

*Appearances*

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On the morning of April 25, 1966, the *Wall Street Journal* ran the following headline: "URBAN AID KICKOFF: ADMINISTRATION SELECTS OAKLAND AS FIRST CITY IN REBUILDING PROGRAM."<sup>1</sup> The *Journal* article expressed surprise at the fact that "the Great Society's first package of aid in its drive to save the cities" would "not go to New York, Chicago, Los Angeles or another major metropolis whose poverty and racial tensions have erupted into public demonstration or riot." Rather, the aid would "go to Oakland, California—a city of high unemployment and racial unrest that Federal agents have tabbed a potential powder keg." To help solve the problems of unemployment and racial unrest, the new program would finance public works and business loans that would lead to the creation of jobs for the unemployed, primarily blacks.

A further surprise, according to the *Journal*, was that the "donor will not be the new Department of Housing and Urban Development. . . . It will be an agency with rural antecedents and primarily a rural jurisdiction: The Economic Development Administration of the Department of Commerce. Eugene P. Foley, the enthusiastic, restless and imaginative Assistant Secretary of Commerce who heads EDA, will make the formal announcement this week."

On April 29, Foley formally announced the program at a press conference held at the Oakland airport. Governor Edmund G. Brown

1. *The Wall Street Journal*, April 25, 1966, p. 1.

of California introduced Foley as “the Assistant Secretary of Commerce for Economic Development, who has decided to conduct in Oakland a massive experiment in solving the principal urban problem, unemployment.”<sup>2</sup> Foley then read his statement to the press. After discussing Oakland’s problems—including an unemployment rate of 8.4 percent, more than twice the national average—Foley announced that the EDA had agreed to offer public works grants and loans amounting to \$23,289,000 for various projects in the city. The following public works projects would receive EDA money:

Airport hangar and support facilities (Port of Oakland; to be leased by World Airways)	\$10,650,000
Marine Terminal and access roads (Port of Oakland)	10,125,000
30-acre industrial park (Port of Oakland)	2,100,000
Access road to coliseum area (city of Oakland)	414,000
TOTAL	\$23,289,000

Foley said that these projects would provide 2,200 jobs when completed, with more jobs following from later “spinoffs.” In addition, \$1,600,000 for business loans then being considered would create 800 new jobs. Thus, he promised some 3,000 jobs in all.

But how would the EDA make sure that the new jobs would go to the unemployed residents of the inner city who were supposed to be the beneficiaries of the new program? Foley unveiled an innovative procedure: each employer who wished to receive an EDA loan or lease an EDA-financed facility would have to draw up an employment plan. This plan would project the future employment opportunities that would result from EDA financing and would commit the employer to make a concerted effort to recruit hard-core unemployed Oakland residents to fill those positions. An employment review board, including representatives of business, labor, and the poor, would have to review each plan before the EDA could provide a loan or rule favorably on a lease agreement. (In each case, the EDA itself would have to give final approval to the plan.) Every employer would submit a monthly report on hiring to the review board. If the EDA made a finding of noncompliance and subsequent negotiation failed to resolve the dispute, then the matter would be settled by arbitration. Thus, EDA financial aid would be conditioned on performance

2. Quoted in Amory Bradford, *Oakland's Not for Burning* (New York: McKay, 1968), p. 123.

by employers. Hopes in both Washington and Oakland for a successful urban experiment were high.

In 1968, over two years after the initial EDA announcement, a book appeared which suggested that the experiment had resulted in some substantial achievements. Entitled *Oakland's Not for Burning*, the book was written by Amory Bradford, the former vice-president of the *New York Times* who had served as Foley's special representative in Oakland during the first months of the program. Through a series of moving passages, Bradford painted a picture of the hopelessness and rage he had found in the Oakland ghetto when he arrived there in December 1965. One black leader told Foley and Bradford at an early meeting that "We hate Whitey because he hates us, thinks us no better than dogs. Call me 'Nigger,' it gives me respect. I have no respect for Whites, because they have no respect for me. I just want to be considered human. I'm not responsible for five hundred years of history, but for getting justice now. If we don't get it, we'll have a Watts here, and kill and bomb."<sup>3</sup>

In countless meetings with ghetto residents, labor and business leaders, educators, and government officials, Bradford and his EDA staff tried to break down the barriers of distrust and suspicion that divided the groups. To each, Bradford argued that the EDA could provide vital help in the effort to create jobs for the hard-core unemployed—the key to solving the urban crisis.

Toward the end of the book, Bradford provided an optimistic evaluation of the EDA experiment. He noted that "so many of the other cities have exploded with serious riots that it is clear we face a national crisis of major proportions. But all through 1966, 1967 and the first half of 1968 Oakland has not suffered a riot. We must then ask: What happened in Oakland that saved it from burning, when most observers thought it would be one of the first to go?"<sup>4</sup> Bradford admitted that "there are no easy answers to that question," and he went on to say that the "EDA's purpose in Oakland was not the prevention of a riot." Rather, the EDA's mission was "to attack one of the main sources of frustration and despair in the ghetto—the inability to get jobs." Still, "the fact that there was no riot in Oakland during those years cannot be ignored, as the country inquires into the

3. *Ibid.*, p. 4.

4. *Ibid.*, p. 204.

causes of riots elsewhere, and seeks to decide on the action needed to prevent them in the future.”<sup>5</sup>

Looking back at the social and political situation in Oakland during 1966, Bradford identified two developments that “may have made the difference” in preventing a riot in the city:

The first was the dramatic, massive EDA program, directed at the central ghetto need, training and jobs. This was an experimental pilot project, something that was not being done on this scale or in this way in any other city. It was carried out with unusual speed, and was more fully coordinated with all related Federal, state, and city efforts than is usually the case with a large Federal program. The second was the local response to this new Federal approach. Following the change in the city administration, the new Mayor, John Reading, and the new City Manager, Jerome Keithley, succeeded in mobilizing first the business community, and then Minority groups and labor, to respond with effective local action. . . .

This increasingly effective combination of Federal and local action gradually dissolved the deadlock between the ghetto and the establishment.<sup>6</sup>

By the end of 1968, the fame of the Oakland experiment was spreading throughout the country. An article in the *New Yorker* of November 30 cited “the allocation of some thirty million dollars to Oakland by the Economic Development Administration.” The article stated that Amory Bradford, in the course of directing the spending of this sum, had “managed to break a longtime deadlock between the Oakland ghetto and the local business and government Establishment.”<sup>7</sup> The appearance of success seemed overwhelming.

Appearances, however, can change. On March 16, 1969, a *Los Angeles Times* feature carried the following headline: “OAKLAND MINORITY JOB PROGRAM LABELED A ‘PRETTY BIG DISASTER.’” According to the article, the once-heralded EDA program in Oakland had fallen on hard times:

Today, only 20 new jobs have materialized for minorities and the program is bogged down in a bureaucratic fight over minority hiring.

Critics see it as a classic case of big promises and little action.

“It’s a pretty big disaster,” says Percy Moore, executive director of Oakland’s antipoverty agency. “A lot of commitments were made, but it never got off the drawing board.”<sup>8</sup>

5. *Ibid.*

6. *Ibid.*, pp. 204–205.

7. “The Talk of the Town,” *New Yorker*, November 30, 1968, p. 52.

8. *Los Angeles Times*, March 16, 1969, p. 8.

Although an impressive array of public works construction had been planned, only the industrial park and access road had been completed.

The *Times's* disheartening story uncovered disillusionment on the part of both businessmen and poverty groups. Walter Abernathy, assistant executive director of the Port of Oakland, observed that "our people felt the Federal government was going a little too far in telling us how to run our business." Other critics, with a different perspective, felt that most of the EDA money would "help the Vietnam war effort rather than the poor. World Airways gains much of its revenue for transporting cargo to Vietnam and the Marine Terminal would accommodate increased military traffic."

As for Oakland's black leaders, the article found that the hopes engendered by the 1966 urban experiment were badly dimmed by 1969. Local poverty program director Percy Moore complained that "from the beginning it was business as usual . . . and conditions here are getting worse. The port doesn't particularly care about social issues in the community, and the EDA hasn't used what little muscle it has to get employers to hire from minority groups."

In the same week that the *Los Angeles Times* article appeared, the EDA office in Oakland reported to the City Council that the federal agency had invested \$1,085,000 in business loans in Oakland, but that only forty-three jobs had been created. The City Council was not pleased by the news.<sup>9</sup>

Written accounts of the EDA experience in Oakland provide two widely differing views of the program. In the optimistic view, the program had succeeded in forging an alliance between minority groups, business, and labor for the creation of new employment opportunities. In the pessimistic view, the urban experiment had raised expectations but had delivered only meager results. As time passed, the latter view became dominant. Four years after the initiation of the program, few jobs had been created and the major public works projects—the marine terminal and the aircraft hangar—had not been built. If despair and disillusionment in the minority community were in any way related to EDA activities in Oakland, these conditions would only have been worsened by the gap between promise and performance.

9. "U.S. Invests \$1,085,000 to Create 43 Oakland Jobs," *Oakland Tribune*, March 16, 1969, p. 1.

In this study, we will go beyond the appearance of quick success or abject failure that have characterized most of the previous discussion of the EDA program in Oakland. After tracing the tortuous course of the program from the time of its inception, we will examine those factors that lay behind the program's frustrations: the difficulties of translating broad agreement into specific decisions, given a wide range of participants and perspectives; the opportunities for blockage and delay that result from a multiplicity of decision points; and the economic theories on which the program was based.

Our goal is not to be Monday-morning quarterbacks, to dissect the EDA's mistakes with the clarity that only hindsight can give. Rather, we will search for the lessons—administrative, economic, and political—that can be learned from the experience of the EDA in Oakland.

The experience of this program, which began with laudable intentions, commitment, and an innovative spirit, shows that *implementation* of a large-scale federal project can be very difficult indeed. Money was duly authorized and appropriated by Congress; the federal agency approved projects and committed funds with admirable speed. But the "technical details" of implementation proved to be more difficult and more time-consuming than the federal donors, local recipients, or enthusiastic observers had ever dreamed they would be.

Promises can create hope, but unfulfilled promises can lead to disillusionment and frustration. By concentrating on the implementation of programs, as well as their initiation, we should be able to increase the probability that policy promises will be realized. Fewer promises may be made in view of a heightened awareness of the obstacles to their fulfillment, but more of them should be kept. That aspiration guides this study.