 1980s. The city council, for example, approved a gay rights ordinance in 1979 (before district elections), but local Christian conservatives, in an impressive display of grassroots organizing, petitioned to put the measure on the ballot for voter review and succeeded. In the June 1980 primary election, San Jose voters rejected the ordinance. The city's new liberal establishment feared the rise of the religious right, which also supported two successful district council candidates in 1980 and most local political leaders backed away from homosexual rights issues. Over the years, however, it became clear that religious conservatives were not a major force in San Jose politics, despite their potential, and as gay and lesbian

¹¹Philip J. Trounstine and Terry Christensen, *Movers and Shakers*, New York: St. Martin's, 1982, pp. 126-127.

¹²The study is reported in Trounstine and Christensen, *Movers and Shakers*.

political organizations emerged in the 1980s and eventually gained allies and supporters among local officeholders.

The new establishment was further tested in 1981, when city workers went on strike over pay. Comparable worth or equal pay for similar work was a key issue in the strike. A city-commissioned study had demonstrated that job categories that employed mostly women paid less than equivalent job categories that employed mostly men. The boast that San Jose was “the feminist capital of the nation” was put to the test. The strike had been building for some time, as city workers sought to defend themselves and the services they provided from budget cuts brought by Proposition 13, the statewide 1978 initiative that greatly reduced the city’s property tax revenues. Despite the resistance of the city manager and some reluctance on the council, the strike succeeded. Although widely seen as a victory for the city’s women workers on comparable worth, sociologist Paul Johnston points out that broader issues were involved, and the real victories on comparable worth came over a long period of time.¹³ To achieve these victories, the women workers built alliances with others in a successful effort to broaden their support base. Having a majority of women on the city council aided the cause, especially when the national spotlight turned on San Jose. Favorable media coverage from the previously anti-union *Mercury* also helped. The union assured the long-term success of the comparable worth movement by supporting Tom McEnery, a councilman at the time of the strike, in his successful 1982 campaign for mayor.

But these events weren’t the only ones to shake up the new city council as Mayor Hayes approached the end of her term in 1982. Controlling growth became an issue once again when improvements to the city’s sewage treatment plant became necessary after a series of summertime sewage spills at the height of the canning season. San Jose was on its way to becoming the capital of Silicon Valley, but in the early 1980s, several canneries from its recent agricultural past remained. Combined with new growth, their effluent, though less than planned for, repeatedly strained the system. After a series of spills, the state ordered an expansion of the sewage treatment plant’s capacity. The city then grappled with how to meet this need.

Councilman Tom McEnery argued that another way to deal with the sewage problem was by carefully managing and prioritizing growth. His arguments were staunchly resisted by other members of the council and by developers, building trade unions, industrialists and others in the business of growth, including the Santa Clara Valley Manufacturing Group representing the big Silicon Valley companies. In a career-defining speech to the San Jose’s powerful downtown Rotary Club, McEnery denounced “the sewer lobby” as “a friendly coalition of ignorance, apathy and expediency.”¹⁴ Initially, McEnery won some support, but in April 1981, he was on the losing end of a council vote to increase fees and fund a modest expansion. Over the course of the next year, however, it became clear that the council had been misled by the city administration, either through ineptitude or by intent, and instead of \$22 million, needed improvements would cost over \$100 million. A reluctant council approved the necessary fee increases, but they also imposed on-going evaluations of the impact of new development on the city’s sewage treatment facilities. The “sewer lobby” may have won, but Tom McEnery had emerged as a leader on growth control and the credibility of the city’s top administrators had been mortally wounded.

As this issue was being played out in 1982, the race to succeed Janet Gray Hayes as mayor was underway. Hayes might not have chosen to leave office, but San Jose’s charter limits its mayors to two terms, so her time was up. Like her predecessor, Norm Mineta, she moved the office of mayor forward in important ways. She made history as San Jose’s first woman mayor and the first San Jose mayor to

¹³See Paul Johnston, *Success While Others Fail*, Ithaca, NY: ILR Press, 1994, for a complete study of the comparable worth movement in San Jose.

¹⁴*San Jose Mercury News*, April 5, 1981.

serve two full terms in the 20th Century. That gave her enough time to leave a mark, and she did. With her allies on the council, she helped make San Jose's growth responsible, presiding over the enactment of a general plan that set priorities for managed growth. She also led the city in improving police-community relations and affirmative action programs for city employment. And she led in the development of a more professional, full-time council. Through it all, she fought constant battles against the old guard and within the new establishment. She lost more battles than the mayors who preceded or followed her, but she presided over a turbulent time in the city's history, before a new consensus had emerged. Critics said she wasn't consistent on growth and other issues and that she was too timid in exercising her authority and leadership. The office of mayor had little authority at the time, however, which made strong leadership difficult. She was nevertheless immensely popular with the public when she left office and even a decade later she remained one of the best known and best-liked politicians in the city.

Mayor McEnergy: San Jose Grows Up

Hayes was succeeded by Tom McEnergy, councilman for the central district and scion of an old San Jose political family with downtown property. McEnergy was supported by downtown interests, labor, Democrats, advocates of controlled growth, neighborhoods leaders, minority activists, and the *Mercury News*, combining both the city's old and new establishments. He was challenged by Claude Fletcher, the councilman for the affluent Almaden district and a Republican who was well-connected to the community's then-surging religious right. "A mayor for the whole town, not just downtown," Fletcher's signs insisted, but McEnergy's downtown focus didn't bother voters, who gave him a 62% election victory.

Even before he took office, McEnergy's mettle was tested when one of the city's most potent developers raised the perennial issue of opening the Coyote Valley to development. The city council and mayor-elect stood firm, but they conceded the creation of a task force to consider economic development and the need for large sites for industry. McEnergy chaired the task force which, with the Santa Clara Valley Manufacturing Group playing a key role, agreed to permit large-scale industrial development in the Coyote Valley. Although some environmentalists and some neighborhood leaders condemned the task force recommendation as a sell-out, proponents argued that selective industrial development would generate tax revenues and jobs and reverse Santa Clara County's traditional northward-bound commute. The recommendations were eventually adopted and included in the city's new general plan in 1984, but throughout McEnergy's terms as mayor the city held firm on maintaining an urban reserve in the Coyote Valley and rejecting housing development.

McEnergy's 1983 assumption of the office of mayor was marked by a symbolic "Mayor's Unity Breakfast" that brought all the elements of the his electoral coalition and the larger community together. This event became a tradition at which the mayor gives an annual "state of the city" address (McEnergy's successor, Susan Hammer, switched the event to early evening for television broadcast). The pomp and ceremony of the very first such event made it clear that McEnergy's mayoral style would differ from those of his predecessors. Whereas Mineta and Hayes operated as leaders of the council (sort of like the Speaker of the House of Representatives), McEnergy's mayoral style was more presidential. This shift reflected McEnergy's personality, as well as his leadership skills, but it also had firm political sources. Unlike Hayes, McEnergy was elected with the support of a broad coalition and a big majority of the voters. He also was the first mayor to be elected since council representation had shifted to districts, so he alone represented the whole city. He had a few key allies on the council in the beginning and he built

that alliance into a stable majority that resulted in very few losses during his two terms of office. But McEnery's effect on the office of mayor went beyond style and political support to include the official power of the office as set out in the city charter.

The power of the mayor had increased gradually under Mineta and Hayes, with high-profile elections and more media focus. District elections and council committees introduced by Hayes also enhanced the role of the mayor. More than his predecessors, however, McEnery asserted the authority of the mayor over the city manager, pushing the manager who had presided over the sewage fiasco to resign and replacing him with a manager more attuned to McEnery's own agenda and that of the council, with whom the mayor shares authority over the manager. As in other growing cities across the Sunbelt, the mayor and council found themselves subject to increasingly diverse constituents with varied and urgent demands and felt the city bureaucracy, insulated from these demands, was not sufficiently responsive. Now full-time, salaried, and supported by their own staffs—the mayor's numbered 18 under McEnery—they became more assertive. This trend was accelerated when in May, 1984, it was revealed that the city's financial managers had lost \$60 million in bad bond investments. They had done so in violation of council policy, yet the mayor and council found themselves out front taking the heat for the fiscal disaster. Several of the city's top administrators lost their jobs over the fiasco, but the mayor and council members later won re-election, so the voters seem not to have held them responsible. All of them were traumatized by the event, however.

But investment losses and sewage spills weren't the only dramatic problems for San Jose in the 1980s. The city's liberal establishment was shocked and embarrassed by a 1984 federal court desegregation order for schools in the San Jose Unified School District. The case had been in progress since 1971, but previous court rulings had accepted the school district claims that segregation came from housing patterns, not school policy. The school district responded to the 1984 ruling with specialized magnet schools that would attract students from different areas. Busing would be required, but it was hoped that the attraction of the magnets would make it mostly voluntary. Mayor McEnery, whose own children were in private schools, condemned the plan, but since the city had not governed education since the turn of the century, his opposition had no authority. Eventually the parents who brought the law suit and the school district agreed on a plan that the court approved. School opened in 1986 with 75 percent of the students in the district enrolled in desegregated schools and with no protests. Progress has continued since then, but district schools were still being monitored by the federal courts in 1995.

While the courts dealt with desegregation, city hall brooded over its own recent crises and in 1985, the council appointed a charter review committee with specific instructions to review the city's form of government. Several council members and the mayor urged the committee to strengthen the authority of the council and the mayor and some favored the adoption of a strong mayor form of government, which previous charter review commissions had recommended but which had never been put before the voters. The committee balked at such radical change, however. Some members felt the voters would react negatively and others believed the council-manager system was best anyway. They compromised on a package of modest reforms that further empowered the mayor and council while retaining the city manager. Their proposals increased the role of the mayor and council in the budgetary process, gave the mayor the right to nominate candidates for city manager, and made the manager's appointments of department heads subject to council approval. They also strengthened the role of the auditor in assessing the performance of city agencies and created an office of policy analysis to help the council evaluate programs and an office of public information under the mayor's control as the primary communicator between city hall and the public. The voters approved the changes in November and by December, McEnery was vigorously implementing them.

He had already easily won re-election with 63 percent of the vote in June 1986. With his second big plurality, strong allies on the council, continued media support, and expanded authority under the new charter, McEnery continued in his second term to make the office of mayor more prominent and, some said, imperial, with insiders referring to him as “Lord Tom.” McEnery’s detractors viewed him as arrogant and elitist, but none denied that he built on the work of his predecessors as mayor to alter the office and the public’s expectations of it forever.

McEnery’s greater legacy, however, was in the redevelopment of downtown San Jose. The city created a redevelopment agency in 1956 when businesses started abandoning its downtown for shopping centers like Valley Fair. The flight of city hall to the new Civic Center and the *Mercury News* to north San Jose exacerbated the degeneration of downtown. Initially the Redevelopment Agency had no luck at renewal. Land was acquired, old buildings were demolished, and improvements were installed (including a half-million dollar fountain that was later demolished). Several banks and office buildings were constructed, but they seemed outnumbered by vacant lots, accelerating rather than arresting downtown’s decline. “The agency created a desert,” McEnery said “and called it progress.”¹⁵

The Redevelopment Agency was originally governed by a citizen board of directors, but in the 1970s, the city council itself became the board and became more engaged in redevelopment. In 1979, they appointed an aggressive new director, Frank Taylor, from Cincinnati’s redevelopment program. The next year Taylor put together the funding mechanism that unleashed his agency, combining several of the city’s separate redevelopment areas and their revenues into one. Among these were downtown, which generated little revenue, and industrial areas in north San Jose and Edenvale, which would soon become lucrative producers of revenue. Redevelopment was funded by increased property tax revenues from new projects in rundown or undeveloped areas. With the northern part of the county—the birthplace of Silicon Valley—running out of industrial land, high-tech industry was poised to move south, right into San Jose’s newly defined redevelopment area. In the next decade, that area produced over a billion dollars for downtown projects.

When McEnery became mayor in 1983, he and Taylor formed an enthusiastic team, eagerly marketing a mix of hotels, convention facilities, museums, theaters, housing, shopping, and offices for downtown. One of the most hotly pursued and heavily subsidized projects was a prestigious hotel, sought after as a centerpiece for a renewed downtown. The Fairmont opened to rave reviews in 1987 and was soon joined by the De Anza and the Sainte Claire, both renovated vintage hotels, and a new Hilton. Mayor McEnery helped insure their success by insisting that the council reject other, potentially competitive, hotel projects elsewhere in the city. The new downtown hotels were lured by the promise of a massive \$147 million convention center which opened in 1989, and which was named for Tom McEnery shortly after he left office. Millions were also spent on sidewalks and landscaping, including hundreds of palm trees. Perhaps the most popular of these projects is the Plaza de Cesar Chavez, the historic center of the city which now fronts the Fairmont Hotel. Kids play in the fountain through the summer, downtown workers gather for after-work concerts, and families come at Christmas for the holiday displays.

The Santa Clara Valley Manufacturing Group, the political arm of Silicon Valley’s high-tech giants, aided redevelopment by winning voter approval of a special countywide sales tax for transportation in 1984. Millions were raised for roads and public transit. The Manufacturing Group also supported high density, transit-oriented housing, which was high on the Redevelopment Agency’s agenda and, when the original sales tax was about to run out, they led the campaign for its extension in

¹⁵Tom McEnery, *The New City State*, Niwot, CO: Roberts Rhinehart Publishers, 1994, p. 120.

1992. Although 54 percent of the voters approved, in 1995 the California Supreme Court ruled that a two-thirds majority was required, so the tax was never extended. The earlier tax, however, improved local roads and transit, including access to downtown San Jose, and confirmed the clout of the Manufacturing Group as a major player in regional politics.

The Redevelopment Agency itself spent \$100 million on highways to connect downtown to the airport and north San Jose and millions more on a transit mall along historic First and Second Streets. The county transit agency, aided by the special transit tax, started running trolleys through downtown San Jose in 1987, enlivening it, making it feel more urban, and better connecting it to north and south San Jose.

Some of these projects, however, ran into problems. The transit mall, for example, opened a year late with cost overruns and allegations of bribery. The convention center also cost more than originally promised, and although it brought many visitors to San Jose, it failed to meet predictions of both visitors and revenues. Instead of generating revenues for the city, as expected, the convention center was a drain on the city's budget, siphoning off over half a million dollars a year from the city's budget.¹⁶ A lavish "retail pavilion" adjacent to the transit mall and the Fairmont and intended to bring shopping back to downtown San Jose was a bigger, though less costly, flop. Its shops failed and it revived somewhat only when they were replaced by nightclubs and restaurants and when a multi-screen cinema was built next door.

Although Mayor McEnery and redevelopment remained popular with the general public, some opposition emerged. When McEnery proposed a statue of Thomas Fallon, a leader of the American forces that claimed California in 1846, for downtown, Mexican-American leaders objected to it as symbolic of imperialism; and when he proposed a change in uses of a downtown theater that showed Spanish language films, he was again condemned as insensitive to the city's minority community. McEnery and Taylor's Redevelopment Agency was building a downtown for white, middle-class professionals, these and other critics said, homogenizing and sterilizing what once was diverse and richly textured, if a little seedy. People Acting in Community Together (PACT), a church-based community organization that is particularly strong on San Jose's still-underrepresented Eastside, objected to redevelopment's focus on big, downtown projects and demanded more spending in the neighborhoods and schools. Perhaps the most sweeping criticism of redevelopment came from the county and the school districts, who asserted that the tax money from new projects that was financing redevelopment would otherwise have gone to them to be spent for welfare and education. Defenders of redevelopment pointed out that there might have been no new projects, and thus no new revenue, without the efforts of the agency, but while that argument rang true for downtown, it was less persuasive in the case of the industrial areas. The state compensates the schools for some of the lost funds, but the *Mercury News* estimated the annual loss to the county at \$12-13 million.¹⁷ The county tried to recoup its funds by suing the Redevelopment Agency, but lost in court. The issue nevertheless remained potent enough for Santa Clara County Supervisor Zoe Lofgren to use it against McEnery when she defeated him in a 1994 race to represent San Jose in Congress.

Before that, however, McEnery enjoyed several impressive victories for his vision of downtown and saw the launch of a series of popular projects. Along with Plaza de Cesar Chavez with its fountain, perhaps the most successful redevelopment project completed during McEnery's terms of office was the Children's Discovery Museum, opening in 1990. Although problems with the construction of the \$10.8 million project arose after it opened, it was an instant hit, delighting both children and adults. McEnery

¹⁶*San Jose Mercury News*, May 22, 1994.

¹⁷*San Jose Mercury News*, May 22, 1994.

took a close personal interest in the project, intervening to change its color from pink, as recommended by the architect and a citizen committee, to purple, the color that distinguishes the city's favorite museum building today.

McEnery scored a bigger triumph when he led the successful campaign to bring the Tech Museum of Innovation to San Jose. The idea of the museum was broached in the early 1980s and a group of high-tech industry leaders willing to raise money started shopping for a location. Several Silicon Valley cities competed to be the site of the museum they expected to be the symbol and summation of the creativity of the valley's high-tech industry. San Jose went after the museum full force. Tony Ridder, publisher of the *Mercury News*, chaired the tech center board of directors and was a crucial inside advocate. Other cities might have offered sites closer to what was then the heart of Silicon Valley, but none could match San Jose's offer of over \$40 million, mostly in redevelopment funds. San Jose was named the site of the museum in 1984 and construction got underway in 1986. Big contributions from high-tech giants William Hewlett and David Packard and from the Knight Foundation, founded by the Knight family of Knight-Ridder Inc., owners of the *San Jose Mercury News*, greatly aided The Tech, as did the appointment of Peter Giles, the well-respected and well-connected president of the Santa Clara Valley Manufacturing Group, to head up the project in 1986. McEnery got in trouble with the low-income and minority communities again when the Redevelopment Agency mishandled the relocation of people who lived on the original site of the museum (the site was later changed), but overall, he was credited with a coup for San Jose.

To maximize his advantage, he asserted that San Jose had become "the capital of Silicon Valley" and launched a major promotion of the city using the slogan. "As mayor," McEnery has written, "I considered myself the chief marketer" of the city.¹⁸ In the early 1980s, his claim was dubious; the heavyweights of Silicon Valley were still mostly north of San Jose. But more and more high-tech companies were locating in the city, especially in north San Jose and Edenvale. In the 1990s, Mayor Susan Hammer helped fulfill McEnery's claim when San Jose recruited Cisco Systems and when Adobe moved its headquarters and 2000 workers downtown. The promise of the Tech Center was crucial to McEnery's claim which was expressed in a change in the city's logo, the artwork used on its stationery and signs, at the end of his term. The old logo's wheat and grapes, symbolic of the agricultural city of the nineteenth century, were replaced by a sun rising above the city's name with "CAPITAL OF SILICON VALLEY" emblazoned beneath it. McEnery's claim may have been exaggerated, but it had an element of truth that grew in the following years. "Calling San Jose the Capital of Silicon Valley didn't instantly make it happen," *Mercury* editorial writer Barbara Vroman later observed, "but it helped instill pride in the city. It stretched us."¹⁹

McEnery's leadership was given its ultimate confirmation when he gained approval of a \$100 million downtown sports arena in 1988. Unlike most redevelopment projects, the arena was seriously questioned by some city hall insiders, who thought it would take too much money from other plans, and by the community, with residents of the neighborhoods adjacent to the proposed arena vehemently opposed and others with more general objections to redevelopment joining in. Some members of the city council were also critical. When his arena opponents threatened an initiative on the project, McEnery called their bluff and led the council in putting it on the June 1988 ballot themselves. The mayor and his allies campaigned hard for the arena and won with 53 percent of the vote. "McEnery holds the aces now," trumpeted the *Mercury News*, as his council opponents fell into line—or turned into "lap dogs,"

¹⁸McEnery, p. 83.

¹⁹*San Jose Mercury News*, January 30, 1994, 7C.

according to some.²⁰ He went on to lead the city in signing the Sharks, a professional hockey team, to play in the new arena. Later, after an unsuccessful run for Congress, McEnery took a job with the Sharks.

He left office as a popular and powerful mayor. He had his critics, particularly in the minority community, but he also had avid fans, among them the *Mercury News*, which gave him lavish, mostly positive, news coverage and which consistently endorsed his redevelopment projects and his “vision” on its editorial pages. The *Mercury’s* 1990 study of power in San Jose confirmed McEnery’s leadership: “According to leaders interviewed, McEnery stands in a class by himself—ten times more influential than anyone else.”²¹ In the 1979 version of the *Mercury* power study, other leaders only grudgingly included then-mayor Janet Gray Hayes among the city’s top ten. In the 1990 study, McEnery’s top ranking was not debated. He earned this status with his leadership style and skill, although the office of mayor itself also changed, partly before McEnery’s tenure in office, but also substantially during his mayoralty.

The increased stature and power of the mayor were not the only notable changes between the 1979 and 1990 *Mercury* studies of political power, both of which were completed by its political editor, Phil Trounstein. Only eleven of the forty people named as most powerful by community leaders in 1979 were on the list again in 1990, revealing a political structure in constant flux—open to newcomers, but volatile. David Packard (of Hewlett-Packard) was one of the few to make the list in both 1979 and 1990. In the latter study, a few more Silicon Valley leaders joined the list. This group remains minimally engaged in community life beyond their industry. Yet while individual engagement remained minimal, organizational involvement was greater, with the Santa Clara Valley Manufacturing Group figuring prominently in the study along with Peter Giles, the former president of that group, who by 1990 was head of the Tech Museum project. Other organizations at the center of power according to the study were the city council, county board of supervisors, and the *Mercury News* itself (both its editor and publisher were ranked among the ten most powerful in both 1979 and 1990, although the individuals occupying those positions changed).

More than the names of individual leaders had changed in the 1980s. San Jose had grown up, with stronger political leadership, greater focus on a more powerful mayor, major downtown projects, a clear consensus on controlled growth, an increasingly valid claim to being the capital of Silicon Valley, and with all these, a rebirth in civic pride. Change continued into the 1990s, however. Old issues reappeared, new ones emerged, and others simply didn’t go away, but San Jose adapted and, some would say, matured.

Mayor Hammer: A Maturing City Embraces Diversity

The 1990 mayor’s race symbolized much that has changed in San Jose. Earlier elections had been like those of smaller cities, relatively low-cost and personal, with volunteers spreading the word. But gradually, through the 1970s and 1980s, election campaigns changed as much as the city did. The 1990 race could be seen as the San Jose’s first “big city” election. The candidates were formidable and the race was close, but it was also the most expensive and the nastiest contest in the city’s history, with both campaigns using the full panoply of modern campaign techniques.

Two members of the city council, Susan Hammer and Shirley Lewis, faced Frank Fiscalini, a popular local school and hospital administrator. Fiscalini led the field in the primary with 33.1 percent to

²⁰*San Jose Mercury News*, July 4, 1988, 3B.

²¹*San Jose Mercury News*, April 8, 1990, 1A.

28.9 percent for Hammer. Lewis, unfairly labeled pro-growth by the Hammer campaign, and unable to match her rivals in citywide support and fundraising, won 21.7 percent. In the November run-off, Hammer defined herself as more liberal and stronger on growth control and neighborhood services, while Fiscalini, a moderate on most issues, came across as somewhat more old guard and pro-growth, partly because many of his supporters were old-guard and pro-growth. Hammer's closer ties with the Democratic party also helped her in a city that votes predominantly Democratic. The two candidates split the support of the minority community, however, because Fiscalini, though less liberal, had spent a long career in East San Jose schools and hospitals as well as leading a fundraising drive that renovated the beautiful St. Joseph's Cathedral, a popular achievement in San Jose's somewhat sterile new downtown. Even Fiscalini's career was not immune to political mud-slinging, however, as the Hammer campaign alleged that Fiscalini had been fired by Eastside Union School District and forced to resign from his job as hospital administrator. Fiscalini, in turn, ran TV ads labeling Hammer a liar and blaming her for the city's \$60 bond loss in 1984 because she was on the council at the time. The *Mercury News* endorsed Hammer and ran an opinion piece entitled "Flip Flop Fiscalini,"²² which was widely distributed by the Hammer campaign. In the end, Hammer won 88,607 votes to Fiscalini's 87,344, the narrowest victory since San Jose started electing its mayors in 1967. Although the differences between the candidates on the issues was not as great as in earlier contests, as in those races, San Jose chose the candidate perceived as more liberal and tougher on growth.

The 1990 mayor's race was historic as confirmation of the city's political direction and because it was so close, but it also represented fundamental changes in the conduct of local political campaigns. It was the most expensive campaign ever, with each candidate spending nearly a million dollars. Council races, despite district elections, had also risen in cost, with the most expensive races topping \$200,000. That kind of money meant campaigns run by professional political consultants, a trend that started in San Jose in the 1970s, and big spending on media. The days of amateur campaign managers and volunteers walking door-to-door are over, although many campaigns still try to maximize voter contact by volunteers and Hammer might have won because her campaign's field operation was superior to Fiscalini's. But increasingly, campaigns only use precinct walking as a supplement to other media. Volunteers are hard to come by in a community where the vast majority of both men and women work and where meeting voters on their doorsteps is difficult because few are at home at prime walking-hours and because fear of strangers at the door has increased. Most campaigns, including Hammer's, have shifted more to phone banks as a way for volunteers (or sometimes paid workers) to contact voters (or at least their answering machines).

But most campaigns also throw huge amounts of money into media. Television isn't used in council races (districts are too small to make it an efficient use of money), but it's been used in mayoral contests in the past and in 1990, TV ads played an important part, not only in reaching the voters but in driving up the cost of the campaigns. Mail is a primary medium in council campaigns, and it is also used extensively in mayoral races. Mail is costly, too, not because any one piece is expensive, but because campaigns aren't content to send only one or two pieces. Seven or eight are more common for households identified as likely to vote. Mail is a popular campaign media because it can be targeted to individuals—not only by likelihood of voting, but by gender, ethnicity, neighborhood, party affiliation, or all sorts of other ways. Campaigns can then tailor their message to fit its recipient. Many messages may go out, but few go to everyone.

²²*San Jose Mercury News*, October 14, 1990, 7P.

Along with campaign consultants, television, and direct mail came negative politics, with more emphasis on the shortcomings of the opposition than on the merits of the candidate. Television and direct mail are ideal for the negative message and political consultants know how to use them, though they did not invent negative campaigning. The 1990 mayor's race was the nastiest since San Jose fought off its political machine at the beginning of the century, focusing more on personality and allegations about careers than any observers could remember. This may have been because the candidates were so similar on issues or because that seems to be the nature of modern campaigns. Or it may have been because San Jose was growing up and behaving more like other big cities, where politics are often nasty. Whatever the reason, the venom of 1990 came as a shock to San Joseans who had become accustomed to the more cordial politics of a smaller city.

Perhaps as a tangential result of these changes in the tone of local campaigns, San Jose voters also approved limits of two terms in office for council members (mayors have been limited to two terms since 1965). The 68 percent vote for term limits seems to have been primarily a vote of general disillusionment with politics, since few criticisms were aimed at sitting council members and several, including Susan Hammer, won re-election or advancement on the same ballot. At the time, most council members had served since the first elections by district in 1980, easily winning repeated re-election. Term limits put a stop to that, bringing total turnover to the council between 1990 and 1994. Proponents of term limits may have been pleased by so much new blood, but others were concerned about the lack of experience and expertise of the new council.

Mayor Hammer took office in 1991 hoping to put the contentious election behind her. Like every mayor before her, she was soon tested on the development of Coyote Valley as powerful home builders again pushed for its opening. Alleging that Coyote had become "an icon" for community elites, the developers threatened an initiative on the issue,²³ but Hammer rejected their scheme outright and vowed to lead the opposition to any such measure. Despite her tough stance on the Coyote Valley, Hammer's policies on growth later were criticized as inconsistent by environmentalists and by the *Mercury News* because she voted to allow housing in the Evergreen hills and on land previously zoned for industry in the Edenvale area. In general, however, Hammer and council colleagues through both her terms maintained the consensus on controlling growth reached in the 1970s under Hammer's mentor, Mayor Janet Gray Hayes.

Meanwhile, the redevelopment of downtown San Jose rolled on. Several projects initiated by Mayor McEnery were completed, including the \$165 million sports arena, which opened in 1993. Despite its controversial past, the well-designed arena was a great popular success, scoring big with its professional hockey team, the Sharks, which surprised the city by making it to the National Hockey League playoffs in 1994 and 1995, and with concerts by Luciano Pavarotti and Barbra Streisand.

Hammer basked in the glory of the arena's success, but she also tried to put her own stamp on redevelopment by shifting funds to the arts, neighborhoods outside downtown, and to social services. A great theater lover, she made sure that the San Jose Repertory Company's new facility had top priority. Money was also shifted from downtown to nearby areas along Santa Clara, Alum Rock and San Carlos Streets and Lincoln Avenue as well as The Alameda. All of these but Lincoln were viewed as "gateways" to the new downtown, but improvements in these areas also fit Hammer's commitment to neighborhoods. So did redevelopment funds for the Nihonmachi Project in the city's Japantown and for a Mexican Heritage Center on the Eastside. At the urging of PACT and other community groups,

²³*San Jose Mercury News*, September 3, 1991.

Hammer also led in the first use of redevelopment money for social programs, providing over \$20 million to fight gangs and drugs and provide kids with places for after-school study.

Unfortunately for arts advocate Hammer and the Redevelopment Agency, one minor downtown project brought bad publicity and derision. After the fiasco of McEnery's proposed monument to Thomas Fallon, the Redevelopment Agency put the statue in storage and allocated its site to a statue that would honor the city's original inhabitants. World-renowned sculptor Robert Graham was commissioned to create a soaring representation of Quetzalcoatl, the Aztec plumed serpent and god. Christian groups immediately raised religious objections about this selection, but when the statue was unveiled and turned out to be a dark lump, everybody in town turned into a critic. Hammer and the council defended the artist's creative privilege, but the image of the Redevelopment Agency suffered.

Hammer nevertheless left her mark on redevelopment. She was a pragmatic mayor who liked getting things done and who might have developed more programs and projects, but for the misfortune of holding office in an era of recession. Redevelopment funds shriveled, so instead of coming up with new schemes, the council had to cut popular projects such as renovating the old Fox Theater. But while revenues for redevelopment shrunk, the city's general fund budget was in even worse shape. Hammer faced general fund budget deficits for five straight years, with a total shortfall of \$117 million. Not only could she not expand city activity, she had to find ways of cutting spending to balance each year's budget. Hammer, the city council, and city managers Les White (1989-1995) and Regina Williams (1995-1999) managed to do so with few layoffs and modest cuts in services, while still hiring more police officers. Despite hard times, San Jose earned high marks from *Financial World* magazine as one of America's best managed cities in 1991, 1993, and 1995²⁴

But besides good management, the city tried to solve its fiscal problems by recruiting new industry that would create jobs and generate tax revenues. San Jose's efforts to promote economic development date back to the 1940s and 1950s, but while McEnery and Hammer were mayor, they accelerated and met with more and more success as Silicon Valley expanded and moved south. Hammer succeeded in bringing SONY, Hitachi, and Cadence, all major high-tech companies, to town, and to fulfill San Jose's claim to be the Capital of Silicon Valley, as well as to assure the success of the city's massive investment in downtown redevelopment, she also made attracting a corporate headquarters to downtown a major goal. Even with redevelopment agency subsidies, this proved tough to achieve. In 1993, IBM agreed to bring its sales operation to a new downtown building lavishly subsidized by the Redevelopment Agency. The city expected hundreds of workers and major sales tax revenues, but by the time the building was completed in 1995, IBM had scaled back its plans and the company had barely moved in before moving out again in a nationwide corporate downsizing. San Jose's investment in the building was saved, however, when Adobe, a leading software company, leased space. And it was Adobe that fulfilled Hammer's dream of a downtown corporate headquarters, breaking ground in 1995 for an 18-story building to house 2000 employees in the heart of downtown San Jose. The Redevelopment Agency provided a \$25 million subsidy, but Adobe, which initially invested \$60 million and was planning expansion before the first building was completed, may be downtown's largest private investor.

Besides her frustration with the budget, Hammer's biggest disappointment was the decisive defeat of a proposal to bring the Giants baseball team from San Francisco to San Jose, which she viewed at least partly as another economic development project. Big league sports have been a frequent temptation for San Jose, with talk of stadium building going back to the 1960s. In 1990, San Jose voters

²⁴*Financial World*, February 1991, March 1993, and March 1995.

turned down a proposal to help fund a new \$153 stadium for the Giants in Santa Clara. Mayor-elect Hammer, who had endorsed the unsuccessful proposal, was undeterred. With other community leaders, she worked with the Giants to develop a new proposal for a stadium in San Jose and put it on the ballot in 1992, when it was once again defeated. That didn't keep the Mayor from pursuing the Warriors basketball team in 1995. After years of shrinking budgets, people were surprised when she was able to pull together money from a variety of city funds to make the Warriors a credible offer. The bid failed, however, because the Sharks were reluctant to share the arena and the city had delegated control of the city facility to the hockey team in order to get them to San Jose.

While such major prizes slipped through the city's grasp, other, lower profile successes were achieved. Despite a relatively low ratio of police to population, for example, San Jose regularly scores the lowest crime rate among major American cities. San Jose also is a leader among cities of any size on recycling, having successfully established its elaborate "Recycle Plus!" program in 1993, with residents sorting cans, bottles, plastics, and various kinds of paper at home. The program helped the city stretch the capacity of its limited landfills and, although there was some initial resistance, citizens took to it with vigor and, ultimately, pride. Popular acceptance was gained partly by marketing the program using a variety of languages and cultural values that recognized the city's diversity, an issue on which Mayor Hammer had taken the lead.

Mayor McEnery's term ended in strained relations with parts of San Jose's minority community. Susan Hammer took note and led the city in embracing diversity. This was a natural for her, but it was also something she could do without depleting a budget that was already too tight for comfort. Diversity became one of her on-going themes and a key component in her overall program. She launched "Project Diversity," a successful effort to bring a wider range of people to serve on city boards and commissions. Project Diversity expanded recruitment efforts, but it also guaranteed more openings by limiting service on most boards and commissions to a single term. Hammer also appointed the city's first Latino police chief, Lou Cobarruviaz, and one of the first African-American women city managers in the nation, Regina Williams. Chief Cobarruviaz continued and extended the city's community policing program and the recruitment of a police force that reflected the city's diversity. Recognizing that police-community relations remained touchy, Hammer and the council also created an Independent Police Auditor to monitor complaints about officers. At the same time, she declared war on gangs, hiring a gang "czar" and bringing the city, county, and schools together in a task force focusing on the emerging problem for the first time. Meanwhile, "Project Crackdown" focused city law and housing code enforcement efforts intensely on a few neighborhoods in dire straits. Finally, Hammer created a Neighborhood Development Center, where citizens could access city resources and learn to organize and defend their own neighborhoods—an undertaking most city halls would abhor.

Critics dismissed such Hammer initiatives as merely symbolic and lacking in vision, but in times of severe budget limitations, few mayors could have done more. Hammer did, in fact, lead in shifting redevelopment funds towards social purposes and managed to scratch together money from the city's general fund for other projects. Perhaps most importantly, the city joined its mayor in embracing diversity, and unlike almost every other large city, ethnic and racial conflict has been minimal.

This history ends with Hammer's second term as mayor. In 1998, Ron Gonzales was elected mayor in a hard-fought and close race with then-Councilwoman Pat Dando (she later became President of the Chamber of Commerce, serving until 2011). Gonzales was previously a council member in Sunnyvale and a county supervisor. He was generally considered to be a moderate Democrat. During his time in office, labor-friendly liberals came to dominate the council, led by District 3 Councilwoman Cindy Chavez. While Gonzales's achievements include construction of thousands of units of affordable housing, extending redevelopment funds to underserved neighborhoods through the Strong Neighborhoods Initiative, passing bonds for parks, libraries and public safety facilities and making progress on bringing BART to San José, his two terms in office were tarnished by an affair with an intern (who he later married), a scandal over the garbage contract and other instances of perceived high-handedness and closed-door decision making. When he was termed out in 2006, several candidates ran to succeed him. Council members Chuck Reed and Cindy Chavez got the most votes in the primary election and faced each other in a runoff in November 2006. Reed, a business-friendly conservative Democrat, easily defeated Chavez, a labor-friendly liberal, partly because of what was perceived as Chavez's too-close association with Ron Gonzales. Reed was re-elected in 2010. Budget shortfalls, largely caused by commitments of his predecessors, plagued Reed through his two terms in office. After years of budget cuts and layoffs, attention turned to the pay and pensions of city workers, with Reed perceived as anti-labor and the city council becoming less labor-friendly.