

LOCAL ECONOMIC DEVELOPMENT IN CHICAGO 1983-1987:

THE REFORM EFFORTS OF MAYOR HAROLD WASHINGTON

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LOCAL ECONOMIC DEVELOPMENT IN CHICAGO 1983-1987:

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This research focuses upon the economic development policy-making and planning activities of Chicago's Mayor Harold Washington during his first term in office (1983-1987). This thesis documents the major economic development policy initiatives of this administration as well as its record of achievement. In addition, this research describes how the mayor and his senior planners sought to re-orient economic development policies in order to provide greater benefits to Chicago's poor. Finally, the research evaluates the degree to which Mayor Washington succeeded in institutionalizing a progressive approach to local economic development planning in Chicago.

Qualitative research methods were used to collect data for this study. The primary source of data was a series of fifty-one personal interviews which were conducted by the investigator with community activists, public officials and business leaders from Chicago. Additional data came from an investigation of existing documentary evidence, particularly municipal reports, studies and plans. These data were

supplemented by materials taken from Chicago's major daily newspaper, business press and community development journals.

The major foci of attention in this study are the major economic development policy initiatives and planning decisions of the Washington administration. Among the major policy initiatives examined by this study are: the Buy Chicago, Minority Purchasing, First Source Hiring, General Obligation Bonding, Downtown/Neighborhood Linkage and Citizen Participation Programs. Among the major economic development decisions reviewed by this research are: the Playskool Plant Closing, the Redevelopment of Navy Pier and the 1992 Chicago World's Fair.

This study concludes that the Washington administration was quite successful in transforming the nature of local economic development planning within Chicago during its first term in office. Policy changes made by the administration produced a pattern of benefits which provided much more assistance to poor and working class neighborhoods within the city and encouraged formerly excluded groups to participate in the local economic development planning process. Unfortunately, these changes were not fully institutionalized and did not continue beyond Mayor Washington's time in office.

Biographical Sketch
Kenneth M. Reardon

Kenneth M. Reardon was born in New York City on September 15, 1953. He received a Bachelor of Arts degree from the University of Massachusetts at Amherst with a major in Sociology in 1975. He received a Master of Urban Planning degree from Hunter College of the City University of New York in 1982. At Cornell University, his major area of doctoral concentration was Planning Theory; minor areas of concentration were Urban and Regional Theory and Organizational Behavior.

Kenneth M. Reardon was a Staff Organizer and State Director of the New Jersey Federation of Senior Citizens from 1975 to 1978. He served as the Director of Organizing for the Connecticut Citizen Action Group from 1978 to 1980 and Consultant for the New York Public Interest Research Group's Citizens' Alliance from 1980 to 1982. He is currently a Lecturer in the New York State College of Human Ecology at Cornell University where he serves as Director of its New York City Field Study Program.

In Memory of
Donald G. Sullivan

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In the Fall of 1983 Mr. Robert Mier, the then Commissioner of Economic Development for the City of Chicago, came to Cornell to address a graduate seminar in the Department of City and Regional Planning. Mr. Mier, who is an alumnus of the department, spoke about the challenges facing the administration of Mayor Harold Washington. During his presentation Mr. Mier focused upon the problem of involving the staff of a machine-dominated public bureaucracy in promoting redistributive development policies and participatory planning processes. At the end of his presentation Mr. Mier invited those interested in municipal reform to come to Chicago to examine what they were doing.

The questions which Mr. Mier's presentation raised were very similar to those I had been exploring since participating in a seminar on democratic planning with Professor Bertram Gross at Hunter College and in a series of classes on planning theory and organizational administration with Professor Pierre Clavel at Cornell. With Professor Clavel's encouragement I travelled to Chicago in the Summer of 1985 to meet with Mr. Mier to discuss the possibility of doing my thesis on the reform efforts of the

Washington administration in the economic development area.

Mr. Mier was very supportive of my proposal and offered to assist me in any way that he could. Over the course of the next two years, Mr. Mier and his staff provided me with complete access to the records of his department, assisted in arranging interviews with key administration officials, provided introductions to leading civic leaders, reviewed preliminary outlines of the research design and consistently offered feedback upon my work. Robert Giloth, former Deputy Commissioner for Research and Policy Development, was particularly helpful in sharing his knowledge, contacts and thoughtful analysis of events and developments within both the administration and the city with me. Without their assistance, this project would have been impossible to complete.

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Table of Contents

<u>Chapters</u>	<u>Page</u>
I. <u>Introduction</u>	1
A. Urban Policies for Economic Development	1
B. The Chicago Case	6
C. Presentation of the Central Research Question	12
D. Identifying Cases of Progressive Reform	33
E. Summary	39
II. <u>The Byrne Administration 1979-1983</u> . .	42
A. The Byrne Victory in the 1979 Mayoral Election	42
B. Early Actions and Decisions of the Byrne Administration	47
C. Economic Development Policy- making and Planning in the Byrne Administration	54
D. The Growth of Mayor Byrne's Opposition	62
III. <u>The Washington Campaign and Transition Process</u>	76
A. Economic Conditions Prior to the Washington Election	76
B. The 1983 Chicago Mayoral Election	85
C. The Washington Administration Assumes Office	93
IV. <u>Mayor Washington's Development Agenda and Early Decisions</u>	102
A. The "Chicago Works Together": 1984 Development Plan	102
B. Major Development Decisions	117

<u>Chapters</u>		<u>Page</u>
V.	<u>Major Economic Development Initiatives</u>	144
	A. Post Election Political Climate	144
	B. New Programs Established	148
VI.	<u>New Policy Initiatives Debated</u>	176
	A. General Obligation Bonding and the Neighborhood Investment Program	176
	B. Linking Neighborhood Needs to Downtown Resources	193
	C. Citizen Participation in Development Planning	228
VII.	<u>Conclusions</u>	245
	A. The Successful Initiation of the Populist Model	245
	B. Progress Made By the Washington Administration	249
	C. Failure to Institutionalize	272
	D. Reflections on the Process of Institutionalization	277
	E. Implications for Future Research	285

Appendices

<u>Appendix</u>		<u>Page</u>
A	Research Design and Methodology . .	288
B	Letter of Introduction	314
C	List of Chicago Interviewees . . .	316
D	Interview Schedule	321

List of Tables

<u>Table</u>		<u>Page</u>
3.1	Chicago Job Performance Compared to the Nation, 1960-1982	78
3.2	Chicago's Job Creation Performance Compared to Other Metropolitan Areas, 1960-1982	80
3.3	Racial Composition of Chicago's Voting Age Population, 1940-1980 . . .	86
3.4	Registration and Turnout as a % of Voting Age Pop., 1975-1983	88
4.1	Chicago Development Plan Goals/ Policy Matrix, 1984	107
4.2	Playskool Workers Employment/ Unemployment Profile	123
6.1	1985 General Obligation Bond Detail: Neighborhood Infrastructure Expenditures	184
6.2	Estimated Yields From Preliminary Linkage Proposals, 1985	205

List of Figures

<u>Figure</u>		<u>Page</u>
1.1	Models of Local Economic Development Planning	16

I. Introduction

A. Urban Policies for Economic Development

While the overall performance of the national economy improved during the 1980s, various forms of social inequality greatly intensified. Particularly alarming was the continued decline of many central cities and the resultant serious deterioration in the welfare of significant segments of the urban population. These problems were especially prevalent in older central cities in the Northeast, Mid-Atlantic and Midwest regions of the country. Many of these cities were affected by declining residential populations, falling retail sales, weak commercial real estate markets, bank disinvestment, residential abandonment, deteriorating infrastructures, plant closings and increasing municipal debt.¹ These economic problems were compounded in many of these

¹Anthony Downs, "The Future of Industrial Cities," in The New Urban Reality, edited by Paul E. Peterson, (Washington: The Brookings Institute, 1985) pp. 281-294.

cities by increasing rates of illiteracy, crime, homelessness, substance abuse, unemployment and poverty.² Contributing to these difficulties were the Reagan administration's reductions in Federal spending for social programs.³

Given these problems one might have expected a dramatic political response, reminiscent of the New Deal era, aimed at redirecting local, state and national economic policies. However, citizen reaction to these problems was weak and slow to materialize in most places. The absence of such political activity in the context of such pressing economic problems is a profound historical question which many scholars have examined. Some attributed this lack of effective community response to racial, ethnic, generational and territorial divisions existing within urban

²Edward M. Meyers, Rebuilding America's Cities: A Policy Analysis of the U.S. Conference of Mayors (Cambridge: Ballenger Publishing Company, 1986) pp. 31-46.

³Richard P. Nathan and Fred C. Doolittle and Associates, The Consequences of Cuts: The Effects of the Reagan Domestic Program on State and Local Governments (Princeton: Princeton Urban and Regional Research Center, 1983), p. 92.

communities which made successful class-based organizing on economic issues difficult. Others explained the absence of significant organizing efforts on the basis of the historic separation which existed in American political consciousness between community and economic issues.⁴ Still others viewed the apparent apathy of urban residents as a reasonable response to the control which community business elites exercised over local political agenda setting in cities.⁵ Finally, dramatic reductions in funding for community organizing by the Community Services Administration, Law Enforcement Assistance Agency and the VISTA Program were seen by many as

⁴Ira Katznelson, City Trenches: Urban Politics and Patterning of Class in the United States (Chicago: University of Chicago Press, 1981), p. 194.

⁵Peter Bachrach and Morton S. Baratz, "The Two Faces of Power," American Political Science Review, 70 (December 1962): 947-952.

having seriously hampered local grassroots efforts to promote alternative approaches to urban economic development.⁶

This lack of response was not uniform across the country or within individual cities. As economic conditions continued to decline in many American cities, networks of community activists and city-wide coalitions of citizen groups began to form which challenged traditional approaches to local economic development policy-making. These coalitions brought together activists from civic, tenant, neighborhood, religious, civil rights, women's, senior citizen and labor organizations to oppose the downtown orientation, retail and commercial emphasis and the

⁶A significant body of literature exists on the origins and development of community organizing in America. An excellent source on the early history of this movement is Janice Perlman's article, "Grassrooting the System," Social Policy, September/October 1976, Volume 7, No. 2 which covers the period up to 1975. Harry C. Boyte's book, The Backyard Revolution (Philadelphia: Temple University Press, 1982) describes the rapid growth of the American community organizing movement and the development of various state-wide and national organizing networks during the late 1970s and early 1980s. Two recent books which describe the expansion of specific national community organizations in the context of national political trends in the 1980s are Harry C. Boyte, Heather Booth, and Steve Max's book, Citizen Action and the New American Populism (Philadelphia: Temple University Press, 1986) and Gary Delgado's book, Organizing the Movement: The Roots and Growth of Acorn (Philadelphia: Temple University Press, 1986).

exclusionary nature of most local economic development planning. On occasion, these coalitions successfully mobilized to oppose major downtown development projects supported by business representatives and local officials.

The growth of these city-wide coalitions opposed to traditional approaches to local economic development planning was significant because they unified important urban political constituencies which had not worked together before. The efforts leading to the organization of such groups in support of alternative approaches to local economic development policy-making appeared to have overcome some of the territorial, ethnic, and racial barriers which Katznelson argued had prevented the formation of a militant working class movement in this country. In transcending what he describes as the "system of city trenches," these organizational efforts may have represented a critical turning point in the politics of urban development.

However, the organizing efforts of these grassroots coalitions tended not to be dominant in the local economic development planning processes of most American cities. More the rule was domination by groups of local bankers, builders, developers,

editors, realtors, retailers and insurance executives who remained committed to policies aimed at encouraging the continued growth of downtown business areas. Aided by sympathetic public officials and union leaders representing the building trades, these networks supported local development policies which promoted private sector investment in central business districts through various forms of municipal subsidy. Organized into what Molotch called "pro-growth coalitions," these organizations exerted a strong influence over the local economic development policies of most American cities throughout the early 1980s.⁷ Nevertheless, the emergence of a strong oppositional movement of community groups committed to alternative approaches to local economic development planning called into question the assumed hegemony of "pro-growth coalitions" in the arena of urban policy-making.

B. The Chicago Case

The economic problems facing Chicago in 1982 were typical of those confronting many other central cities in the United States. Despite dramatic growth in the city's service sector and significant expansion of its

⁷Harvey Molotch, "The City As Growth Machine," American Journal of Sociology, Volume 82, No. 2, September 1976, p. 314.

central business district, Chicago continued to experience industrial job losses, ongoing bank disinvestment in residential areas, intensified suburban competition for retail shoppers and commercial tenants, an aging municipal infrastructure, a growing municipal debt and high rates of unemployment, homelessness and poverty.⁸ These factors served to focus considerable attention on the local economic development strategies and programs of the City of Chicago.

As disparities between economic conditions in Chicago's central business district, known as "The Loop," and its older residential areas became more pronounced throughout the 1970s, conflict over the direction of local economic development policy escalated. Increasingly, community groups mobilized in opposition to the city's local economic development policies and programs. As the 1982 Democratic Party primary approached, a city-wide coalition of community groups called The Chicago Workshop for Economic Development (CWED) organized to make local economic development policy and planning major issues in the mayoral campaign. Encouraged by the growth of such

⁸Make No Little Plans: Jobs For Metropolitan Chicago, (Chicago: The Commercial Club of Chicago, 1984), pp. 11-20.

oppositional movements, two candidates stepped forward to challenge Jane M. Byrne in the primary. They were Illinois State's Attorney Richard M. Daley and U.S. Representative Harold Washington. Both challengers made their attack upon the economic development policies and practices of the Byrne administration focal points in their campaigns.

Throughout the primary, Daley and Washington raised a number of fundamental questions regarding the economic development policies and practices of the Byrne administration. They criticized Byrne for concentrating Chicago's economic development resources within the central business district at the expense of the city's older residential neighborhoods. They questioned Byrne's emphasis upon retail and commercial office projects and lack of commitment to small business development and industrial retention efforts. They charged Byrne with showing political favoritism in the selection of developers for major downtown urban renewal projects. They attacked Byrne for providing unnecessary municipal subsidies to politically-connected developers for projects which would have proceeded without city assistance. They ridiculed Byrne for failing to involve citizens, in meaningful ways, in the city's local economic

development planning processes. In addition, Washington assailed Byrne for not aggressively pursuing affirmative action policies in the areas of municipal hiring, purchasing and contracting. After defeating Byrne and Daley in the Democratic Party primary, Harold Washington proceeded to beat his Republican challenger, Illinois State Representative Bernard O. Epton, in the city's general election.

During the campaign, Washington made his commitment to changing in a fundamental way Chicago's local economic development policies and plans one of the centerpieces of his election platform. Drawing heavily from the economic development program of The Chicago Workshop for Economic Development, Washington crafted the Jobs for Chicagoans and Neighborhood sections of his key campaign document, referred to as The Washington Papers. In this 52-page policy paper, Washington committed his administration to two important economic development policy objectives. First, he called for policies aimed at dramatically expanding employment and entrepreneurial opportunities for Chicago's poorest citizens. Second, he advocated the establishment of a highly participatory approach to local economic development policy-making and planning.

Throughout the campaign, Washington proposed a number of specific policies aimed at achieving the redistribution objective of his platform. He advocated making job creation for Chicago's long-term unemployed and displaced workers the primary goal of his economic development policies. He called for increased funding for small business development and industrial retention efforts designed to create jobs for unskilled and semi-skilled workers. He argued for greater municipal investment in older residential areas of the city to promote a more balanced pattern of growth. He supported the establishment of aggressive affirmative action goals aimed at expanding business opportunities for minorities and women. Finally, he urged additional funding for community-based and locally-controlled development corporations to enhance their ability to plan, finance and execute major development projects.⁹

⁹Excellent summaries of Harold Washington's economic development platform appear in Robert Mier, Kari J. Moe and Irene Sherr, "Strategic Planning and the Pursuit of Reform, Economic Development and Equity," Journal of the American Planning Association, Volume 52, No. 3 (Summer 1986), pp. 299-309; John McCarron "Is Chicago Ready For Reform?" Planning, Volume 50, No. 9 (September 1984), p. 9; and Gregory Squires, Larry Bennett, Kathleen McCourt and Philip Nyden, Chicago: Race, Class and the Response to Decline, (Philadelphia: Temple University Press), 1987.

Washington also offered a number of proposals during his campaign aimed at achieving the citizen participation objective of his platform. He proposed the development of a local freedom of information program to insure all residents easy access to critical documents related to government plans and programs. He committed his administration to revamping the municipal budget process to provide citizens with meaningful input on local spending priorities. He suggested the establishment of a city-wide network of neighborhood councils to give residents a voice on major land use decisions affecting their neighborhoods.

The Washington administration's commitments to redistributive development policies and participatory planning processes were controversial and noteworthy for no one locally thought they could be successfully implemented.¹⁰ Indeed, dramatic reforms of this type had never been attempted before in a major American city and the preponderance of social science and policy studies argued the futility of such efforts.

These factors make the study of the reform efforts of the Washington administration in the economic development arena an important subject for

¹⁰McCarron, op cit.

urban scholars. This research should provide rich insights into the process of organizational change and innovation in large-scale municipal bureaucracies. Such knowledge will be of interest not only to scholars but to community activists and progressive public officials who are committed to achieving similar goals in other cities.

C. Presentation of the Central Research Question

This thesis seeks to determine if, in fact, the Washington administration succeeded in replacing the traditional approach of the Byrne administration to local economic development with the populist approach implied in his platform. But, critical methodological problem posed by this research, which has been confronted by many scholars, is the question of how one recognizes fundamental reform within a public bureaucracy. For the purposes of this analysis, two separate dimensions are used to define four distinct models of local economic development planning. The first dimension identifies the dominant policy orientation of the local development planning agency. Drawing upon Peterson's work, policies are described as "developmental" or "redistributional" based upon

the goals they seek to achieve.¹¹ Developmental policies aim at enhancing the competitive position of a local community, vis a vis other cities, by lowering business costs through municipal subsidies. Examples of developmental policies are municipal subsidies for land assemblage and acquisition, below market rate financing for building rehabilitation and construction, local tax abatements and credits, zoning bonuses for business, training grants to partially reimburse employers for wages paid to new workers, reduced utility rates for business and industrial revenue bonds. Redistributational policies focus local assistance on programs organized to assist economically marginalized segments and sectors of the community in order to improve their social status. Examples of redistributational policies are residential rent control, payroll taxes, property tax classification systems, business services taxes, levies on professional services, high business licensing and user fees, premium utility rates for large energy users, local hiring ordinances, and minority contracting requirements as well as various types of linkage programs.

¹¹Paul E. Peterson, City Limits (Chicago: University of Chicago Press, 1981), pp. 41-52.

The second dimension identifies the scope of citizen participation in local economic development planning. Using Arnstein's¹² and Pateman's¹³ work, local economic development planning processes are described as "elitist" or "participatory." Elitist planning processes limit participation in development policy-making to a small number of institutional leaders representing major political constituencies within the community. Participatory planning processes expand involvement in development policy-making to include a broad cross-section of grassroots community leaders and interested citizens who are not affiliated with established groups.

Together these two dimensions are used to create a four-category typology into which the local economic development planning approach of any community can be placed. Within this framework, Traditional Models of local economic development planning feature developmental policies and elitist planning processes. Liberal Models of local economic development planning are based upon developmental

¹²Sherry B. Arnstein, "A Ladder of Citizen Participation," Journal of the American Institute of Planners, 35:4 (July), pp. 216-224.

¹³Carol Pateman, Participation and Democratic Theory, (Cambridge: Cambridge University Press, 1970).

policies and participatory planning practices. Corporatist Models of local economic development planning are distinguished by their redistributive policies and elitist planning processes. Populist Models of local economic development planning are based upon redistributive policies and participatory planning processes. Figure 1.1 which appears on the following page presents a summary of this typology. This diagram helps us understand what constitutes a significant innovation or reform within local city government. From our perspective, fundamental change features a shift from developmental to redistributive policies and from elitist to participatory planning processes. Within our diagram, such change would be represented by a movement from a Traditional Model (upper left hand box) to a Populist Model (lower right hand box) of local economic development planning.

Based upon the diagram, the central hypothesis of this thesis can now be more clearly stated. The Washington administration during its first term in office shifted economic development planning in Chicago from a Traditional to a Populist Model. This involved replacing Jane Byrne's Traditional Model of local economic development, which was characterized by an emphasis upon developmental policies that

<u>POLICY ORIENTATION</u>		
	Developmental Policies	Redistributive Policies
<u>PLANNING PROCESS</u>	Elitist Process	Traditional Model
	Participatory Process	Liberal Model
		Corporatist Model
		Populist Model

Figure 1.1 Models of Local Economic Development Planning

subsidized private investment and a commitment to elitist planning processes that excluded a wide range of community leaders from participation in development policy-making, with a Populist Model of local economic development, which promoted redistributive policies to assist the poor and participatory planning processes aimed at expanding citizen participation in policy-making. Using data from the following case study, this thesis seeks to determine if the Washington administration successfully transformed local economic development planning during its first term in office from a Traditional to a Populist Model within the framework presented above.

The views of scholars regarding the possibilities for fundamental change of this type in the local economic development planning practices of a single community like Chicago have differed dramatically. Most scholars have said cities cannot implement redistributive development policies and participatory planning processes. Many have argued that change in local economic development practices of the scope proposed by Washington during his 1983 mayoral campaign was impossible due to the overwhelming control which the local Democratic machine exerted over the municipal bureaucracy in Chicago.

Washington's proposals to target economic development assistance to the poor would be opposed by the machine because they would limit the resources available to benefit its members and supporters through contracts, development agreements, franchises, grants, jobs and tax subsidies. Washington's efforts to broaden citizen participation in local economic development planning would also be resisted by the machine because they would threaten to undermine the role of the ward leader and party committeeman as broker of local government benefits. For these reasons, the machine would oppose Washington's reforms in the economic development planning area.

Milton K. Rakove, a political scientist, noted the unusual degree of influence which the Chicago machine exerted over local government in the following manner.

While the city of Chicago shares many of the problems of all American big cities, it is unique in its extant political system. Alone of all the big cities, Chicago has resisted reform of its political machine, rejected merit system employment in its government bureaucracy, retained the time tested political relationship of political bosses to needy constituents, maintained and strengthened centralized political power instead of diffusing that power to the bureaucracy and local community organiza-

tions and been controlled by men whose ambitions have differed significantly from their counterparts in other big cities in America.¹⁴

Rakove's views regarding the degree of control which the machine exerted over local government policy were reaffirmed by John McCarron in 1984 based upon his study of local economic development planning in Chicago.

Planning here has traditionally been a weak sister of the political apparatus. Daniel Burnham's 1909 'Plan of Chicago' may have saved the lakefront from becoming a grimy industrial strip, but his successors have been meek fellows, summoned on occasion to bless deals cut in private between politicians and developers. 'Chicago ain't ready for reform', was the way one ward healer put it and he might have added, 'or for planning, either.'¹⁵

According to this argument, while reform might be possible in other urban communities where the power of the political machine was less pronounced, meaningful change was not possible in Chicago where the machine's influence remained intact.

The work of Robert Michels provides another perspective on why the reform efforts of the

¹⁴Milton L. Rakove, Don't Make No Waves, Don't Back No Losers: An Insiders Analysis of the Daley Machine (Bloomington: University of Indiana Press, 1985). p. 13.

¹⁵John McCarron, "Is Chicago Ready for Reform?" Planning, Volume 50, Number 9, September 1984, p. 9.

Washington administration were unlikely to result in fundamental change in the municipal government of Chicago. According to Michels, reform movements require skillful organization if they are to successfully challenge the political power of entrenched elites. One of the necessities of such organization is the establishment of a cadre of full-time leaders who focus upon building the institutional power and effectiveness of the group. The experience these individuals gain over time as leaders provides them with specialized organizational knowledge and skills which increase their influence and prestige within the group. Michels observed a strong tendency among such leaders to abandon their reform efforts in order to engage in activities aimed at solidifying their power base within the group and the larger community. He called this tendency the "iron law of oligarchy" and described it in the following manner.

By a universally applicable social law, every organ of the collectivity, brought into existence through the need for the division of labor, creates for itself, as soon as it becomes consolidated, interests particular to itself. The existence of these special interests involves a necessary conflict with the interests of the collectivity. Nay, more, social strata fulfilling peculiar functions tend to become isolated, to produce organs fitted for the

defense of their own peculiar interests. In the long run they tend to undergo transformation into distinct classes.¹⁶

While reform movements are possible, in Michels view, they quickly become anti-democratic in nature and obstacles to further social change. Adherents to Michels' "iron law of oligarchy" would question the capacity of the leadership of the Washington administration to implement its reform agenda. They would expect these leaders to abandon their reform goals in order to engage in activities aimed at building their community power base so as to become Chicago's new machine.

Marris and Rein provide another argument against the likelihood of municipal reform in America.¹⁷ According to these scholars, reformers seeking to champion the rights of the economically and politically disenfranchised confront, in the United States, a pluralist political system which expects government to serve as an impartial arbiter of the competing claims of various community groups. Upon

¹⁶Robert Michels, Political Parties: A Sociological Study of the Oligarchical Tendencies of Modern Democracy (Glencoe: The Free Press, 1949), p. 389.

¹⁷Peter Marris and Martin Rein, Dilemmas of Social Reform: Poverty and Community Action in the United States (New York: Atherton Press, 1967), pp. 224-238.

assuming office, municipal reformers are forced to choose between their advocacy role as agents of social change and their mediation role as members of the local state. Those seeking to remain in office are compelled by the values inherent in America's pluralist political culture to embrace their role as mediator by abandoning their advocacy role. As a result of the contradictory demands placed upon elected municipal reformers by their movement organizer and community mediator roles it becomes very difficult for such civic leaders to advance effectively progressive agendas.

Peterson bases his argument against the likelihood of progressive reform of local economic development policies on the limited nature of the political power which cities possess. Unable to control imports or impose tariffs, cities must concentrate, according to Peterson, on strengthening their export base. This goal is achieved by improving the competitive advantage of local firms in the production and distribution areas through indirect and direct municipal subsidies and infrastructure improvements. Peterson urged the enactment of "development policies" by cities which he defined as "those local programs which enhance the economic

position of the community in its competition with others."¹⁸ Furthermore, he cautioned cities against establishing "redistributional policies" targeted to assist the poor. Such policies, he suggested, would undermine the competitive position of a community by increasing its local business costs relative to other communities.

Because they are open systems, local governments are particularly sensitive to external changes. To maintain their local economic health, they must maintain a local efficiency that leaves little scope for egalitarian concerns. These limits on local government, which have already been elaborated at length, require that local government concentrate on development as against redistributive objectives.¹⁹

According to this view, while municipal reformers like Washington may wish to pursue a progressive agenda aimed at improving the socioeconomic status of the poor, they will be discouraged from doing so by the competitive nature of urban economics and the limited political power of cities.

A review of the previous literature may lead one to agree with most mainstream social scientists who argue that significant change in local government policy-making is unlikely, short-lived or impossible

¹⁸Paul E. Peterson, City Limits (Chicago: The University of Chicago Press, 1981), p. 41.

¹⁹Peterson, p. 64.

to achieve. However, another view exists which argues persuasively in favor of the possibilities for genuine reform within bureaucratic organizations. According to Alvin Gouldner, mainstream social scientists, like Michels have exaggerated the conservative tendencies of reform organizations by focusing upon certain organizational needs which emerge as unintended consequences of the pursuit of institutional goals and objectives.

The needs in question are organizational, not individual, and include: the security of the organization as a whole in relation to the social forces in its environment; the stability of the lines of authority and communication; the stability of informal relations within the organization; the continuity of policy and of the sources of its determination; a homogeneity of outlook with respect to the means and role of the organization.²⁰

By emphasizing the structural factors which shape behavior mainstream social scientists have, according to Gouldner, presented a rigid picture of formal organizations.

The attention which these scholars have devoted to studying oligarchical tendencies within reform organizations has caused them to routinely overlook

²⁰Alvin W. Gouldner, "Metaphysical Pathos and the Theory of Bureaucracy," in The Politics of the Federal Bureaucracy, edited by Alan Altshuler, (New York: Dodd, Mead, and Company, 1968), pp. 13-14.

evidence of powerful democratization forces which exist within these groups. These social scientists frequently fail to observe or dramatically underemphasize the diversity, creativity, innovation, experimentation and consensus-building which are richly represented within reform organizations. By focusing upon the needs which organizations have for clarity of purpose, structure, method, power, authority and communication, mainstream social scientists have failed to adequately consider other needs which contemporary organizations have. Among these are a certain diversity of outlook necessary to provide organizations with the flexibility required to respond to ever changing environmental conditions as well as the voluntary endorsement of organizational goals and objectives by group members.

This disregard for the liberating aspects of reform organizations is not ascribed by Gouldner to a careful analysis of empirical data from organizations but to the influence of a particular "metaphysical pathos" which casts doubt upon the very possibility for democratic organization in society. Influenced by Weber's views on bureaucracy, these scholars accept the inevitability of oligarchy within formal organizations.

. . . a commitment to a theory often occurs by a process other than the one which its proponents believe and it is usually more consequential than they realize. A commitment to a theory may be made because the theory is congruent with the mood or deep-lying sentiments of its adherents, rather than merely because it has been cerebrally inspected and found valid. This is as true for the rigorous prose of social science as it is for the more lucid metaphor of creative literature, for each has its own silent appeal and its own metaphysical pathos.²¹

As a result of a metaphysical pathos of pessimism and fatalism associated with Weberian views on organization, most contemporary social scientists fail to appreciate the creative, innovative and participatory aspects of reform organizations.

William F. Whyte has also observed this tendency among social scientists to ignore evidence of change and innovation within formal organizations. While Gouldner ascribed this problem to a certain metaphysical pathos, Whyte ascribed it to the use of an inappropriate model of research and theory building by social scientists. According to Whyte, social scientists have become dependent upon a model of research borrowed from the natural sciences which features the formulation of highly structured research designs based upon existing theory that are developed

²¹Gouldner, p. 7.

prior to entering the field where formal hypothesis testing occurs by means of experimentation. While this approach may be appropriate for the natural sciences where the properties of research objects are somewhat fixed, theory is relatively advanced and control during experiments is near complete, this is not so in the social sciences where the properties of research objects are constantly changing, theory is less advanced and where the success of an investigator's research is heavily dependent upon the cooperation of human subjects.

Social scientists concerned about generating reliable and valid results which are broadly generalizable have concentrated on systematically collecting data on conventional approaches to social problems based upon comparable sets of cases. This approach has yielded a wealth of information about what Whyte describes as "standard" models or approaches to human problem-solving but limited insights into alternative approaches which might exist.

If we confine our studies to cases where the principal actors are defining their problems in similar ways and attempting similar solutions, with similar results, we can only

speculate as to what would happen if the actors defined the problems differently and took different lines of action.²²

Whyte urges social scientists to spend less time investigating conventional approaches to human problem-solving in order to identify, describe and analyze alternative approaches to human-problem solving which he calls social inventions. Of particular importance, according to Whyte, is the careful analysis of the underlying social principles which make the social invention under study effective in its own context.

The concerns which Gouldner and Whyte raised regarding the tendency of social scientists to ignore evidence of the democratic aspects of bureaucratic organization as well as organizational reform efforts have encouraged other researchers to pursue such efforts. The research described below, as well as this thesis, focuses upon providing in-depth descriptions of social inventions carried out by local communities in the economic development policy area.

Other scholars, citing examples of communities which have successfully instituted progressive

²²William Foote Whyte, "Social Inventions for Solving Human Problems: American Sociological Association, 1981 Presidential Address," American Sociological Review, 1982, Volume 47 (February: 1-13).

economic development policies, argue persuasively that municipal reform is possible to achieve in a single community. Based upon research done in Berkeley, Cleveland, and Hartford in the 1970s and Burlington and Santa Monica in the 1980s, Pierre Clavel described the establishment of redistributive development policies and participatory planning processes in these communities. According to Clavel, these five communities instituted a variety of policies aimed at creating new economic and political benefits for current city residents while expanding opportunities for citizen participation in local development policy-making. Concerned about the increasing concentration of political and economic power within their communities as well as the exclusionary nature of local economic development decision-making, Clavel says,

These governments have tended to encourage participation and were willing to experiment with property rights in the interest of the majority of the population.²³

Within these communities, deteriorating economic conditions, the presence of a strong oppositional neighborhood movement and growing interest in

²³Pierre Clavel, The Progressive City: Planning and Participation, 1969-1984 (New Brunswick: Rutgers University Press, 1986), p. XII.

planning, inside and outside of government, created conditions, according to Clavel, that were conducive to the establishment of a progressive political movement which supported targeted assistance to the poor, progressive tax schemes, cooperative forms of economic organization, aggressive regulation of business, experimental approaches to property rights and citizen participation in planning.

Using a somewhat broader definition of "progressive" in 1986, Derek Shearer included the eight small to medium cities of Baltimore, Burlington, Davis, Portland, St. Paul, San Antonio, Santa Monica and Seattle as well as the larger cities of Boston and Chicago in his list of progressive communities.²⁴ Such communities were distinguished, according to Shearer, by their strong commitment to policies aimed at promoting balanced patterns of growth, citizen participation in policy-making and the design of urban environments at a human scale. Critical to the success of such policies were efforts to strengthen neighborhood organization, humanize the design of central business districts, decentralize commercial development and municipal services, and promote

²⁴Derek Shearer, "In Search of the Progressive City: Urban Innovation in the United States," Seminar Transcript, Cornell University, March 18, 1986, p. 5.

indigenous business and industry. These policy initiatives were important, says Shearer, not only as examples of local innovation but as a possible basis for the development of a progressive national urban policy.

Based upon his research in Cleveland in the late 1970s, Todd Swanstrom argued that cities possess the capacity to enact progressive reforms, such as redistributive local economic development policies. This potential is based upon the city's ability to tax the advanced corporate sector of the economy which seeks locations in the central city. Their need to capture the agglomeration benefits of a central city location can be exploited to generate new revenues to support redistributive programs aimed at assisting the poor. New taxes on business services can be justified, says Swanstrom, based upon the contribution which public investments make towards creating the economic advantages of downtown locations.

The entire synergistic environment is made possible, in large part, by the public sector, especially through the system of roads and mass transit. Since it is partly publicly created, part of this value should

go back to the public sector, where it could be used to reduce some of the tremendous inequities in urban development.²⁵

He argues, as does John Mollenkopf, that skillful civic leaders are needed to serve as public entrepreneurs to engage in necessary long-term planning and bargaining with developers and investors to produce such results.²⁶ Upon analyzing the recent reform efforts of Kucinich in Cleveland and Flynn in Boston, Swanstrom concluded that the economic vitality of the central business districts of these cities made the pursuit of redistributive economic development policies possible. It was, however, the political skills of Raymond Flynn, Boston's mayor, which enabled the city to enact a series of reform efforts, including a linkage policy, minority contracting program and a resident hiring ordinance.²⁷

²⁵Todd Swanstrom, The Crisis of Growth Politics: Cleveland, Kucinich and the Challenge of Urban Populism (Philadelphia: Temple University Press, 1985), p. 237.

²⁶John Mollenkopf, The Contested City (Princeton: Princeton University Press, 1983), p. 4.

²⁷Todd Swanstrom, "Urban Populism, Uneven Development and the Space For Reform," in Business Elites and Urban Development: Case Studies and Critical Perspectives edited by Scott E. Cummings, (Albany: State University of New York Press, 1988), p. 142.

D. Identifying Cases of Progressive Reform

Research by Clavel, Shearer and Swanstrom lends support to the argument that it is possible, under certain circumstances, to institute redistributive development policies and participatory planning processes in an individual city like Chicago. Their research suggests that a local community can move from a Traditional to a Populist Model of local economic development planning. While the diagram presented earlier in this chapter presents a conceptual map of such a change, it does not provide us with an understanding of the process by which this change takes place. This knowledge is critical if we are to be able to respond to the criticism of most social scientists who will say that there were no significant differences in the local economic development practices of the Byrne and Washington administrations.

How do we solve this problem? How do we determine, with some degree of confidence, if a particular set of reforms represent fundamental change in the local economic development practices of a given community. Andre Gorz attempted to address this problem through his notion of a "non-reformist

reform."²⁸ According to Gorz, any change which was justified on the basis of human need rather than capital accumulation, transferred power to politically marginalized groups and generated questions regarding the legitimacy of capitalism qualified as a "non-reformist reform". While this concept is heuristically appealing, those who have used this concept have found it very difficult to operationalize.²⁹ While Soifert was able to address the program rationale of Gorz, he had great difficulty in evaluating changes in the balance of power and political consciousness which these reforms effected.

This thesis uses concepts from the institutional school of organizational theory to deal with the methodological problem of formulating a workable criteria for identifying cases of genuine reform.³⁰ This research draws upon Philip Selznick's work on "institutionalization" to address the methodological

²⁸Andre Gorz, A Strategy for Labor: A Radical Perspective (Boston: Beacon Press, 1964), pp. 6-8.

²⁹For example, see Steven Soifer, "The Burlington Community Land Trust: A Non-Reformist Reform?" a paper presented at the New York Political Science Association's Annual Meeting, April 29-30, 1988, pp. 8-11.

³⁰Charles Perrow, Complex Organizations: A Critical Essay (New York: Random House, 1986), pp. 157-177.

problem of establishing an operational criteria for identifying examples of reform. According to Selznick, institutionalization describes the process by which the leadership of an organization helps build the commitment of group members to the goals, objectives, methods and world view of their institutions. This leadership provides direction to this process by means of the critical decisions it makes to insure the survival of the organization in the face of internal conflict and external pressure. The positive effects of the leadership's decisions upon the survival of the group and the social needs of its members encourage subordinates to condition their reactions to problem situations thereby creating a unique organizational approach to decision-making. When this approach becomes valued, in and of itself, by participants in the organization, the process of institutionalization is said to have set in.

Once this process has begun the organization is viewed as having developed a distinctive character which can only be changed at the risk of great institutional instability.

As an organization acquires a self, a distinctive identity, it becomes an institution. This involves the taking on of values, ways of acting and believing that are deemed important for their own sake. From then on self-maintenance becomes more

than organizational survival, it becomes a struggle to preserve the uniqueness of the group in the face of new problems and altered circumstances.³¹

This process of institutionalization results in dramatic changes within the organization in four critical areas. First, a clear statement of the organization's overall mission and role within the community is developed. In setting institutional goals, the leadership of the organization must be responsive to the needs, capacities and ambitions of group members as well as the demands placed upon the institution by powerful external forces. In defining the role of the institution, the leadership of the organization must choose the primary method by which it will attempt to achieve its goals in light of the specialized competencies of its own institution as well as that of its competitors.

Second, a series of critical choices are made to achieve what Selznick describes as "the institutional embodiment of purpose."³² A decision must be made as to whose interests within the community the organization will attempt to serve. Following this

³¹Philip Selznick, Leadership in Administration: A Sociological Interpretation (Evanston: Row, Peterson and Company, 1957), p. 21.

³²Selznick, p. 90.

choice regarding the "social base" of the organization, a core staff must be recruited and trained which is deeply committed to the values of the organization. Finally, a new organizational design and set of operating procedures must be formulated which will focus resources and attention on those activities which are most critical to achieving the organization's goals. These decisions will contribute, according to Selznick, to the development of a social structure which is uniquely designed to meet the needs of the organization.

When we say that policy is built into the social structure of an organization, we mean that official aims and methods are spontaneously protected and advanced. The aspirations of individuals and groups are so stimulated and controlled, and so ordered in their mutual relations, as to produce the desired balance of forces.³³

Third, specialized policy and planning units dedicated to the elaboration and defense of organizational values are created. These units, says Selznick, must be protected from the daily demands of routine administration to enable them to focus upon developing and promoting plans, policies and procedures aimed at advancing the goals and objectives of the organization. This is particularly important

³³Selznick, p. 100.

for reform organizations whose agendas frequently threaten the power of established community elites. Decisions regarding the location of such units committed to what Edelman described as symbolic politics within the formal organization are crucial.³⁴ These policy units must be located within the organizational hierarchy close enough to the leadership to be inspired by them, but not in a prominent enough position to become the visible targets of outside attacks.

Fourth, mechanisms are devised to structure, order and mediate internal conflict among competing constituency groups. This requires the organization to balance the often conflicting demands of democratic decision-making and efficient public administration. Selznick describes this challenge in the following manner.

It must win the consent of constituency units, in order to maximize voluntary cooperation, and therefore must permit emergent interest blocs a wide degree of representation. At the same time, in order to hold the helm, it must see that a balance of power appropriate to the fulfillment of key commitments will be maintained.³⁵

³⁴Murray Edelman, Symbolic Uses of Politics (Urbana: The University of Illinois Press, 1985), pp. 1-21.

³⁵Selznick, pp. 63-64.

E. Summary

Thus, this thesis asks two questions: 1) Did Harold Washington's administration, in fact, initiate dramatic new departures from the Traditional Model of local economic development planning by instituting redistributive policies and participatory processes; and 2) did his administration succeed in institutionalizing the Populist Model of local development planning in the terms discussed by Selznick? Evidence of significant progress by the Washington administration in establishing a new definition and role, encouraging the embodiment of purpose, creating an autonomous elite to protect precarious values and devising mechanisms for the mediation of internal conflict will be used to determine whether or not its initiatives in the local economic development area constituted genuine reform. Advances in each of these four organizational areas will be used as the criteria by which the populist credentials of the Washington administration will be evaluated.

The following case study presents a detailed description of the local economic development policies, plans, programs and activities of the Byrne and Washington administrations. This research

examines the local economic development planning activities of the Byrne administration during its single term in office (1979-1983) and the Washington administration during its first term in office (1983-1987). Specifically, it discusses the major economic development policy statements and public records of the Mayor's Office and the city's major development-related agencies, including the Mayor's Office of Employment and Training (MET), and the Departments of Economic Development (DED), Planning and Housing during these two administrations. The thesis does not examine the impact of Mayor Washington's local economic development policies on the economy of the city. This would have required a much longer period of study and far greater resources than were available. The primary sources of data on the local economic development policies of the Byrne administration were public documents and newspaper articles supplemented by personal interviews. The primary sources of data on the economic development policies of the Washington administration were personal interviews, public documents, newspaper articles and participant observation.

This research was made possible through the cooperation of the Mayor's Office and the Departments

of Economic Development, Planning and Housing. Special assistance was provided by Mr. Robert Mier, former Commissioner of the Department of Economic Development, and Mr. Robert Giloth, former Deputy Commissioner of the Department of Economic Development for the City of Chicago. I am very grateful to the many Chicago officials, businessmen, planners, reporters, and community leaders who I had the opportunity to interview for this research. Their detailed knowledge of the Chicago and deep commitment to its future deeply impressed me. I wish to thank all of these individuals for their assistance and hope this work assists them, in some small way, in their ongoing efforts to improve the quality of governance and liveability of their city.

II. The Byrne Administration 1979-1983

A. The Byrne Victory in the 1979 Mayoral Election

Most analysts pointed to a set of surface issues to explain Jane Byrne's victory over incumbent mayor, Michael Bilandic in the 1979 Democratic party primary. Typical of such analysis was the following offered by Samuel K. Gove and Louis H. Masotti.

The machine was defeated in the February 1979 primary by the persistent campaign of feisty Jane Byrne, aided and abetted by a record snowfall, the insensitivity and arrogance of City Hall politicians, and an aroused and angry public.¹

Among the factors most frequently discussed as contributing to Bilandic's loss to Byrne was his administration's mismanagement of the city's winter snow emergencies during which time 90 inches of snow fell upon the city. Also mentioned were the recurring rumors of official misconduct and corruption in City Hall which plagued his administration. In addition, the consistent criticism by civil rights leaders of his insensitivity to the problems of the black community was viewed as having weakened his support among minority and liberal white voters. Finally, the

¹Samuel K. Gove and Louis H. Masotti, editors, After Daley: Chicago Politics in Transition. (Chicago: University of Illinois Press, 1982), p. X.

Bilandic re-election campaign, despite its abundant resources, was seen by most as being poorly organized.

However, more critical to Bilandic's loss than these factors was the dramatic decline in the Chicago Democratic Organization's ability to turn out the vote. An important factor contributing to the machine's loss of political power was a significant narrowing of its political base among white ethnic voters who were leaving the city for the suburbs. Another contributing factor was the increasing alienation of black voters from the party due to its discriminatory practices. In addition, the Shakman court decrees which placed severe restrictions upon local political patronage undermined the machine's ability to mobilize for the election. Finally, the growing influence of the city's independent neighborhood organizing movement reduced support for local party clubs.

Running on a reform platform, which she described as populist, Jane M. Byrne promised to end municipal patronage, improve governmental efficiency, secure collective bargaining agreements for municipal unions working without contracts, expand citizen participation in policy-making and increase funding for neighborhood preservation programs in Chicago's

older residential areas. Sidney Lens summarized Byrne's victory statement on the night of her primary win over Bilandic in the following way.

In the euphoria of the moment, she promised a number of good things: to repair and rebuild the neighborhoods; to fire the incumbent police chief, James O'Grady, and replace him with someone outside of the ranks; to bargain collectively with unions of police, firefighters and city workers.²

By attracting significant support among civil rights groups, women's organizations, government reform associations and public employee unions, Byrne built an electoral coalition that defeated Bilandic and the machine by more than 15,000 votes in the mayoral primary. With the support of this electoral coalition and the backing of the majority of Democratic committeemen and ward leaders, Byrne captured more than 82% of the votes in the general election. In doing so, she produced the second highest plurality of any mayoral candidate since 1939 and secured a larger share of the general election vote than Richard J. Daley did during any of his six successful campaigns.³

²Sidney Lens, "New Winds in Chicago," Progressive, June, 1979, Volume 43, Number 6, pp. 9-10.

³Nathaniel Sheppard Jr., "Black Vote Crucial In Chicago's Upset," New York Times, March 2, 1979, Section A, p. 3.

In winning the Democratic primary, Jane M. Byrne successfully exploited two of the machine's most serious political problems, namely, racial conflict in the party and conflicting attitudes toward political patronage and graft. Historically, the Chicago Democratic Organization depended heavily upon the loyal support of inner city white ethnic and black voters to elect its slate of candidates. In the 1970s and 1980s, however, the self-interests of these two constituencies increasingly came into direct conflict. White ethnic voters looked to the party to provide needed jobs for their community and to endorse policies supportive of racial segregation in housing, employment and education. The party sought to meet these demands in order to retain its white ethnic base in the face of continuing "white flight" to the suburbs. At the same time, leaders of the black community, influenced by their participation in the civil rights movement, sought to secure what they considered a "fair share" of municipal jobs and contracts through their participation in the party. In addition, they increasingly demanded support for policies aimed at increasing educational and housing opportunities within the city for blacks which frequently meant supporting their demands to integrate

previously white ethnic residential areas and institutions.

This situation was further complicated by the growth of Chicago's black population. The political problem which this created for the Chicago Democratic Organization was clearly stated by Kathleen Kemp and Robert Lineberry.

The 1980 census should show the city with a black-Latino majority. Maintaining white dominant-black subordinate power relations in a black dominant-white subordinate numerical reality is a signal challenge to any big-city political organization, Chicago's included.⁴

Still, the Chicago Democratic Organization sought to retain its power by struggling to balance these contradictory demands.

The party was heavily dependent upon its control of local political patronage in the form of jobs, contracts and grants to maintain the loyalty of these two political constituencies. However, its use of these resources for this purpose threatened to cause the exodus from the party of many reform-minded middle class voters. Many of these individuals had been

⁴Kathleen A. Kemp and Robert L. Lineberry, "The Last of the Great Urban Machines and the Last of the Great Urban Mayors," in After Daley: Chicago Politics in Transition, edited by Louis H. Masotti and Samuel K. Gove, (Chicago: University of Illinois Press), 1982, p. 2.

influenced by the reform ideas of the liberal wing of the Democratic party in the period following Watergate. These voters tended to view patronage and graft as essentially immoral practices which undermine democratic values and add to the cost of government. While small in number, these individuals were politically active, and their loyalty to the Chicago Democratic Organization was critical to its continued success.

By appealing to the sense of outrage which blacks felt toward the party and the reform minded instincts of middle class voters, Jane M. Byrne was able to build an electoral coalition which defeated the machine and permitted her to become mayor.

B. Early Actions and Decisions of the Byrne Administration

Great uncertainty existed after the election as to the kind of mayor Jane M. Byrne would be. After serving as Richard J. Daley's Commissioner of Consumer Sales, Weights and Measures and Co-chairing the Cook County Democratic Organization with the mayor, most party regulars expected Byrne to follow policies similar to those of previous democratic administrations. Veteran Chicago Alderman Roman Pucinski described Jane Byrne in the following manner

after the election.

Contrary to popular belief [sic]. She is a product of the Democratic machine. She is not a starry-eyed, fuzzy-minded independent who wants to come through Chicago on a white charger. She's a practical leader. If she smoked cigars, she would not be a great deal different from the committeemen.⁵

Reformers, on the other hand, looked to Byrne to implement her reform platform by establishing a progressive administration. Shortly after her election columnist David Moberg wrote,

Her programs--which she describes as 'populist'--are likely to favor the neighborhoods and lead to both more progressive and more equally distributed city services in everything from health to street cleaning, reversing to some extent the favoritism to a few wards and to the central business district.⁶

Louis H. Masotti and Samuel K. Gove, long-time observers of the Chicago political scene, argued that Byrne had three options open to her following her successful election bid. First, she could adopt a genuine reform agenda and seek to build a progressive base of grassroots support. Second, she could attempt to institutionalize her electoral base and proceed to

⁵Douglas E. Kneeland, "Mrs. Byrne Seeks to Heal Rift With Democratic Organization," New York Times, March 3, 1979, p. 10.

⁶David Moberg, "Heads May Roll, But Machine Gears May Still Mesh," In These Times, March 14-20, 1979, p. 3.

build her own political machine. Third, she could settle her differences with the leadership of the machine and maintain the status quo.⁷ Her first public acts following her election gave both party regulars and reformers reasons to be hopeful about the new administration.

The members of the Chicago Democratic Organization were encouraged by a number of steps taken by the mayor shortly after she assumed office. First, she permitted the existing leadership of the Chicago Democratic Organization to select the individuals to fill key chairmanships in the Chicago City Council, insuring their continued control of this body. The mayor took no action to insure for her supporters or other Independents leadership positions within the City Council. This greatly limited Byrne's capacity to advance a reform agenda through the City Council.

Second, despite her campaign pledges to do so, she failed to dismantle the city's patronage system. In fact, she chaired a City Council meeting at which an ordinance was passed which promised to return 25,000 jobs to the city's patronage system. According to a January 15, 1981 New York Times story,

⁷Masotti and Gove, p. XI.

Mayor Byrne, who presided over the Council meeting, insisted at a news conference that she was 'neither aware of the ordinance' before it was introduced nor had she been given 'sufficient time to review it.' But she added that she had no intention of vetoing it.⁸

Third, she dropped her opposition to a proposed downtown addition to the city subway system, construction of a municipal stadium, and redevelopment of the North Loop Urban Renewal Area which the business community supported and members of the Chicago Democratic Organization hoped to profit from through control of related development agreements, zoning variances, municipal contracts and construction jobs. A Business Week article described Byrne's changing views on downtown development in the following manner.

In view of Byrne's emphasis on Chicago neighborhoods, businessmen also were convinced she might abandon redevelopment projects in the central business district. Instead, the mayor is supporting a plan that she criticized during her campaign to revitalize a deteriorating downtown district. She recently obtained a \$50 million loan to acquire and clear a site of a \$135 million Hilton Hotel. 'She's taking a broad, balanced look at the city's problems,' says Continental's Perkins. 'She realizes that Chicago must have a healthy

⁸Nathaniel Sheppard Jr., "Chicago Council Votes to Restore Patronage System to 25,000 Jobs," New York Times, January 15, 1981, p. 8.

core and the kind of jobs it creates, but also that healthy neighborhoods are vital to a stable community.⁹

Byrne's shift in position represented a significant departure from her campaign promise to promote policies aimed at encouraging a balanced pattern of growth within the city.

Fourth, she withdrew her support for a proposal to establish strong neighborhood planning councils which would give city residents a voice on important land use and development decisions. As a result, power over these public policy issues remained centralized in the City Council, Department of Planning and the Mayor's Office.

Fifth, she displayed a willingness to work closely with machine Councilmen Vrdolyak and Burke, whom she had referred to during her campaign as members of an "evil cabal of men" who were ruining the city. In addition to cooperating with the leadership of the Chicago Democratic Organization, she supported Alderman Vrdolyak's successful bid to become the Chairman of the Cook County Democratic Organization. She also endorsed Alderman Burke's unsuccessful attempt to defeat Richard M. Daley, the late mayor's

⁹"Her Honor Flirts With Business," Business Week, December 10, 1979, pp. 61-66.

son, in an election for Illinois State's Attorney.

On the other hand, reformers were encouraged by other actions of the mayor which they felt indicated her commitment to progressive local government. First, she formed a Transition Team, comprised of respected public administrators, recognized academics, and long-time municipal reformers, to plan for her new administration. Observers were impressed by the quality of the leaders she involved in this process as well as the diversity of constituencies they represented.

Second, she made a series of appointments which were very well received by those committed to reform. Among these were Martin Oberman's selection as a consultant to work on a collective bargaining ordinance for the city. This proposed local ordinance would have established a framework through which the city could enter into collective bargaining agreements with its municipal unions. Historically, the city's employees worked without contracts on the basis of informal agreements made by their leaders and the mayor. While these understandings had resulted in uniformly high wage settlements they did not provide city workers with the full range of job security benefits which a collective bargaining agreement would

establish. Mayor Byrne also selected Leon Despres, a former alderman, to serve as City Council Parliamentarian in hopes of creating a more open and democratic process within this body. In addition, Mayor Byrne selected Donald Haider, a well known professor of public finance, to head the city's Office of Management and Budget.

Third, she took a number of initiatives in the legislative area. Byrne held individual meetings with Independents in the City Council to discuss ways of building legislative support for municipal reform. In addition, she successfully opposed efforts by the City Council to pass an ordinance providing extended job protection to the City's embattled Police Superintendent, James O'Grady. Furthermore, she secured the passage by the City Council of an ordinance establishing a moratorium on condominium conversions by a 39-5 vote less than two weeks after the Council had overwhelmingly defeated the measure.

Fourth, she conducted a thorough examination of the city's financial condition and made public serious problems facing the city's operating, capital and education budgets. In doing so, she revealed how the city had, in the past, manipulated expenses in order to create the appearance of a balanced budget.

Following up on these revelations, the mayor announced a series of steps to address Chicago's serious financial problems.

C. Economic Development Policy-making and Planning in the Byrne Administration

During the 1979 democratic mayoral primary Jane Byrne ran on a pro-neighborhood platform which stressed the needs of the city's older residential areas. She spoke of the importance of promoting a more balanced pattern of growth within the city, expanding citizen participation in development decision-making and increasing funding for neighborhood-based economic development and affordable housing programs.

The mayor proposed several initiatives aimed at achieving these overall economic development goals. She argued for reduced public support for downtown development and increased investment by the city in older residential areas. In addition, she called for the establishment of a strong system of neighborhood planning councils through which power over important land use and development decisions could be decentralized. Furthermore, she proposed the establishment of several new neighborhood stabilization efforts to assist ailing communities,

including a commercial facade improvement and small business micro-loan program.

Shortly after assuming office, the mayor appeared to change her views on downtown development. She abandoned her opposition to further municipal subsidy of large-scale downtown projects by supporting a proposed extension of the city subway downtown, construction of a new municipal baseball stadium and massive redevelopment of the North Loop Urban Renewal Area as a luxury residential and upscale commercial district. In addition, she submitted a \$50 million Urban Development Action Grant (UDAG) application to the Federal government to acquire and prepare the site for a new downtown Hilton Hotel. In doing so, she spoke of the important contribution which ongoing development of the central business district would make to the vitality of Chicago's neighborhoods as well as all communities within the region.

John McCarron, a local journalist, described the reaction of Chicago's neighborhood leaders to these actions of the mayor in the following way.

Neighborhood leaders watched in anger as Byrne obtained UDAG money for downtown enterprises in questionable need, such as an addition to the Chicago Board of Trade. One year she diverted a third of the city's community development funds to pay for overdue snow removal bills. A major planning function was yanked from the

Chicago Rehabilitation network, an umbrella group for community-based rehabilitation, and the work turned over to patronage workers in the city's housing department.¹⁰

The mayor also changed her position regarding the establishment of a strong system of neighborhood planning councils to review major land use and development decisions. Upon her election, Mayor Byrne awarded a \$600,000 contract to the Chicago-based consulting firm of John A. Melaniphy Associates for the dual purpose of conducting a needs assessment of the city's 77 community areas and a feasibility study of various approaches to community planning. The firm produced a 600 page report describing neighborhood conditions throughout the city and presented a variety of alternative methods of establishing effective neighborhood planning councils. Mayor Byrne suppressed the release of the report and withdrew her support for the establishment of strong neighborhood planning councils with significant decision-making powers.

John Melaniphy explained the mayor's actions by noting the serious threat which strong neighborhood planning bodies presented to the traditional power of the local Democratic Committeemen whose influence had,

¹⁰John McCarron, "Is Chicago Ready For Reform?" Planning, Volume 50, Number 9, September 1984, p. 9.

in part, been based upon their perceived ability to protect neighborhood interests. Fully empowered neighborhood planning councils, as initially proposed by Jane Byrne, would have substituted private deal-making by party officials with participatory decision-making by community residents as the primary method for determining community priorities, plans and programs. If fully implemented, the neighborhood planning councils could have replaced local party organizations as the primary vehicle for the resolution of community problems and concerns. According John Melaniphy,

It's a political threat, Daley would never have it because he figured that what you ended up doing was establishing another hierarchy outside of the political hierarchy, which was dangerous. I think Jane Byrne came to the same conclusion as we neared the end of our study. With her election coming up, she buried it because she was afraid her enemies would use it against her.¹¹

Joel Werth, a project manager on the Melaniphy neighborhood study and former Washington administration official, revealed strong criticisms which community leaders had of the approach taken by Byrne to the needs assessment and feasibility study.

¹¹Interview with John Melaniphy, Senior Partner, John A. Melaniphy Associates, October 14, 1984, Chicago, Illinois.

The report itself and the concept of doing the neighborhood needs analysis, in the way we had structured it, was heavily criticized by community-based organizations as being the typical top-down approach to identifying needs where you hire a consultant and the consultant tries to find out what is happening in the community. While we did hundreds of interviews, it was still the mayor hiring an outside consultant to address community issues rather than the kind of grassroots empowering process of collaboration which community groups hoped for.¹²

In the end, the Byrne administration established eleven neighborhood planning districts to provide businesses and residents with input on land use and development decisions. However, these bodies were inadequately staffed, advisory in nature, and were generally consulted very late in the city's formal planning process. As a result, these citizen review committees had very little, if any, impact upon major planning decisions within the city. In fact, it is impossible to identify a single planning issue during the Byrne administration the outcome of which was affected by these bodies.

Mayor Byrne's record in strengthening the city's neighborhood stabilization programs was also somewhat mixed. On the positive side, she initiated a new

¹²Interview with Joel Werth, former Planning Director, Department of Housing, City of Chicago, October 15, 1984, Chicago, Illinois,

commercial facade improvement program to enhance the appearance of the city's neighborhood shopping districts. She also established a small business loan program to assist new start-up ventures. Furthermore, she increased funding for the city's neighborhood technical assistance program which helped organize area merchant associations and assisted small businesses with development financing. On the negative side, the mayor repeatedly used Community Development Block Grant (CDBG) monies appropriated for low and moderate income communities to pay for ongoing municipal operating expenses. In addition, she failed to reduce the proportion of capital improvement monies spent in the downtown area in order to increase funding to meet the infrastructure needs of Chicago's older residential and industrial areas.

The Chicago 1992 Comprehensive Plan, the administration's major planning document which was issued in 1982, failed to present policies or programs geared to advancing Byrne's reform agenda.¹³ This comprehensive plan, which included a ten year capital spending budget, stressed the importance of continued

¹³City of Chicago, Chicago 1992 Comprehensive Plan: Goals and Policies and Ten-Year Capital Development Strategy, Department of Planning, October 1982.

downtown development to accommodate the city's expanding financial services industry, increased the emphasis given to the establishment of new high-tech firms, and called for more programs aimed at bolstering Chicago's role as a tourism and convention center. While mentioning the need to preserve community institutions, expand affordable housing, improve educational quality, revitalize neighborhood infrastructure and maintain open spaces, the plan offered few programs to achieve these objectives. In addition, the capital spending budget which was included in the plan continued the city's historic emphasis on projects located in the central business district and at O'Hare International Airport. In presenting the Chicago 1992 Comprehensive Plan, the administration acknowledged its failure to consult business and community leaders in its formulation; however, it pledged to do so prior to the plan's final implementation.

Jane Byrne's funding of downtown development projects, abandonment of neighborhood planning councils, ambivalent support for neighborhood stabilization programs and production of a downtown-oriented comprehensive plan lacking major redistributational programs disappointed many of her

reform-minded supporters. Many came to view her policies as indistinguishable from those of the machine candidate she defeated.

Differing explanations emerged to explain why Byrne abandoned her reform commitments after the election. Some, like Milton L. Rakove, argued that Byrne could not satisfy the conflicting demands of the electoral coalition, made up of blacks, public employee union members and reform-minded whites, which elected her and, therefore, withdrew to the familiar policies and practices of the machine. Others, like Samuel K. Gove, suggested that Byrne realized that she needed the cooperation of the bureaucracy and support of the City Council which the Chicago Democratic Organization controlled and, therefore, sought an accommodation with them. Others, like Gregory D. Squires, argued that Byrne's reform credentials were always suspect and that she never really represented an alternative to the machine at all.

While reasonable cases can be made to support each of these viewpoints, another important factor contributing to Mayor Byrne's shift to more conservative policies after her election was the power of the city's financial community. When Byrne took

office, the city and its school district were facing serious budget deficits. Efforts by her, at that time, to implement major redistributational programs could have been responded to by the banks with threats to withhold desperately-needed short-term financing. Financial institutions in both Cleveland and New York City had already demonstrated their willingness to use their financial power to insure policies supportive of business. Rakove describes Byrne's shift in approach in the following way.

Faced with the reality of the power structure in Chicago, and probably aware of the tenuous character of the coalition that elected her, Byrne moved, not in any new direction, but rather toward the old, solid ground she was familiar with as a city hall politician and bureaucrat.¹⁴

D. The Growth of Mayor Byrne's Opposition

The electoral coalition that elected Jane Byrne in 1979 consisted of blacks, members of public employee unions and reform-minded whites, particularly those involved in Chicago's neighborhood organizing movement. The defeat in 1980 of the majority of the candidates which Mayor Byrne supported for local office indicated a serious weakening of her popular support. By the midpoint in her administration, the mayor appeared to have alienated significant elements

¹⁴Gove, p. 231.

of the electoral coalition which had swept her into office.

Black voters, 63% of whom had voted for Mayor Byrne in 1979, were particularly angry with her response to their concerns. Black leaders felt the mayor had failed to meet her commitment to provide their community with a "fair share" of municipal jobs and contracts. In fact, Byrne offered her own ten-point affirmative action plan only after having been confronted with a proposed City Council ordinance which would have established ambitious affirmative action goals for the city. However, after presenting her own plan the mayor did little to implement this program during her first term in office. A New York Times article made this point in the following manner.

In addition, Byrne promised to strike down the patronage system dominated by 11th ward jobholders in order to provide more and better jobs to the black community. Instead, after her election, she began to dominate rather than dismantle the system. Moreover, there was no change in the quality or quantity of patronage jobs available to blacks.¹⁵

The mayor also bypassed two highly qualified black candidates in filling sensitive top-level

¹⁵Bill and Lori Granger, Lords of the Last Machine, (New York: Random House, 1987), p. 111.

positions in her administration.¹⁶ After promising to appoint a Police Superintendent from outside the ranks of the Chicago Police Department, Byrne selected a local law enforcement official, who was white, named Richard Brzeczek to fill the post. In doing so, she passed over a highly regarded black Deputy Police Superintendent, whom she had appointed as Acting Superintendent, named Samuel W. Nolan. Likewise, in filling the position of Superintendent of Schools, Byrne failed to appoint a well-respected black Deputy School Superintendent named Manford Byrd and instead appointed Byrd's white assistant, Angeline Caruso, to the position.

The tough stands she adopted in negotiating contracts with the city's transit workers, firefighters and teachers unions resulted in strikes by all three labor organizations. Black leaders asserted that their community, due to its heavy dependence upon these three important municipal services, was particularly disadvantaged by these walkouts. Blacks made up the majority of the transit union's members as well as the transit system's ridership. As a result, the black community's income

¹⁶Nathaniel Sheppard Jr., "Top Appointments Draw Black Dissatisfaction." New York Times, August 22, 1982, Section IV, p. 5.

was reduced due to lost wages and its residents were inconvenienced by the loss of transit service. While the majority of Chicago's teachers were white, more than 85% of the public schools' students were black or Latino. These students missed days of instruction and many families had to pay for child care in households in which the parent(s) worked full-time. While most Chicago firefighters were white, the only two lives lost in fires during their walkout were black.

Black leaders were also angry by the approach which the mayor took to balancing the municipal budget. Byrne reduced social services, increased the transit fares by \$.10 and raised the city sales tax by 1%. In raising the sales tax, she opposed efforts by City Council Independents to exclude food and medicine purchases from this increase. These steps were loudly criticized by black leaders, who argued that social service reductions and regressive fiscal policies would have a strongly negative impact upon the poor in their communities.¹⁷

Her actions to restore white control over the Chicago Housing Authority by filling three recently added seats on the board with whites were bitterly

¹⁷Nathaniel Sheppard Jr., "Chicago Blacks Say Byrne Broke Pledge on City Jobs," New York Times, March 2, 1980, p. 20.

opposed by the black community. Likewise, her efforts to restore the white majority on the Chicago Board of Education by replacing two black members with white members known for their anti-busing views were also harshly criticized. These reactions by the black community were understandable given the fact that 85% of the families living in public housing were black and 80% of children attending public schools were black or Latino. Civil rights activists also blamed the mayor for being barred from attending a Chicago City Council hearing which discussed the Chicago Housing Authority appointments.

The mayor's treatment of black Alderman Allan Streeter, whom she had appointed to a vacant City Council seat, was also criticized by black leaders. After publicly opposing the mayor's white appointments to the Board of Education, Alderman Streeter became the victim of a vicious campaign by the mayor to discredit him. First, Byrne visited the alderman's district, declared it "filthy," and ordered the firing of the area's top three sanitation officials, all of whom were black.¹⁸ Second, she asked the Illinois State's Attorney's Office to investigate Alderman

¹⁸Nathaniel Sheppard Jr., "Support of Blacks for Chicago's Mayor Appears to be Eroding," New York Times, July 15, 1982, Section B, p. 4.

Streeter's conduct as a poverty program administrator prior to joining the City Council; she then informed members of the press that Streeter was under investigation. Finally, Byrne arranged to have another candidate oppose Streeter in the next Democratic party primary, which required him to expend additional amounts of time and money to retain his seat.

Finally, the mayor sought to reduce minority political power in 1980 by remapping the city's electoral districts so as to lower the number of black and Latino representatives. With the help of Alderman Thomas Carey, Chairman of the Committee on Committees and Rules, and former Alderman Thomas Keane, a map was produced that reduced the number of black majority wards by four and eliminated several Latino majority wards by including them in predominantly white wards.¹⁹

Byrne's treatment of the black community was compared, by many civil rights leaders, to that of Richard J. Daley. During Daley's tenure as mayor, he froze black patronage at low levels, refused to address fair housing issues raised by Dr. Martin

¹⁹Dempsey J. Travis, An Autobiography of Black Politics, (Chicago: Urban Research Press, Inc., 1987), pp. 537-542.

Luther King Jr., ordered police to "shoot to kill" looters during riots following Dr. King's death, slated Illinois State's Attorney Hanrahan for re-election following his role in the killing of Black Panther Party leader Fred Hampton, and unsuccessfully opposed black Congressman Medcalfe for re-election after he accused the Chicago Police Department of brutality towards blacks. In response to Byrne's insensitive response to black concerns, her support among black voters declined dramatically. A January 12, 1983 New York Times article, by Nathaniel Sheppard, made this point in the following way.

Although there have been no recent polls to indicate the Mayor's current standing among blacks, the feeling of many students of politics is that she has done too much damage to her reputation to turn sentiments around by primary day.²⁰

The leadership, and the rank and file of the city's major public employee unions were also disenchanted with Mayor Byrne. Her collective bargaining positions had forced three of the city's largest municipal unions to go on strike. In addition, the mayor had permitted the passage of a City Council measure which sought to return 25,000 city jobs to the patronage system. Furthermore, the

²⁰Nathaniel Sheppard, Jr., "Mayor Byrne and Blacks." New York Times, January 12, 1983, p. 13.

mayor frequently attacked city workers in the press for being lazy and incompetent. Finally, the mayor's repeated reorganization of municipal agencies had generated a great deal of anxiety in the municipal workforce. A U.S. News and World Report article describe Byrne's first years in office in the following manner.

During her first three years in office, Byrne's popularity sagged under her reputation as an irascible administrator who fired employees by whim, increased taxes and spent lavishly.²¹

Reform-minded supporters of the mayor, particularly those involved in the city's neighborhood organizing movement, were also disappointed by the mayor's performance in office. They were frustrated by her failures to institute good government reforms and to promote a more balanced pattern of growth in the city. As a reformer, Byrne was criticized for her unwillingness to dismantle the patronage system, curb the power of the machine and dismiss officials of questionable ethics as well as for her nepotism in hiring. As a neighborhood advocate, she was challenged for her support for continued downtown investment, abandonment of community planning councils

²¹"Chicago's Bare Knuckle Race For Mayor," U.S. News and World Report, February 21, 1980, p. 59.

and failure to more adequately support community based organizations. As a result of these actions, significant numbers of reform-minded liberals and indigenous community leaders withdrew their support from the mayor.

Byrne's loss of support from among the leadership of Chicago's neighborhood organizing movement was particularly important because the influence of these organizations had grown significantly since the early 1960s. At that time, most community organizations were established through local religious institutions, were staffed by part-time clergy organizers and focused upon narrowly defined municipal and social service issues which they addressed by attacking city hall. Heavily influenced by the civil rights, welfare rights and anti-war movements of the 1960s, community organizations in the 1970s and 1980s began to unite people from different neighborhoods as part of city-wide organizations aimed at addressing larger social issues, such as utility rate structures, tax reform, comparable worth and plant closings.

In the early 1970s, Chicago witnessed the establishment of its first city-wide citizen action groups when Citizens Against Pollution (CAP) and the Metropolitan Area Housing Alliance (MAHA) were formed.

These groups brought together neighborhood leaders from throughout Chicago to address issues too large for individual neighborhood organizations to handle. Janice E. Perlman described the early successes of the CAP organization in the following way.

In Chicago, a group called CAP successfully thwarted Mayor Daley and his powerful political machine by stopping the construction of the massive Crosstown Corridor Expressway which would have destroyed numerous multi-racial neighborhoods from the inner city to the suburbs. It also is getting tax reassessment for industrial and residential properties and is forcing banks and savings and loan associations to make loans in the neighborhoods where investors live.²²

The success of these groups in impacting upon larger social issues encouraged the formation of numerous other city-wide community organizations in the late 1970s and early 1980s. Among these groups were the Northwest Federation, the Southwest Parish Federation, the Union of Neighborhood Organizations (UNO), and the Save Our Neighborhood/Save our City Coalition (SON/SOCC). These organizations addressed city-wide issues, challenged leaders to develop more sophisticated analyses of community problems, united citizen and labor organizations, developed electoral

²²Janice E. Perlman, "Grassrooting the System," Social Policy, September/October 1976, Volume 7, Number 2, p. 6.

campaigns, projected broader social visions and were staffed by full-time professional organizers. Leaders of these organizations were usually trained at one of Chicago's many community organizing schools, such as the Industrial Areas Foundation (IAF), the National Training and Information Center (NTIC) or the Midwest Academy. In addition, many of these new community organizations established community development and affordable housing projects in order to encourage community-controlled development. By the early 1980s, this network had grown in size and influence within the city, as elsewhere, and represented an important base of political support. According to Frank Cizon, Executive Director of Trust Inc.,

Chicago has probably the strongest, most sophisticated, most elaborate form of community organization in the entire country. They are doing really good things in the neighborhoods and they want a voice in not just implementation of what someone else planned but in the planning itself, in the decision-making itself, and in the kinds of directions which the city is taking.²³

Mayor Byrne's loss of significant support among the leadership of such groups represented a serious challenge to her re-election bid.

Mayor Byrne's political problems intensified in

²³Interview with Frank Cizon, Executive Director, Trust Inc., November 15, 1984, Chicago, Illinois.

1980 when 200 Chicago civil rights organizations formed an umbrella group to monitor racism in the city. The coalition, which included such groups such as Operation PUSH, The Woodlawn Organization (TWO), People Organized For Welfare and Education Rights (POWER), and the Urban League, pledged to file suits opposing discriminatory practices, introduce legislation to permit the mayor's recall by referendum and initiate a massive voter registration drive in the black community. In joining the movement, Reverend Jessie Jackson stated, "We have been closed out of every important decision in the city." In commenting on Mayor Byrne's tenure as mayor, U. S. Representative Harold Washington described the mayor as "psychologically incapable of running the city."²⁴

Responding to the continued failure of the Byrne administration to address important black concerns, this group organized the People's Coalition to Boycott ChicagoFest in 1982 for the purpose of organizing a black merchant and consumer boycott of the city's major, week-long cultural event. Accompanying the successful boycott was a major voter registration

²⁴Nathaniel Sheppard Jr., "Blacks In Chicago Mobilize on Racism." New York Times, February 17, 1980, p. 27.

drive in the black community which added 100,000 new voters to the election rolls. A New York Times article described the effect of the boycott in the following manner,

Attendance and receipts at ChicagoFest were down appreciably from the previous year and the major voter registration effort that accompanied the boycott signed up 125,000 to 200,000 new black voters.²⁵

In the Fall of 1982 the coalition intensified its registration effort in the black community and was joined by progressive community organizations representing whites. With the assistance of the city's four black radio stations, a \$50,000 donation from a black businessman and the efforts of scores of civil rights groups, the campaign brought the number of new black voters to 250,000. A New York Times article described the campaign in the following way,

Registration tables were set up in churches, fast-food franchises, grocery stores, unemployment offices, and public assistance centers.²⁶

As a result of this effort, more than 40% of those eligible to vote in the 1983 mayoral primary were black.

²⁵Nathaniel Sheppard Jr., "Mayor Byrne and Blacks." New York Times, p. 3.

²⁶Nathaniel Sheppard Jr., "Blacks In Chicago Press Voting Drive." New York times, January 26, 1988, p. 13.

Gregory D. Squires described the energy of the expanded Fall campaign, which included the participation of white community organizations, in the following way,

They passed the word, staffed the registration tables, and seemed to have taken seriously the prospect of using the upcoming mayoral election to upset the machine's applecart. The seeds of the regular Democrats indifference to black and most neighborhood interests were at last bearing fruit.²⁷

The voters organized by this grassroots campaign of the city's civil rights and community organizations represented a significant base of opposition to the Byrne administration, if it could be mobilized!

²⁷Gregory D. Squires, Larry Bennett, Kathleen McCourt and Philip Nyden, Chicago: Race, Class and Response to Urban Decline. (Philadelphia: Temple University Press), 1987, p. 87.

III. The Washington Campaign and the Transition Process

A. Economic Conditions Prior to the Washington Election

While Chicago was still referred to by many in 1983 as the "city that works," its economy had, in fact, been experiencing serious problems since the mid-1940s. Among these problems were a significant decline in its manufacturing base, serious losses in its retail sector, substantial suburban competition for commercial office tenants, ongoing encroachment by the trucking industry into its railroad and shipping businesses, new entrants into the commodities market and a declining population. These economic problems left Chicago with a growing number of abandoned industrial properties, a surplus of unused railroad and shipping facilities, an increasing vacancy rate for commercial space, an aging infrastructure and a mounting municipal debt. These problems made it increasingly difficult for the city to adequately respond to the growing social service needs of its low income residents.

Among the most severe problems faced by the regional economy in the early 1980s was the dramatic

decline of its industrial sector. According to a study completed by Professor Wim Wiewel of the University of Illinois at Chicago, manufacturing employment fell in the Chicago region by more than 125,000 jobs, a loss of 18%, in the period between 1947 and 1962.¹ After a modest rise in manufacturing employment between 1967 and 1982, regional manufacturing employment dropped by an additional 250,000, an overall decline of 46%, in the period between 1967 and 1982. The City of Chicago was particularly affected by the loss of industrial firms during this period. According to Chicago Tribune urban affairs writer, Richard C. Longworth, the City of Chicago lost more than 2,000 of its 8,000 manufacturing firms between 1970 and 1985.² According to Wiewel, manufacturers left the city due to the high costs of operating in multi-story loft buildings, high local property taxes (Cook County, for example, taxed its industrial properties at 40% of their assessed value while nearby DuPage and Lake Counties taxed such

¹Wim Wiewel, The State of the Economy and Economic Development in the Chicago Metropolitan Region (Chicago: University of Illinois at Chicago, 1986), p. 2.

²Richard C. Longworth, "Boom Times: High Tech and the Reforged Steel Town," Chicago Tribune, February 17, 1986, Section A, p. 8.

properties at 33% of their assessed value.), deteriorating infrastructure, a less well-trained workforce, as well as a variety of social problems, including a high crime rate, a poor educational system and widespread municipal corruption.

The Chicago region's job performance record trailed that of the nation in other major business sectors as well. This is apparent from the data presented in Table 3.1 which compares the job performance of the Chicago region to that of the nation for six major business sectors for the period from 1960 to 1982.³

Table: 3.1

Chicago Job Performance Compared to the Nation

1960-1982

<u>Sector</u>	<u>Chicago</u>	<u>U.S.</u>
Services	+92%	+158%
Finance, Insurance, Real Est.	+64%	+104%
Government	+67%	+ 89%
Wholesale, Retail Trade	+41%	+ 80%
Trans./Util./Construction	-10%	+ 30%
Manufacturing	-20%	+ 12%

³Robert Wiedrich, Make No Little Plans: Jobs for Metropolitan Chicago (Chicago: The Commercial Club of Chicago, 1984), p. 11.

According to the Commercial Club report, if the Chicago regional economy had performed as well as that of the nation during this period, area employment would have increased by 239,000. While this figure represented only 8% of Metropolitan Chicago's 1980 workforce, it was roughly equivalent to the number of Chicago residents who were unemployed at that time.

The Chicago region's job generation record also compared poorly to the thirteen other major metropolitan areas which the Commercial Club studied. In fact, it out-performed only New York and Cleveland, both of which faced municipal bankruptcies during this period. Table 3.2 which appears on the following page compares Chicago's job creation performance to that of other major metropolitan areas for the period between 1960 and 1982.⁴

⁴Wiedrich, p. 12.

Table 3.2
Chicago's Job Creation Performance
Compared to Other Metropolitan Areas
1960-1982

<u>Metropolitan Area</u>	<u>% Change in Employment</u>
Houston	+246%
Atlanta	+172%
Dallas-Ft. Worth	+147%
Minn.-St. Paul	+ 90%
L.A.-Long Beach	+ 63%
Indianapolis	+ 53%
Milwaukee	+ 38%
Boston	+ 37%
St. Louis	+ 33%
Detroit	+ 30%
Philadelphia	+ 26%
Chicago	+ 24%
Cleveland	+ 21%
New York	+ 0%

Based upon its study of the regional economy, The Commercial Club of Chicago described the health of the area economy in the following manner.

Metropolitan Chicago has been losing its share of the national job market. Enterprises of all types are moving overseas, to the Sunbelt or to nearby states

because of the perception that the business climate in Illinois and the metropolitan area is not favorable. It has become increasingly evident that, if something is not done soon to reverse the area's declining fortunes, one of the world's most desirable places in which to live and do business could become seriously impaired.⁵

Throughout the post-war period, the employment and economic conditions in the Chicago metropolitan region were much more favorable than those within the City of Chicago. While the suburban communities in the Chicago area experienced a 13.0% decline in manufacturing employment between 1972 and 1983, Chicago's manufacturing employment fell by 40.7%.⁶ While the number of manufacturing firms in suburban Chicago increased by 21.9%, the number fell by 27.7% within the city.⁷ While suburban non-manufacturing employment increased by 48.1%, Chicago's non-manufacturing employment fell by 5.0%.⁸ Richard C. Longworth of the Chicago Tribune described the performance of the city's economy since 1970 by saying,

⁵Wiedrich, p. 6.

⁶Wiewel, p. 11.

⁷Ibid.

⁸Ibid.

What happened to Chicago is a loss of one quarter of its factories and almost 250,000 manufacturing jobs. Service sector employment increased, but not enough to take up the manufacturing slack. As a result the city's purchasing power, the amount of money its people have to spend has gone down, leading to the loss of 20,000 stores and the collapse of whole neighborhoods into a Third World stage. With fewer people, jobs, and businesses the city has less tax money to improve and revitalize itself.⁹

This concern about the state of the municipal economy was echoed in the "Chicago Works Together": 1984 Development Plan which was issued by the City of Chicago's Department of Economic Development.

The seriousness of Chicago's economic circumstances, suggested by the following statistics, demand that local government meet the needs of Chicagoans with innovative and concerted public action. In 1983, almost 218,000 Chicagoans, two-thirds of whom are women, were unemployed and looking for work. Chicago suffered a net loss of 123,500 jobs between 1972 and 1981; youth have been particularly hard hit by unemployment. There are currently at least 33,800 unemployed youth in Chicago, almost 60% of whom are minority. Demolition, deterioration, and arson have claimed an estimated 60,000 housing units over the past 10 years.¹⁰

The particular economic problems facing the city's poor were highlighted by a university study

⁹Richard C. Longworth, "The Global Economy: America Losing Footing in Uphill Fight," Chicago Tribune, February 17, 1986, Section 1, p. 8.

¹⁰City of Chicago. Department of Economic Development. 1984. "Chicago Works Together": 1984 Development Plan.

completed in 1984, which revealed that more than one third of all Chicago families in 1983 faced economic hardships requiring them to forego such necessities as food, housing and medical care at least once during the year.¹¹

Adding to the city's problems was the flight of its middle class to the suburbs. The city experienced a significant loss of middle income families during the period between 1960 and 1980. A recent Chicago Tribune article described this problem in the following manner.

Chicago suffered a 'staggering' net loss of 201,568 middle income families between 1960 and 1980, according to a study released Sunday. The families were significantly white, but the study also found that significant numbers of middle-class black and Hispanic households left the city.¹²

The study stated that these people moved out, 'for fear their investment in their homes was in jeopardy,' due to the increasing numbers of low-income minority residents moving into their neighborhoods. The loss of these families and their resources reduced the

¹¹Stanley Ziemba, "Good News Hasn't Reached Poor: Improved Economy Fails to Trickle Down Enough to Help A Third of the City," Chicago Tribune, September 21, 1986, Section 2, p. 1.

¹²Stanley Ziemba, "How City's Middle Class Headed Out," Chicago Tribune, February 24, 1986, Section 5, pp. 1-5.

ability of the city to support the services needed by its growing numbers of poor residents. As a result of these trends, Chicago United, a local civic group, found that,

By 1981 over 40% of general revenue for the city came from intergovernmental aid. Nearly one out of three Chicagoans in 1982 received some form of federal assistance.¹³

Regardless of whose analysis of the regional economy one accepts, it is quite clear that the City of Chicago faced serious economic challenges on the eve of its 1983 mayoral election. These economic problems were, at that time, described by business leader Barry F. Sullivan in the following manner.

The need for such a thorough review is perhaps best demonstrated by the recent data detailing Chicago's economic health over the last decade. The common denominator for nearly all indices is one word- decline.¹⁴

This situation served to make local economic development policy a key issue area in the election. In the Democratic primary, challengers Richard M. Daley Jr. and Harold Washington continually railed against the "trickle down" economic policies of President Reagan on the national level and Mayor Jane

¹³Barry F. Sullivan, Economic Development: A Proposal For the Economic Development Commission, (Chicago: Chicago United, 1984), Preface.

¹⁴Sullivan, Preface.

M. Byrne on the local level. Both argued that they would provide better stewardship over the local economy than the incumbent. Each candidate ran against Byrne's economic development policies, programs and record. They accused her administration of having confused development policies, a poor implementation record and biased purchasing and contracting procedures. Daley and Washington also argued that the incumbent's policies and programs were insensitive to the needs of the city's neighborhoods.

B. The 1983 Chicago Mayoral Election

The 1983 Democratic primary pitted incumbent Mayor Jane M. Byrne against Illinois State's Attorney Richard M. Daley and U.S. Representative Harold Washington. Most political observers viewed the primary as a two way race between party regulars Byrne and Daley. Washington, a reform candidate, was not seen as a strong candidate despite his 1977 primary performance in which he captured 5 wards and 11% of the vote in a poorly financed and late starting campaign.

The lack of serious attention given to the Washington campaign may be explained by the failure of many commentators to have observed the growing electoral strength of Chicago's black voters. Since

1940 the racial composition of Chicago's voting age population had shifted dramatically. The predominance of whites among the voting age population had all but vanished by the 1980s. This trend is clearly evident in Table 3.3 which presents the changing racial composition of the Chicago voting age population for the period from 1949 to 1980.

Table 3.3
Racial Composition of Chicago's Voting Age Population
1940-1980¹⁵

<u>Election Year</u>	<u>White Voters*</u>	<u>Black Voters*</u>	<u>% White</u>	<u>% Black</u>
1940	2,205	191	86.6	7.9
1950	2,230	345	79.7	13.3
1960	1,850	471	71.7	20.2
1970	1,513	576	63.1	27.1
1980	946	758	48.3	34.7

(Note * denotes thousands of voters.)

The structural changes in the composition of the local electorate revealed by this table illustrated

¹⁵Paul Kleppner, Chicago Divided: The Making of a Black Mayor. (DeKalb, 1985), p. 67.

the growing potential for political power which the black community in Chicago had acquired in the early 1980s. In recent years, this potential for political power had been transformed into actual influence through increased registrations and higher turnouts among black voters. This is revealed by the data presented in Table 3.4 which appears on the following page which compares white, black and Latino voter registrations and turnouts between 1975 and 1983. Between 1979 and 1982 black voter registration increased by over 127,000, bringing black voter strength to 647,000.¹⁶ During the same period white voter registration increased an insignificant 1,656. According to a Chicago Tribune article by Mitchell Locin, Chicago voter registrations increased by 250,000 in 1982 and 1983 with more than 150,000 of these new voters being black.¹⁷

Beginning in 1980, black leaders and community activists made serious plans to initiate widespread voter registration activities in order to increase black political influence in the city. These organizational activities received a great deal more

¹⁶Kleppner, p. 148.

¹⁷Mitchell Locin, "Mayor, Byrne Split on Division," Chicago Tribune, February 14, 1987, Section 1, p. 5.

Table 3.4

Registration and Turnout as a % of Voting Age Pop. 1975-1983¹⁸

<u>Election</u>	<u>Registrations</u>			<u>Turnouts</u>		
	White	Black	Latino	White	Black	Latino
Primary 75	81.1	70.9	34.5	48.5	34.1	24.9
Primary 77	84.5	77.9	35.9	44.8	27.4	23.8
Primary 79	77.4	69.4	31.5	48.9	34.5	18.3
General 82	78.3	86.7	35.1	54.0	55.8	20.9
Primary 83	83.2	87.2	36.1	64.6	64.2	23.9
General 83	83.2	89.1	37.0	67.2	73.0	24.3

¹⁸Kleppner, p. 149.

support in 1981 and 1982 from black political leaders as a result of what they perceived as attacks on the black community by the Reagan administration. In addition, many civil rights leaders were outraged by a number of Jane Byrne's actions, which were described in Chapter II, that they interpreted as being anti-black. Byrne's actions angered the leaders of the black community and propelled them into action. Led by the black churches, more than 200 minority organizations joined together in a massive voter registration drive, the theme of which black radio stations repeated throughout the primary season, "Come Alive, October 5." These organizations also worked together to organize a protest against Mayor Byrne's 12 day ethnic festival called ChicagoFest. According to columnist Mitchell Locin,

Byrne's actions and patronizing attitudes toward the black community sowed the seeds of the political revolution that came to fruition in 1983.¹⁹

As the primary approached, Washington gained the support of various neighborhood-based community organizing networks from throughout the city. With the assistance of the skilled organizers from these

¹⁹Mitchell Locin, "Petitions Stirring Up Black Vote," Chicago Tribune, August 28, 1986, Section 1, pp. 1,16.

community organizations Washington's campaign was able to mobilize political support in neighborhoods outside of Washington's traditional black electoral base. The support of The Chicago Workshop for Economic Development (CWED) was particularly helpful because it had developed a rather detailed platform for a progressive approach to local economic development in Chicago. Washington was so impressed by CWED's economic development position papers that he had several of his long-time supporters meet with the group in order to formulate the economic development sections of his major campaign document, the Washington Papers. Robert Mier, Washington's Commissioner of Economic Development described this process in the following manner.

The Mayor put together a committee to look at his economic development policy which was broadened from the community-oriented and academic-oriented actors who put together the CWED economic development platform. They brought in some business people, from large and small business, minority entrepreneurs, and civic people. The change was really one to be more sensitive to small business problems and opportunities. That platform--once adopted was his basis for campaigning and his pledge as to what he would do in the economic development area when he was elected.²⁰

²⁰Interview with Robert Mier and Arturo Vasquez, former Commissioner and Deputy Commissioner, Department of Economic Development, City of Chicago, July 23, 1986, Chicago, Illinois.

CWED's involvement in the campaign went beyond providing substantive input on the Washington campaign platform. Most CWED activists became deeply involved in the campaign effort. Kari J. Moe, a CWED activist, was appointed the Issues Coordinator for the campaign.

In a hotly fought primary, 424,146 people voted for Harold Washington, 388,259 people voted for Jane Byrne, and 344,720 people voted for Richard Daley. Washington captured 36% of the vote while Byrne received 34% of the vote and Daley 30% of the vote. During the last weeks of the campaign, race became a key issue in the election. This reality was driven home by a widely circulated news story which reported the following remarks by Alderman Edward Vrdolyak to Democratic precinct workers during a Northwest side rally during the last week of the contest.

Don't kid yourself, it's a racial thing.
I'm calling on you to save your city, to
save your precinct. We're fighting to keep
this city the way it is.²¹

Few political observers expected the March election between Harold Washington and Republican nominee Bernard O. Epton to be much of a contest. During the years when Richard J. Daley had been mayor and Cook County Democratic leader he had managed to

²¹Dirk Johnson, "Chicago Re-elects Washington as Mayor," New York Times, April 8, 1986, Section A, p. 20.

all but eliminate the local Republican Party as an electoral force. Yet, Harold Washington won the election by less than 50,000 votes. While 668,176 individuals voted for Washington, 619,926 individuals cast ballots for Epton. On a percentage basis, Washington captured only 51.8% of the votes as compared to Epton's 48.2%.²² Race became the major theme in the general election as many Democratic leaders and voters left the party to donate money, volunteer time and cast ballots for the white candidate, Republican Bernard Epton. The Epton campaign sought to capitalize on the prevailing racial fears by printing buttons, posters and bumper stickers which simply said, "Epton, Before It's Too Late." According to political scientist Paul Green,

A city that had not had a Republican mayor in 52 years became embroiled in a racial struggle that saw many white Democrats shift to Republican Bernard Epton."²³

Green then proceeded to describe the not so subtle efforts of significant elements of the Chicago Democratic Organization to elect Republican Epton, the white challenger, rather than support their own party's black standard bearer.

²²Green, p. 124.

²³Green, p. 48.

In the end, no more than six white committeemen publicly supported Washington, while eight openly opposed him, and most others quietly aided Epton's cause. Democratic precinct workers on the Northwest and Southwest Sides were 'all out for Epton,' according to one whose committeeman was nominally for Washington. The Democratic nominee received no major financial support from any of the Democratic organizations in the white wards, while money flowed to Epton from close friends, business associates, and law partners of several Democratic committeemen.²⁴

Despite the lack of support from the party machinery, Harold Washington won the election by capturing almost all of the black, half of the Latino, and enough of the Lakeshore middle class vote to edge out Epton in the general election. Political reporter Ben Bradlee, Jr., who covered the 1983 election, described the Washington victory in the following manner.

The election of Harold Washington as mayor of the City of Chicago in 1983 may be viewed as the culmination of black dissatisfaction with the Chicago Democratic machine that had been building for years.²⁵

C. The Washington Administration Assumes Office

Harold Washington's election as mayor of the City of Chicago on April 12, 1983 demonstrated the

²⁴Kleppner, pp. 196-197.

²⁵Ben Bradlee Jr., "Chicago Still 'City That Works': But Wounds Remain From the Mayor's 1983 Campaign Battle with the Party Machine," Boston Globe, June 9, 1985, Section A, pp. 1,3.

existence of a significant level of support for reform politics within the city. Harold Washington was elected on a platform calling for open government, citizen participation, an end to patronage, affirmative action, increased job opportunities for Chicagoans, and a new commitment to the future of neighborhoods. This program was clearly stated in his key campaign document, called the Washington Papers.²⁶ This program was shaped through a participatory process involving input from 150 individuals representing 75 church, labor, minority and community groups.²⁷

Upon his election and prior to assuming office, the Mayor-elect organized a Transition Team which involved 250 individuals from over 200 separate organizations. This group was asked to examine current municipal policies and programs in order to make recommendations to the Mayor aimed at achieving the policy objectives presented in the Washington Papers. Each newly appointed department head was expected to develop a strategic plan geared towards implementing the major recommendations of the

²⁶Mier, p. 299.

²⁷City of Chicago. Department of Economic Development. 1984. "Chicago Works Together": 1984 Chicago Development Plan. City of Chicago, p. 2.

Transition Team Report.²⁸ As he prepared to assume office the mayor continued the participatory and collaborative approach to policy-making and planning which had marked his campaign. Elspeth Revere, Executive Director of the Woodstock Institute, described the Transition Team process in the following way.

There was a very, very good transition process that was undertaken right after the mayor was elected and before he took over the office. It was a process where lots and lots of people from all sectors worked upon plans to advise the new administration in particular areas. . . . We staffed the housing transition planning effort and that was an effort which involved 70 or 80 people on a variety of committees. There were people from the community, there were developers, there were all the people who had any interest in the housing area. It was one of the first times all these different sectors had worked together. . . . It was really an open process with a lot of participation and it really brought people to the table who hadn't talked much before and was a real good step at developing consensus.²⁹

The mayor-elect took another important step towards achieving the reform goals of his campaign by settling, prior to assuming office, a longstanding

²⁸Washington Transition Committee, 1983. Towards a Prosperous, Compassionate and Efficient Chicago. (Chicago: Washington Transition Team).

²⁹Interview with Elspeth Revere, Executive Director, The Woodstock Institute, July 26, 1986, Chicago, Illinois.

suit against the city related to political patronage. By agreeing to limit the number of his political appointees to 900, a figure representing approximately 2.2% of the city's workforce, Washington resolved the Shakman complaint against the city. In doing so, he made an important contribution towards ending the city's seventy-five year practice of political patronage. Harold Washington viewed this as one of the major accomplishments of his administration and described it, during his 1987 campaign, in the following way.

We opened up City Hall, we ended patronage, and, I submit to you, patronage is dead. I buried it. . . . In its place, we have organized labor and a system of collective bargaining.³⁰

The mayor-elect also appointed well-known community activists to key positions within his new administration. This was particularly true of his appointments in the Department of Economic Development. The Mayor appointed University of Illinois at Chicago Professor Robert Mier as Commissioner of this key department. Mier had spent more than ten years working with community development organizations through the University of Illinois's

³⁰Michael Galvin and Mitchell Locin, "83 Spirit Rekindles by Mayor," Chicago Tribune, February 17, 1987, Section 1, pp. 1-2.

Center for Urban Economic Development and was well respected by both good government reformers and progressive community activists. In addition, the Mayor appointed Arturo Vasquez and Kari J. Moe as Deputy Commissioner and Assistant Commissioner within this agency. Vasquez, a long-time community activist, along with Moe had been deeply involved in The Chicago Workshop For Economic Development (CWED) which had been organizing on the local and state level against enterprise zones legislation and in favor of more progressive approaches to local economic development. Finally, the Mayor appointed Robert Giloth, the former director of the 18th Street Development Corporation, a local development corporation and technical assistance provider located within the Bohemian and Mexican community of Pilsen, as Deputy Commissioner for Research and Policy Analysis. Washington also appointed community activists to important policy positions in other city departments as well. For example, he appointed Elizabeth Hollander, an experienced good government advocate, as Commissioner of the Department of Planning and Howard Stanback, a radical economist, as Deputy Director of the Mayor's Office of Employment and Training.

Shortly after assuming office in April of 1983, the mayor formed a Development Subcabinet to further refine and implement the economic development agenda he had presented in the Transition Team Report. This committee included representatives from the Mayor's Offices of City Development, Budget and Management, Employment and Training, Law, and Inquiry and Information; and from the Departments of Economic Development, Housing, City Planning, Public Works, and Aviation. This planning group was formed in order to address problems caused by the decentralized and uncoordinated nature of Chicago development planning. Soon after assuming office, Mayor Jane Byrne had divided planning responsibilities among three agencies. Many felt she did this to prevent anyone from acquiring the kind of power that long-time Chicago planner, Lewis Hill, had acquired in the Daley administration. Byrne made the Department of City Planning responsible for all planning activities within the central business district, known as the Loop, as well as all zoning matters city-wide. Outside of the Loop she gave the Department of Housing city-wide responsibility for housing and community development matters. In 1982, she established the Department of Economic Development and made it

responsible for job retention and expansion, as well as neighborhood planning outside of the downtown.

The mayor expected his newly formed Development Subcabinet to develop an integrated approach to this important policy area. As a result, he hoped more projects would be initiated and executed in a timely manner. Pat Dowell, a planner with the Department of City Planning, described the role of the Development Subcabinet in the following manner.

Prior to his administration, we really didn't have a development plan nor did all development departments work together to make decisions about the future of the city. Mayor Washington created, at a very high level, a coordinating committee for development departments to look at all development decisions of which economic development is one.³¹

Washington's strategic approach to local development planning differed dramatically from that of his predecessors. Richard C. Longworth, of the Chicago Tribune, described the planning process under Mayor Richard J. Daley Jr. in these words.

There was a tremendous amount of cooperation, in this case meaning that Daley would call businessmen up and say, 'I'm going to do this stuff- that sort of thing. You are going to pay for it. You are going to lend me the money to do this and, in return, you are going to make a lot of money

³¹Interview with Pat Dowell, Senior Planner, Department of City Planning, City of Chicago, July 24, 1986, Chicago, Illinois.

off of it.' They would say, 'Yes boss,' cause that would sound just fine to them, and that's how it happened.³²

John Melaniphy, a former planning consultant to the Byrne administration, compared the planning processes of her administration with those of Harold Washington by saying,

I think the previous administration reacted to individuals who had deals. . . It was a short-term approach, I guess is the best way to paraphrase it. It was a short-term approach to utilizing money and space that was available. It was politically motivated. Often the best project didn't get funded. The one where the individual was most well-connected saw the bread. I would say that one of the differences today is that Rob Mier has attempted to establish a program that is not immediate 'let's solve all the problems today,' but looks at the longer-range situations and solutions and has worked more with the community than any of his predecessors.³³

In the Spring of 1984, Mayor Washington asked his Development Subcabinet to develop a policy plan that would articulate the new administration's economic development philosophy and present its program. The Development Subcabinet began this process by asking its staff to review the economic development components of both the Washington Papers and the

³²Interview with Richard C. Longworth, Urban Affairs Writer, Chicago Tribune, March 4, 1986, Chicago Illinois.

³³Interview with John Melaniphy, Senior Partner, MelaniphyAssociates, Inc., March 24, 1986, Chicago, Illinois.

Transition Team Report. According to a recent article in the Journal of the American Planning Association by Robert Mier, Kari J. Moe and Irene Sherr,

The commissioners reviewed the briefing document and, during a lengthy consensus-building process distilled its long list of objectives into thirteen priority objectives.³⁴

The Development Subcabinet, with staff support, then proceeded to reorganize these objectives into five broad goals and a series of related policies as part of the "Chicago Works Together": 1984 Chicago Development Plan.

³⁴Robert Mier, Kari J. Moe and Irene Sherr, "Strategic Planning and the Pursuit of Reform, Economic Development and Equity," Journal of the American Planning Association Volume 52, Number 3, (Summer 1986), pp. 299-309.

IV. Mayor Washington's Development Agenda and Early Decisions

A. The "Chicago Works Together": 1984 Development Plan

The Washington administration released the "Chicago Works Together": 1984 Chicago Development Plan in May of 1984. It committed the new administration to achieving the following tangible outcomes during it's next twelve months in office; the retention and/or creation of 10,000 permanent jobs for Chicagoans; the training of 12,000 residents in employment skill areas in order to enable them to secure full-time work; the rehabilitation and/or construction of 6,000 new affordable housing units for low and moderate income families; an increase in purchasing from local Chicago vendors by the City of Chicago from 40% to 60% (Of these municipal purchases of goods and services, the administration required that 25% be from minority or women-owned enterprises); and, a commitment from the city to working with the private sector in order to expand local purchasing by more than \$250 million.

These specific development targets were to be pursued in order to achieve the five primary economic development goals of the Washington administration.

First, the administration sought to increase job opportunities for current Chicago residents. The Chicago Works Together Plan stated,

Therefore, all investments by the city-- loans, grants, or purchases--will be evaluated according to the number of jobs they can potentially retain or create."¹

The plan featured five broad policies aimed at achieving this goal. Among these policies were: targeted business development, local preference in hiring, expanded job training, infrastructure investment, and aggressive pursuit of affirmative action. The most dramatic of these proposals was the suggestion that the city should use its investment leverage to encourage employers to accept employee referrals from among the unemployed made by the Mayor's Office of Employment and Training (MET). The goal of directing 25% of all city purchasing dollars to minority and women-owned firms was also viewed as significant. As of 1984, the City of Chicago generated almost \$400 million in contracts for municipal services and activities related to the operation of O'Hare International Airport.

Second, the city stated its strong intention to

¹City of Chicago. Department of Economic Development. 1984. "Chicago Works Together": 1984 Chicago Development Plan. City of Chicago, p. 4.

pursue economic development programs aimed at encouraging the development of a pattern of "balanced growth" within the city. The administration stated its desire to promote new economic opportunities in Chicago's residential neighborhoods rather than concentrating public investment primarily in the downtown area. They sought to do so through a series of policies focused on: the achievement of a downtown and neighborhood balance; increased public/private partnerships; and the development of a more equitable tax structure and a strengthened tax base. Among the most interesting of these policies was the inclusion of a linked development initiative in the plan. By means of this policy, the administration hoped to insure neighborhood residents a fair share of downtown development benefits. Under various linked development formulae, downtown developers of commercial space are taxed in order to generate revenues to support neighborhood housing and community development activities. Typically, such impact fees are argued for on the basis that downtown office projects increase residential rents because they draw employees from outside of the city who then need to be housed. According to the Urban Land Institute, as of the end of 1984 six communities, including San

Francisco, California, Boston, Massachusetts, Santa Monica, California, Seattle, Washington, Miami, Florida, and Princeton and Princeton Township, New Jersey had enacted such local ordinances.²

Third, the administration committed itself to aiding neighborhoods through new forms of public/private partnerships and coordinated investments. The administration planned to achieve this goal by expanding public participation in planning, formulating linked development strategies, and expanding the city's housing supply. Its most noteworthy initiative in this policy area was the administration's proposal to decentralize the delivery of vital municipal services through the use of a network of community-based organizations known as delegate agencies. The administration's willingness to commit itself to the construction of a specified number of new subsidized housing units was also seen as a bold step.

Fourth, the plan featured a strong commitment to expanding citizen participation in the local development planning and policy-making process. The

²Douglas Porter, "The Linkage Issue: Introduction and Summary of Discussion," in Downtown Linkages, edited by Douglas Porter and Geraldine Bachman, (Washington, D.C., 1985), p. 4.

plan stated the administration's commitment to increasing citizen access to information and expanding opportunities for participation in decision-making processes. Particularly noteworthy was the administration's implementation of a local freedom of information program which committed city officials to releasing most governmental documents to members of the public upon request.

Fifth, the plan stated the administration's intention to build an effective regional, state, and national legislative agenda and program aimed at securing reasonable levels of intergovernmental aid for housing, employment, community development and social service programs in Chicago. Table 4.1 which appears on the following pages summarizes the 1984 development plan's goals and major policy initiatives.

The Chicago Works together Plan was viewed as unique by many of the professional planners whom I interviewed. David Mosen of the Department of Planning felt the plan represented a major breakthrough in local economic development planning due to its focus upon job creation for current residents, its specific job creation, employment training and housing construction goals, its strong emphasis upon neighborhood concerns, and the

Table 4.1

Chicago Development Plan Goals/Policy Matrix³

Policies	Job Opportun.	Balanced Growth	Neighborhood Development	Partici- pation	Legis- lative
Targeted Business Investment	*	*			
Local Hiring and Buying Preference	*	*			
Skilled labor-force Development	*	*	*		*
Infrastructure Investment	*	*	*		
Affirmative Action	*	*			
Downtown/Neigh. Balanced Growth	*	*	*		

³City of Chicago. Department of Economic Development. 1984 "Chicago Works Together": 1984 Chicago Development Plan. City of Chicago, p. 4.

Table 4.1 (continued)

Policies	Job Opportun.	Balanced Growth	Neighborhood Development	Partici- pation	Legis- lative
Public/Private Partnerships	*	*	*	*	
Equitable Distribution of Taxes	*	*	*		*
Strengthening Tax Base	*	*	*		*
Neighborhood Planning	*	*	*	*	
Expanded Housing	*	*	*	*	*
Increased Citizen Info/Part. in Planning		*	*	*	

collaborative effort among various city departments and agencies which it represented.⁴ While many planners highlighted the specific nature of the program goals which were included in the 1984 development plan, what appeared to be most striking about the document was its commitment to redistributive policies and participatory planning processes. These goals differed dramatically from those presented in the Byrne administration's Chicago 1992 Comprehensive Plan which spoke of the importance of encouraging ongoing development within the central business district, promoting high technology enterprise and enhancing Chicago's role as a tourism and convention center.⁵

The Washington administration's development plan and the Byrne administration's comprehensive plan differed in a number of other ways as well. First, whereas the Washington plan committed the new administration to very specific performance goals in the areas of employment, training and housing, the Byrne plan did not do so. Second, the time horizons

⁴Interview with David Mosen, Department of Planning, City of Chicago, June 25, 1986, Chicago, Illinois.

⁵City of Chicago, Department of Planning. 1982. "Chicago 1992 Plan," City of Chicago.

of the two plans were dramatically different. While the Washington plan was organized on the basis of a one-year timeframe, the Byrne plan, on the other hand, was based upon a ten-year timeframe. Third, the Washington plan placed great importance upon the needs of neighborhoods in contrast to the Byrne plan which focused most of its attention on Chicago's downtown. Finally, the Washington plan was based upon three prior policy documents, namely, the CWED Economic Development Platform, the Washington Papers, and the Transition Team Reports, which were developed through a highly participatory process. The Byrne plan was the result of a staff-directed and "in-house" executed planning process which did not feature extensive citizen participation.

Planning professionals and community leaders tended to view the development plan in very positive ways. In general, they felt the plan had a number of positive effects upon development decision-making within the city. First, the plan served to establish the city as a thoughtful actor in the local economy by presenting a clear analysis of the local economy and a variety of proposals to strengthen it. Second, the plan placed the needs of Chicago's residential neighborhoods near the top of the city's development

agenda by focusing a number of program initiatives upon the needs of these areas. Third, the collaborative nature of the staffing patterns used to formulate the plan helped to build needed support for the plan within the municipal bureaucracy. While the Department of Economic Development was the lead agency in the formulation of the plan, commissioners and professionals from six city departments and various mayoral offices were involved in its development. In addition, numerous interagency working groups were established, at various levels within the municipal hierarchy, to formulate specific components of the plan and to monitor its implementation. Several of the planners I spoke with mentioned the important contribution which these committees made towards educating city professionals about Washington's reform agenda and encouraging their active support for the effort. Finally, the specific nature of the plan's goals provided the administration with an excellent tool for monitoring the progress being made towards achieving these outcomes.

Summarizing the effect of the 1984 development plan upon the Department of Planning, Pat Dowell, a Senior Planner, stated,

I would say the development plan, along with the city's Management By Objectives Plan,

has forced the department to be much more realistic in the pursuit of its goals- to be more focused in their approach to development in the city.⁶

Chuck Thurow, a former consultant to the city who is now working as a planner in the Department of Planning, reflected upon the 1984 development plan in the following way,

Coming from a planning background, I remember all those years in planning school when everyone was saying that comprehensive planning was outmoded--you needed policy planning. The Chicago Works Together Plan is probably the leading model of what the academy has always said planning should be about.⁷

The 1984 development plan was not, however, without its critics. The majority of City Council members, many members of the business community and some community leaders criticized the plan. Many individuals felt the plan's goals were overly vague and the proposed program initiatives insufficiently developed. This view is best represented by the following comments by Bill Higginson, a staff member for Chicago United, a government reform group, "As a policy-oriented document focused upon macro policy

⁶Interview with Pat Dowell, Senior Planner, Department of Planning, City of Chicago, July 24, 1986, Chicago, Illinois.

⁷Interview with Chuck Thurow, Senior Planner, Department of Planning, City of Chicago, July 26, 1986, Chicago, Illinois.

issues, it's simply apple pie and motherhood."⁸

Many individuals also criticized the emphasis which the plan placed upon job retention and generation goals. They argued that attention should be placed, instead, upon improving the investment climate for business in order to encourage economic expansion. If successful, some argued, such an approach would result in higher employment levels. They felt that the city's employment-related goals and policies, especially the "first source" hiring and the minority purchasing policies, would result in higher costs for business. They were certain that this would result in a deterioration of the local business climate and economic contraction. June LaVelle, manager of the city's most successful industrial incubator space, offered the following observations regarding the jobs emphasis of the Chicago Works Together Plan,

I've never met a single human being in my life who says they started a business so they can hire people. I don't believe that economic development is the creation of jobs. It's bullshit. . . Basically, in my estimation, in my thinking, you create an environment of opportunity, people come in,

⁸Interview with Bill Higginson, Chicago United, March 7, 1986, Chicago, Illinois.

they bring the capital resources they've got, and the only reason they hire people is to take advantage of an opportunity.⁹

Downtown business leaders were critical of the plan because it placed more emphasis upon the residential neighborhoods outside of the Loop and less emphasis upon the needs of Chicago's downtown area. Tom Cokins, Executive Director of the Central Areas Committee made this point in the following manner,

The Washington administration has focused upon the problems of the neighborhoods. This represents the first time the downtown core has had to compete with other areas for attention.¹⁰

Finally, the plan was criticized by community activists because it had been developed by senior administrative staff members without any input from community groups. This critique of the plan was forcefully presented in The Chicago Workshop on Economic Development's statement,

While we applauded the Washington Papers, which enlisted our participation in framing the questions for economic development policy and planning, we are tentative about this new document because it was drafted by the administration's Development Sub-

⁹Interview with June LaVelle, Executive Director, Council of Industries of Northwest Chicago, July 14, 1986, Chicago, Illinois.

¹⁰Interview with Tom Cokins, Executive director, Central Areas Committee, July 15, 1986, Chicago, Illinois.

Cabinet, in-house, thereby aborting the citizen's participation process which held out great expectations to community-based organizations. Without continued citizen initiated planning, we once again revert to the all too familiar stance of reacting to plans constructed elsewhere. . . we remain firm in our stance that there will be no equitable comprehensive plan for Chicago's future unless the planning process continues to incorporate genuine citizen participation from the neighborhoods. And until neighborhoods gain greater authority in this process, we conclude that Chicago's future will look very much like its past.¹¹

The Washington administration used the 1984 development plan to guide its activities during its first term in office. In November of 1985, the administration began the process of revising and updating the development plan. This was done using a very participatory process which was markedly different from the "in-house" planning process which CWED criticized. The Department of Economic Development initiated this planning process by hiring a full-time staff person to conduct interviews with business, labor and community leaders regarding their views on economic development and their interest in the local development planning process. In the Spring of 1986, the Mayor appointed forty of these

¹¹Chicago Workshop on Economic Development (CWED), "Statement on the "Chicago Works Together": 1984 Chicago Development Plan, (Chicago, 1984), pp. 1,2.

individuals to a taskforce charged with revising the city's development plan. These individuals were grouped into five teams representing a variety of interests. Each team was then asked to examine its membership and to invite five to ten additional persons to join their group whom they felt would make their unit more representative of important constituencies within the city. Each team proceeded to select a convener to chair its sessions and to serve on a steering committee for the development planning process. Beginning in the summer of 1986, the teams met every other week for approximately four hours. Each group was given full license to make whatever changes they felt were necessary in the plan. Each convener then produced, with staff assistance, a draft of their team's recommendations. The steering committee then worked to integrate these documents into one final draft of the plan. During the summer, copies of this policy document were circulated among various groups from throughout the city. At the end of the Summer of 1986, interested groups were invited to a day-long conference to review the revised plan. After changes suggested by the conference participants were incorporated, the proposed draft of the "Chicago Works Together": 1986 Chicago Development Plan was

forwarded to the Mayor for his approval. Like the 1984 development plan the 1986 update is a policy-oriented document in which the priorities are significantly different from those of previous Chicago plans in terms of its emphasis upon neighborhood concerns and citizen participation. The new plan differs from the 1984 version in that it is the product of a highly participatory planning process involving over 500 community leaders.

B. Major Development Decisions

Before the Washington administration could fully elaborate its economic development plan, it was confronted by a series of major economic development issues which challenged the mayor's commitment to his reform agenda. Two of these issues were the result of policy initiatives of the Byrne administration, while one emerged from structural changes occurring in the regional and national economies. The two issues inherited from the previous administration were the proposed redevelopment of the Navy Pier by the Rouse Company and the planned 1992 Chicago World's Fair. The remaining issue facing the new administration was how to respond to the announced closing of the Playskool factory by Hasbro Bradley Inc. People followed the Mayor's actions on these issues closely

in order to determine to what extent his economic development policies would reflect the priorities of the Washington Papers, the Transition Team Report and the "Chicago Works Together": 1984 Chicago Development Plan.

1. The Playskool Plant Closing

In September of 1984, Hasbro Bradley Inc., a major toy manufacturer headquartered in Pawtucket, Rhode Island, announced plans to shut down its Chicago-based Playskool production facility. At that time, the facility provided full-time employment for almost 700 workers, most of whom were Latino women from Chicago's Northwest Side.

Community leaders and city officials were angered by the company's decision to shut the plant down because they were certain that the facility was still profitable. In addition, the plant's former owners had received in 1980 a \$1 million industrial revenue bond, a low interest loan, for capital improvements aimed at expanding its workforce from 1,000 to 1,400 employees. After failing to make these improvements and reducing its workforce through layoffs, the corporation had decided to shift production to one of their New England plants. One community activist I interviewed described the situation in this way,

But here is a case where a long-term corporate actor on the local scene who had recently gotten an industrial revenue bond for the purpose of upgrading production facilities and to expand the workforce, didn't, and in the process of being sold off to another corporate partner from out of town, was just going to walk away. . .¹²

The mayor responded to the announced closing by having his senior planners call together a broad range of community and labor leaders to discuss the problem. Jim Lemonides, Executive Director of the Greater North Pulaski Development Corporation, described the assembled coalition in the following words,

It was a very unique coalition that emerged in that it had some people way to the left end of the spectrum, pro-labor, people and then it had people on the more conservative side, including our business development association, all pretty much coalesced to raise a voice of protest against what was happening.¹³

With the assistance of Robert Mier, who was then Commissioner of Economic Development, these individuals devised a joint community/government strategy aimed at getting the firm to either reconsider its decision to close the facility or to take steps to address the problems created for the

¹²Interview with Thom Clark, Editor, The Neighborhood Works, July 15, 1986, Chicago, Illinois.

¹³Interview with Jim Lemonides, Executive Director, Greater North Pulaski Development Corporation, July 16, 1987, Chicago, Illinois.

plant's employees and the community by its actions.

It was decided that the city would attempt to enter into negotiations with the firm to keep the plant operating. Meanwhile, community and labor leaders organized public demonstrations and a consumer boycott of Hasbro Bradley Inc. products. According to the Chicago Tribune, "Neighborhood groups started a boycott of Lincoln Logs, G.I. Joe's and other Playskool and Hasbro toys."¹⁴ Following an unsuccessful effort to get the corporation to reverse its position, the Washington administration filed a legal suit in December of 1984 to prevent the firm's closing. In the suit the city asserted that Hasbro Bradley Inc. had violated the terms of their industrial revenue bond financing by closing the Playskool facility. According to a Chicago Tribune article written by Richard C. Longworth, "Hasbro Bradley is believed to be the first firm in the nation to be sued for moving its operations from a city after benefiting from an industrial revenue bond."¹⁵

As a result of community and administration pressure, the company chose to enter into an out-of-

¹⁴Richard C. Longworth, "Toymaker Cuts Deal With City on Closing," Chicago Tribune, September 15, 1987, Section 2, p. 1,10.

¹⁵Longworth, p. 1.

court agreement to settle the dispute. The firm agreed to pay back the industrial revenue bond. In addition, it agreed to keep its factory open and to maintain a workforce of 100 employees until November of 1985. Furthermore, the company committed itself to spending \$300,000 to establish and maintain a program to help its displaced workers find alternative employment. Through this program, any firm hiring a former Playskool worker would receive \$500, per employee hired, in two lump sum payments. Also, the corporation established a \$50,000 fund to pay for extended health insurance and emergency expenses for its workers. For its part, the city agreed to drop its suit and the community organizations agreed to end their boycott and organizing activities.

Hours before a public announcement of the accord by Mayor Washington and Hasbro Bradley's president, Stephen D. Hassenfeld, was to be made the agreement almost fell apart when the latter objected to language in the agreement which suggested a "deal" had been struck. Mr. Hassenfeld insisted that the company was providing these benefits to its workers on a voluntary basis on its own initiative. While ridiculing these statements of the firm, city officials inserted wording into the agreement describing the voluntary

nature of the firm's actions in order to secure the agreement. While doing so the administration continued to press the firm to sign the agreement. The Chicago Tribune described the city's commitment to securing a written agreement by quoting a Washington administration official who said,

Without the signing, the city is not going to drop the lawsuit. If they sign the deal, then we can force them to live up to the agreement. That is why the city is so adamant about them signing.¹⁶

While the administration spoke favorably of the Playskool agreement, senior officials harbored deep concerns about the economic futures of the production workers discharged by the firm and the redevelopment of the facility for manufacturing purposes. An analysis of the experience with the Playskool plant closing shows the administration's fears to have been justified. According to a Chicago Tribune article by Roger Worthington appearing one year after the shutdown,

¹⁶James Strong and Richard C. Longworth, "City, Toy Firm Reach Agreement on Plant," Chicago Tribune, September 6, 1985, Section 2, p. 1.

Almost a year after the owners announced the closing of the Playskool Plant in Chicago's West Side, nearly half the laid-off workers have not found work, and no new tenant has been found for the 800,000 square foot complex, 4501 W. Augustus Boulevard.¹⁷

While salaried workers found more success than hourly employees in securing new employment, large numbers of both groups of workers were unemployed after one year.

Table 4.2

Playskool Workers Employment/Unemployment Profile¹⁸

<u>Type of Employee</u>	<u>Number Employed</u>	<u>%</u>	<u>Number Unemployed</u>	<u>%</u>	<u>Total</u>
Hourly Workers	110	27.5%	300	72.5%	400
Salaried Workers	160	36.9%	273	61.1%	113
All Workers	270	32.0%	573	67.9%	843

The firm's program was strongly criticized by community leaders for its failure to provide retraining for production workers. They argued that these individuals were being forced to compete for

¹⁷Richard Worthington, "Playskool Helping, But Most Still Jobless After Layoff," Chicago Tribune, September 17, 1986 Section 2, p. 1.

¹⁸Roger Worthington, "Playskool's Program For Laid Off Workers Questioned," Chicago Tribune, September 15, 1985, Section 2, p. 3.

jobs in an economy that had a shrinking number of production jobs. Such individuals, the critics argued, required career counseling and job skills training in order to allow them to successfully compete for jobs in the area's growing service sector. Without such assistance, employment specialists argued, the program was bound to fail. The program was also criticized for its failure to spend the \$50,000 allocated for loans and grants to assist displaced workers in securing medical insurance and/or other emergency help. During the first year of the program's operation, very few loans were provided and no grants were given.

Despite the failure of the administration's efforts to adequately deal with the problems of the laid-off Playskool workers, the agreement did reveal the seriousness of the mayor's commitment to dealing aggressively with threats to the city's industrial base and workforce. It also showed the administration's desire to be treated as an equal partner, by business, in the economic development area. Finally, it illustrated the extent to which the administration was prepared to go in order to pursue the job generation and employment and training objectives of the Chicago Works Together Plan. Thus,

the importance of the Washington administration's stand on the Playskool issue was largely symbolic. By taking a tough stance on the closing, the mayor showed his determination to hold the business community accountable for promises which they make. The following comments by Angela Hyland, a Senior Vice President at Standard and Poor's, suggest that the new administration may be making itself heard within the business community,

Playskool may be precedent setting. Other municipalities will be looking to see if Chicago can enforce it (Playskool agreement).¹⁹

2. The Redevelopment of Chicago's Navy Pier

Constructed prior to World War I, Navy Pier was opened in 1916 as a mixed-use facility serving both transportation and recreational purposes. Initially conceived of as part of the famed Burnham plan of 1909, the pier functioned as an important shipping, military, governmental and cultural center until the early 1970s.²⁰ With the decline in Great Lakes shipping and the relocation of governmental facilities from the pier in the mid-1970s, the facility fell into

¹⁹Ray Gibon, "Playskool Defection Has Cities Thinking Twice," Chicago Tribune, January 6, 1985, Section 2, p. 1.

²⁰Daniel H. Burnham and Edward H. Bennett, Plan of Chicago, (Chicago: Commercial Club), 1909.

disuse and began to show signs of significant deterioration.

Beginning with the Chicago bi-centennial celebration, especially the visit of the "Tall Ships," attention was again focused on the waterfront area and its Navy Pier. From 1979 through 1982, the Byrne administration permitted the pier to be used for a series of week-long cultural events known as the "ChicagoFest Celebration." In 1980, with the encouragement of Mayor Byrne, the City of Chicago entered into an agreement with the Rouse Company to formulate a physical design, marketing, and finance plan to redevelop the pier for mixed-use commercial activities. The Rouse Company was well known, and held in high regard, for its waterfront development activities in other major cities. They were responsible for the successful redevelopment of the Quincy Market in Boston, Massachusetts, Inner Harborplace in Baltimore, Maryland, and the South Street Seaport in New York City. Each project was planned as a "festival marketplace," featuring restaurants, bars, fast food stands, hotels, boutiques and cultural facilities. In 1982, the City Council reached an "agreement in principle" with the Rouse Company to jointly redevelop the Navy Pier.

The Rouse Company plan required a total investment of \$280 million. Under the plan, the firm would raise \$220 million of this amount and the City of Chicago would contribute \$60 million. The plan featured the creation of 400,000 square feet of retail and entertainment space as well as the construction of a 250 room hotel and a marina. The city was promised 50% of the net income from the project and a substantial increase in future sales and property tax revenues. The project was designed to support 100 new businesses and generate 5,000 permanent new jobs. It was expected that the City of Chicago would raise \$30 to \$40 million of its \$60 million contribution by securing an Urban Development Action Grant (UDAG) from the Federal government.

When the Washington administration assumed office in the Spring of 1983, the city was still involved in negotiating the terms of the Navy Pier agreement with the Rouse Company. The new administration had some serious reservations about the wisdom of spending \$60 million on the creation of a significant amount of new retail space, at a location isolated from Chicago's downtown and neighborhoods, when many of the city's existing retail and commercial areas were in desperate need of assistance. They were also

concerned about the impact that an upscale "festival marketplace" might have upon the future of the Navy Pier as a public space accessible and attractive to all Chicagoans. Finally, they questioned the advisability of an application on the part of the city for an Urban Development Action Grant for the Navy Pier project when it appeared certain that the South Works steel plant would require a similar grant for approximately \$40 million. It was unlikely that the City of Chicago would receive two such grants, regardless of the quality of the city's applications.

After careful analysis, the Washington administration decided to submit an Urban Development Action Grant application for improvements at the South Works. The mayor chose to do this in order to secure the future of the city's only fully integrated steel-making facility and to protect the more than 2,000 well-paying industrial jobs in the plant. Soon after the decision by the mayor to submit a UDAG application for the expansion of the South Works facility, U.S. Steel, the owner of the plant, cancelled its plans to expand operations at the facility.

Following these developments, the city re-entered negotiations with the Rouse Company for the development of Navy Pier. According to Arturo

Vazquez, former Deputy Commissioner of the Department of Economic Development, the challenge was the following,

What could we (the city) do in that development that would make it more valuable to us. This was a dramatic problem because we had a development that was physically, socially and economically isolated from the city. It was proposed to be stuck out on the pier without good transportation systems, except for auto users. It drew 70% or more of its market from the suburbs. God knows who it would employ. It just happened to exist within the geographic boundaries of Chicago, so with that as a departure point, we said, 'what can we do to link the project more completely to the city in order to make it worthy of some amount of city investment?'²¹

With the guidance of Robert Mier, former Commissioner of Economic Development, the city asked the Rouse Company for a series of commitments which it felt would maximize the economic benefits from the project to the city and its residents. Specifically, they asked the firm if it would: give hiring preference to Chicago job applicants; promote entrepreneurial opportunities for minorities and women; encourage contracting with Chicago-based vendors; offer technical assistance to community-based local development corporations; and engage in joint

²¹Interview with Mr. Arturo Vazquez, former Deputy Commissioner of the Department of Economic Development, City of Chicago, July 17, 1986, Chicago, Illinois.

ventures with community development organizations. The Rouse Company enthusiastically agreed to each of these requests and an agreement was prepared for City Council approval. The Council, led by Aldermen Vrdolyak and Burke, opponents of the Mayor, voted to reject the agreement and to terminate negotiations with the Rouse Company. According to a recent journal article by Mier, Moe, and Scherr,

In what is widely interpreted as an action solely designed to damage and undermine Mayor Washington, his opposition in the City Council directed that negotiations with the Rouse Company be terminated.²²

As a result of the City Council's actions, the city and the Rouse Company ended negotiations regarding the development of the Navy Pier. Following this development, the mayor appointed a blue ribbon committee, a taskforce composed of 22 persons, under the direction of Mr. Robert Newman, a partner in the law firm of Arvey, Hodes, Costello and Newman, to study various options for the redevelopment of the pier. In August of 1985, the taskforce made its recommendations public in the report, Navy Pier: A View For The Future.²³ The mayor's Navy Pier

²²Mier, Moe and Scherr, p. 305.

²³City of Chicago. Department of Economic Development. 1985. Navy Pier: A View For The Future. City of Chicago.

Taskforce suggested the facility be developed,

as an urban park with extensive and innovative cultural and educational activities. Specifically, it recommended a wide range of expositions, cultural exhibits, museums, educational institutions, and entertainment events, along with limited retail activities.

The taskforce also suggested various passive and active recreational uses for parts of the pier. It viewed the redevelopment of the facility as a staged process in which improvements would be paced with increases in the utilization of the facility by the public. Finally, the taskforce suggested a quasi-public management structure for the pier and improved transportation service linking the pier to downtown.

In 1985, the city took an important step towards implementing the taskforce's suggestions by including an \$18 million item for basic repairs at the pier in the city's General Obligation Bond. In addition, the administration has since 1985 opened parts of the pier up for cultural and recreational activities. After reviewing the taskforce's recommendations, Mayor Washington suggested a compromise development plan which featured a combination of recreational and cultural uses for the pier. In his opinion, the pier needed some commercial activities to generate sufficient revenues to pay for the construction and

maintenance of cultural facilities on the pier. This alternative was being studied by the city when the Mayor's first term ended.

The Washington administration's approach to the planning and redevelopment of the Navy Pier clearly demonstrated its commitment to using each development project as an opportunity to expand employment and entrepreneurial opportunities for Chicago residents. This is revealed by its careful weighing of the job retention and generation benefits of the South Works and Navy Pier projects. Furthermore, it is illustrated by the city's successful efforts to incorporate into the Rouse Company agreements language which committed the developer to: giving job preference to Chicagoans; expanding business opportunities for minorities and women; emphasizing local purchasing; providing technical assistance for community groups; and co-venturing with local development organizations. Such efforts were definitely lacking in the Byrne administration's economic development planning and programming. Her administration depended upon using city resources to maximize private investment in the hope that this capital would create jobs over time. The Washington administration's approach rejected such "trickle down"

approaches to development planning and instead focused upon incorporating job generation and affirmative action commitments as central features of each economic development deal.

3. The 1992 Chicago World's Fair

In early 1980, recently retired Commonwealth Edison Company president, Thomas G. Ayers brought together a small group of influential Chicagoans to discuss the idea of organizing a world-class international exhibition and fair in Chicago to commemorate the 500th anniversary of Columbus's discovery of America together with the 100th anniversary of the Columbian Exposition's "White City."²⁴ The idea was enthusiastically received by the business and civic leaders assembled by Ayers. By January 1981, this informal network of local movers and shakers had transformed itself from a loose-knit group into the Chicago World's Fair-1992 Corporation. This organization was responsible for raising money to support the proposed fair effort and for executing the necessary planning to make it a reality. Robert McClory, an experienced Chicago political affairs

²⁴Donald A. Krueckeberg, Introduction to Planning History in the United States. The Center for Urban Policy Research, Rutgers University, (New Brunswick, 1983), pp. 58-72.

writer, described the group's formation in the following way,

In January 1981 the Chicago World's Fair-1992 Corporation was launched with Ayers as the chairman and an impressive roster of corporate and professional boosters including Frank Considine of National Can Corporation, Donald Petkus of Commonwealth Edison, Jack Guthman, a Sidley and Austin attorney; George Burke of the Chicago Tribune and Bruce Graham of Skidmore, Owings, and Merrill architects.²⁵

In a 700-page application submitted to the United States Department of Commerce and the Bureau of International Exhibitions, the planners of the fair stated that the six month event would take place on a 575 acre site located near Burnham Harbor on Chicago's South Side. According to the preliminary plan, more than 150 acres would be created by landfill. The fair organizers projected an attendance figure of more than 54.1 million visitors. They suggested that more than 30,000 temporary jobs would be created by the event. According to their estimates, the fair would produce more than \$675 million in revenues, generate over \$280 million in taxes and create an \$8 million surplus after expenses.

The preliminary plan for the fair enjoyed the

²⁵Robert McClory, The Fall of the Fair: Communities Struggle For Fairness. (Chicago, 1986), p. 1.

full support of Mayor Jane M. Byrne, who viewed it as an important step towards achieving one of her administration's primary economic development goals, "to transform Chicago into a national and international center for finance, trade and services."²⁶ Her strong support of the fair was revealed in the Introduction of her administration's Chicago 1992 Comprehensive Plan.

The future will see Chicago rebuilding; strengthening its economic position; completing its transition to a center of international finance and commerce; and providing a better quality of life for its residents. As the symbol and culmination of its decade of rebuilding and growth, the city will be host to the 1992 World's Fair. Confident of its potential, Chicago invites the world to celebrate its transformation.²⁷

Shortly after the formation of the Fair Corporation, community leaders, under the leadership of activist Lew Kreinberg from the Jewish Council on Urban Affairs, began to raise serious questions regarding the preliminary plan for the fair. Kreinberg, along with two other community leaders,

²⁶City of Chicago. Department of Planning. 1984. The Chicago 1992 Comprehensive Development Plan. City of Chicago, p. 20.

²⁷City of Chicago. Department of Planning, 1982. Chicago 1992 Comprehensive Plan: Goals and Policies and Ten-Year Capital Development Strategies. City of Chicago, pp. 4,5.

Chris Burgess and Thom Clark, presented their concerns about the fair in a widely read Chicago community development journal called *The Neighborhood Works*. In an article entitled, "World's Fair Unfair to Neighborhoods," they presented serious criticisms of the proposed plan for the fair and the lack of citizen participation in its formulation.²⁸

Among the points raised by Kreinberg, Burgess and Clark were: the likelihood of increased taxes to pay for bonds needed for fair-related construction; diversion from neighborhood improvements of limited infrastructure dollars for fair expenditures; the probability of the fair losing money; a shift of consumer spending from neighborhoods to the fair; the inevitability of displacement from the neighboring areas of Pilsen and Chinatown; the necessity of obtaining significant levels of public subsidy from the federal, state and local governments; and the inadequacy of the proposed transportation plan. Finally, they criticized the fair's organizers for excluding local officials and community residents from the planning process and for refusing to make public important fair related documents.

²⁸Lew Kreinberg, Chris Burgess and Thom Clark, "World's Fair Unfair to Neighborhoods," The Neighborhood Works, p. 1.

In response to the threesome's work, a group of leaders from a small group of community organizations began to meet to discuss the fair and its impact upon the neighborhoods of the city. In the Spring of 1982, this somewhat anarchic group of activists formed a coalition calling themselves the Chicago 1992 Committee to oppose the Fair Corporation's current plan which they felt was conceptually, financially, socially, economically and environmentally flawed. The new organization quickly moved to hire Frankie Knibb, a Roosevelt University reference librarian, to serve as their sole staff member. The coalition soon grew to include participation from more than 55 community organizations.

While not opposing the idea of a Chicago World's Fair, the coalition vigorously fought the Fair Corporation's original proposals. According to Knibb, they did so for a number of reasons. First, they felt the fair would drain city resources away from communities in desperate need of assistance. Second, they were concerned about the negative impact the event would have upon the communities surrounding the fair. They feared, as had Kreinberg, Burgess and Thom, that the fair would, over time, result in a significant amount of residential and commercial

displacement in the areas of Chinatown and Pilsen. Third, they were nervous about the damage the fair's activities would have upon the environment. The original plan for the fair required the creation of 150 acres of new landfill along Lake Michigan. In addition, 70% of the fair's 400,000 daily visitors were expected to travel to the fair by automobile. Fourth, they felt the planners had not adequately prepared for the parking requirements of the fair's daily visitors. Fifth, they were critical of the overall transportation plan for the event, which they felt offered poor access to the fair for city residents. Finally, they criticized the private nature of the fair's planning process.²⁹

The Chicago 1992 Committee aggressively presented its criticisms of the fair to members of the City Council and to the press. At the same time, it conducted extensive research into the financial, environmental and employment aspects of the preliminary plan. On September 15, 1982 the committee members went a step further when they offered a resolution before the Chicago City Council calling for an end to further public spending on the fair pending

²⁹Interview with Frankie Knibb, Staff Director, Chicago 1992 Committee, July 18, 1986, Chicago, Illinois.

adequate responses by the fair's organizers to the many social and economic questions raised by the event's critics.³⁰ The resolution stated,

Be it resolved by the Mayor and the City Council that. . . these and other questions paramount to the taxpayers. . . be resolved before the City Council authorizes the expenditure of any more funds which, earmarked or not, are in fact intended to be used for this proposed World's Fair.³¹

The City Council held hearings on the resolution and the Committee spent most of the remainder of the year organizing for these events.

In April 1983, Harold Washington assumed office. As a candidate Washington had supported the idea of a fair but he was also very critical of the private nature of the fair's planning process. As mayor, Harold Washington spoke favorably of the fair but indicated his administration's desire to have a more participatory planning process. Furthermore, he stated his commitment to having the fair's events and activities distributed throughout the neighborhoods of Chicago. Finally, he indicated his concerns about the financing of the fair. He was strongly opposed to having the City of Chicago serve as the major

³⁰Robert McClory, p. 43.

³¹McClory, p. 13.

financial backer of the event. According to Robert McClory,

He called for an intergovernmental agreement between the city, the state and the Fair's governing body which would 'clearly spell out that the city will bear no financial liability' in the event of a disaster. 'It's great to host a party for the world,' said the mayor, 'but the city cannot afford to be stuck with the tab.'³²

The criticisms and questions of the original plan offered by the Chicago 1992 Committee, City Council, and City Hall put pressure on the Fair Corporation to scale down its plans. It presented what promoters described as a final plan, which required less landfill and construction. However, this plan also included a proposed \$26 million investment by the city to renovate Navy Pier for use by fair goers. In addition, it featured the creation of a special taxing district in the vicinity of the fair. Within this district, all future property tax increases for 14 years would be turned over to the Fair Corporation based upon the rationale that these increased revenues were a direct result of the fair's activities. The proposal by the fair's promoters to utilize tax increment financing to help pay for the cost of the event raised further questions within the

³²McClory, p. 22.

administration regarding the feasibility of the fair's financial plan. The Mayor's growing concerns regarding the plan for the fair were revealed in a January 23, 1984 Chicago Tribune article,

Mayor Harold Washington complained Tuesday that the proposed 1992 World's Fair had become a 'hard sell' and said it may lack adequate political and public support to become a reality.³³

Following the completion of an Arthur D. Little Inc. study of the fair which showed, "the fair will not pay for itself," the mayor raised further criticisms of the fair's plan.³⁴ In the end, he rejected the use of tax increment financing to secure the fair's bonds. He stated, "The City of Chicago simply cannot barter away its inheritance."³⁵ The mayor's refusal to commit city funds to support construction critical to the fair's success was one of the key factors contributing to the collapse of the fair. Planning for the event was finally ended when Illinois House

³³John McCarron and Manuel Galvin, "Washington calls Fair a 'hard sell': Mayor Joins Other Politicians Who Are Skeptical," Chicago Tribune, January 23, 1985, Section 2, pp. 1,5.

³⁴Daniel Egler, "Fair Feasibility Study is Fairly Inconclusive," Chicago Tribune, May 23, 1985, pp. 1,2.

³⁵John McCarron and Daniel Egler, "Washington Asks Legislature to Hold Off on Fair Decision," Chicago Tribune, June 13, 1985, Section 2, p. 3.

Speaker Michael Madigan refused to support further state assistance for the fair which he described as "a bad risk."³⁶

The mayor's refusal to commit city resources to support a project planned and endorsed by the leaders of Chicago's business community was viewed by many as very significant. In an article he wrote for the Chicago Tribune at the time of the fair's demise, Richard C. Longworth stated,

There are broader lessons to be drawn from the fair debacle. The first is that the fair was a defeat for Chicago's Old Guard, the businessmen who, with the late Mayor Richard J. Daley, presided over every major civic project for the last 20 years. They put their power and prestige behind the fair. In the old days, this would have guaranteed its success. This time it wasn't enough.³⁷

Larry Howe, Executive Director of the Civic Committee of the Commercial Club of Chicago, suggested that the defeat of the fair by community groups was clear evidence of the decline of corporatist planning in the City of Chicago. In the future, he felt, community groups would have to be consulted on major

³⁶John McCarron and Daniel Egler, "Chicago 1992 Fair Laid to Rest in 1985," Chicago Tribune, June 21, 1985, Section 1, p. 1.

³⁷Richard C. Longworth, "A Postmortem On The Fair," Chicago Tribune, June 27, 1985, Section 1, p. 27.

development projects, like the fair, if they were to be approved.³⁸

The Washington administration's response to these three planning decisions revealed its commitment to redistributive development policies and participatory planning processes. In each of these cases, the administration aggressively pursued remedies to problems which sought to provide direct economic benefits for marginalized segments of the community. It sought to do so by making investments, by developers, aimed at assisting such groups a prerequisite for city participation in major economic development projects. In addition, the administration sought ways to expand citizen participation in policy-making in each of these cases. The Washington administration's approach to these issues served to distinguish it from the Byrne administration by demonstrating its strong commitment to the reform goals of redistribution and participation. In fact, Jane Byrne cited Washington's decisions on Navy Pier and the World's Fair frequently during her 1987 campaign to highlight the differences in their approaches to economic development.

³⁸Interview with Lawrence Howe, Executive Director, Civic Committee of the Commercial Club of Chicago, July 18, 1986, Chicago, Illinois.

V. Major Economic Development Initiatives

A. Post Election Political Climate

Upon assuming office in April 1983, Mayor Washington confronted several problems which negatively affected his ability to exercise power and govern effectively. Among these obstacles were the absence of a ruling majority in the City Council, significant opposition to his administration from within the municipal bureaucracy, an inherited municipal debt of more than \$160 million, severe restrictions upon his appointment power due to the Shakman agreements, and a Federal government committed to reducing funding for housing, employment, community development and social service programs.

Of these constraints, the most crucial was Washington's lack of power in the Chicago City Council. Two opponents of the mayor, Aldermen Edward Vrdolyak and Edward Burke, controlled 29 council votes while the mayor controlled only 21 votes. Both Vrdolyak and Burke had lent support to Republican mayoral candidate Bernard Epton in his race against Washington. The situation was further complicated by the opposition's inability to override mayoral vetoes because they could not assemble the needed two-thirds (34 votes) of the Council to do so. This situation

set the stage for the development of a long series of confrontations and deadlocked votes on a variety of important policy matters. A Chicago Tribune article described the situation in the following manner,

But Washington's successes have been all but obscured by the titanic 'Council Wars' struggle with the democratic old guard. The Chicago City Council, led by Alderman Edward Vrdolyak, has thrown all its energies into making the mayor look as bad as possible.¹

The frequency and intensity with which the mayor's supporters and opponents attacked each other prompted local reporters to refer to these confrontations as the 'Council Wars,' while the Wall Street Journal described the Chicago political scene as "Beirut By The Lake." While opinions differed as to the basis of the Council split, few denied that Council opposition to Washington involved both racial prejudice and opposition to reform. Jim Ford, a policy analyst with the Northern Illinois Planning Services Agency, referred to the role racism played in the 'Council Wars' with these words,

¹Philip Lentz, "Washington: Assessing the Mayor at Midterm." Chicago Tribune, April 7, 1985, Section 5, p. 4.

While race may not be the issue of the Washington administration, it is the issue on the other (Vrdolyak) side.²

Richard C. Longworth, while admitting to the role racism played in creating divisions within the Council, spoke of other conflicts as well,

I think that it is fashionable today to say that it isn't race, but, I think, to a great extent, it is. The real basis, I think, is money and power. Washington really is a reformer. On a personal basis and with all those tax problems, he is not as good as he should be, but his intentions are as a reformer. He is as far as you can be in Chicago against the old patronage/clout/corruption thing. I think he does want to clear things up.³

The Vrdolyak opposition to the administration, in its early days in office, was so intense that he refused for almost three years to approve the appointment of over 60 Washington appointees to various positions.

As a result of this conflict, legislative approval for any Washington administration initiative faced stiff opposition in the City Council. During the period of Vrdolyak and Burke control, the majority of the Council opposed the mayor's corporate budget,

²Interview with Jim Ford, Staff member, Northern Illinois Planning Services Agency, July 18, 1986, Chicago, Illinois.

³Interview with Richard C. Longworth, Staff Writer, Chicago Tribune, July 21, 1987, Chicago Illinois.

community development block grant spending plans, and the Navy Pier agreement with the Rouse Company, among other things. Late in 1985, a Federal District court judge declared seven of the aldermanic election districts to be improperly constituted. In the opinion of the court, the districts were gerrymandered in such a manner as to make the election of a minority candidate to office in these districts quite unlikely. The court ordered the district lines to be redrawn and a special election to be held in April of 1985 to fill the disputed Council seats. The mayor worked very hard to secure the election of his supporters. As a result, four candidates endorsed by the mayor won Council seats in the special election. This brought the City Council balance to 25 to 25. With the Mayor casting the deciding City Council vote in the event of a tie, the administration finally took control of the City Council, albeit by the narrowest of margins. As a result of the special election, the mayor was able to reorganize the Council and appoint his key supporters to important committee chairmanships, thereby enabling the administration to schedule hearings and votes on important legislative initiatives.

B. New Programs Established

In spite of the opposition which the administration faced from the majority bloc in the Council, during its early years in office, the mayor was able to formulate and initiate a number of significant new economic development programs. The administration usually initiated such programs by means of executive orders rather than by local ordinances because of the majority bloc's unwillingness to pass Washington sponsored legislation. According to Gary Chico, a legislative aide to the former Chairman of the Council Finance Committee, Alderman Edward Burke,

He has certainly done a lot more by executive order than any other mayor has. I mean, that's just. . . necessity. . . It's the mother of invention. Since he would have been blocked legislatively, he just thought, why bother going through the pass? Go around it.⁴

While executive orders allowed the mayor to circumvent Council opposition to the establishment of new policies, these initiatives would be effective only as long as the mayor remained in office.

⁴Interview with Gary Chico, Legislative Aide, Chicago City Council, Finance Committee, July 23, 1986, Chicago, Illinois.

1. Buy Chicago Initiative

Among the first new initiatives of the Washington administration was the development of the "Buy Chicago" program. This effort focused attention upon maximizing municipal purchases from Chicago-based organizations. The city began this effort by developing a data base which included detailed information regarding local vendors and their products. The city's Purchasing Department then encouraged municipal agencies to maximize their buying from locally-based firms. As a result of these efforts, local purchases by all city agencies increased from 40% to 60% during Mayor Washington's first term in office. This increase in local purchasing raised such spending by the city to more than \$240 million. In addition, it was estimated to have retained or generated more than 2,000 jobs in the local economy. Having succeeded in increasing local purchasing by the city, the Washington Administration, with the assistance of executives from IC Industries, attempted to encourage private firms in the Chicago area to give preference to local firms when purchasing goods and services. As part of this effort, the administration shared its information on local vendors with area firms in order to encourage them to purchase

local products.

2. Minority Purchasing Initiative

Soon after winning election in 1983, Mayor Harold Washington established an informal goal of increasing city purchasing from minority and women-owned firms to 25%. This objective of the administration was clearly stated in the 1984 development plan,

An interim goal has been established that 25% of city purchasing activity, or \$100 million, shall be awarded to minority and female-owned firms.⁵

Based upon both municipal reports and press accounts the Byrne administration had made only 5% to 6% of its purchases from minority-owned firms and only 4.4% from women-owned enterprises. This was at a time when, according to the U.S. Census, blacks comprised 39.5% of the city's population and Latinos made up 14% of the population.⁶ In 1984, minority purchasing by the city increased to between 14% and 15%. In that year, those expenditures amounted to over \$60 million. Douglas Frantz and Dean Baquet of the Chicago Tribune summarized the administration's progress towards

⁵City of Chicago Department of Economic Development. 1984. "Chicago Works Together": 1984 Chicago Development Plan. City of Chicago, p. 59.

⁶John McCarron, "Comeback for Chicago Population," Chicago Tribune, November 10, 1986, Section 1, pp., 1,2.

achieving these informal goals in 1984 with these words,

Though the Washington administration has almost tripled city business with minorities since taking office two years ago, contracts with women have declined.⁷

Late in 1984, the administration contracted with the firm of James H. Lowry and Associates to conduct a comprehensive, eight month study of municipal purchasing practices with special emphasis on the effect these practices had upon minority purchasing. This \$635,000 study was completed in March of 1985. A November 24, 1985 Chicago Tribune article described the results of the study in these words,

In March, the long awaited Lowry study- a thick, blue-bound book that alleged petty corruption and inefficiency was widespread in the purchasing office- was released. The study asserted Chicago lagged far behind other cities in giving contracts to minorities, primarily because a small group of entrenched white businessmen dominated the business.⁸

In another article, the Chicago Tribune summarized the Lowry study in the following way,

Lowry's initial study led to a report that was highly critical of the city's purchasing system. It charged that favoritism had kept

⁷Douglas Frantz and Dean Baquet, "City Finds It Loses Millions on Contracts," Chicago Tribune, March 27, 1985. Section 1, pp. 1, 16.

⁸"Minority Contracts," Chicago Tribune, November 24, 1985, Section 1, pp. 1, 25.

minorities and women from getting a fair-share of city business.⁹

The Washington administration used these findings from the Lowry report to justify the issuance of an Executive Order committing all city agencies to increasing minority and women-owned firm purchasing to 30%. Under Executive Order 85-2, all agencies were required to give 25% of the dollar value of their contracts to minority-owned firms and 5% of the dollar value of their contracts to women-owned firms.¹⁰ The Executive Order stated,

Whereas the practice of racial, ethnic and sexual discrimination was, in the recent history of the United States, authorized and, in some instances, mandated by law; . . . Whereas past discriminatory practices have placed women and racial and ethnic minorities in a position of social and economic disadvantage which has resulted in, among other things, reduced opportunity for them to form and control businesses and in the lack of opportunities for businesses owned and controlled by them;. . . The Purchasing Agent shall establish a goal of awarding not less than 25% of the annual dollar value of all City contracts to qualifying Minority Business Enterprises and

⁹Douglas Frantz, "City Plans New No-Bid Contract For Minority Business Program," Chicago Tribune, June 4, 1985, Section 2, pp. 1, 2.

¹⁰City of Chicago, Mayor's Office. Executive Order 85-2: Minority Purchasing Program. (Chicago, 1985).

5% of the annual dollar value of all City contracts to qualified Women's Business Enterprises.¹¹

The mayor then appointed an aggressive young attorney, Sam Patch, as Contract Compliance Officer, to insure the success of this initiative. Patch, working with the Acting Purchasing Agent, Acting Corporate Counsel and the Commissioner of Economic Development, promulgated Regulations Governing Certification of Minority and Women-Owned Businesses and Special Conditions Regarding Minority Business Enterprise Commitment and Women Business Enterprise Commitment to clearly state the mayor's new policy in order to insure its implementation.¹²

A Chicago Tribune article on April 27, 1987 described the success of the Washington minority set-aside program during 1985 in the following way,

But in 1985, the first year of Washington's program, minorities and women won more than 30% of the \$288 million in city contracts awarded. At the billion-dollar O'Hare International Airport expansion project, minority and women-owned firms garnered nearly 40% of the \$450 million in contracts during the same period.¹³

¹¹City of Chicago, Mayor's Office. Executive Order 85-2: Minority Purchasing Programs. (Chicago, 1985), p. 1, 4.

¹²City of Chicago Department of Economic Development. title. (Chicago, 1986). pp. 1-32 (Chicago, 1987). pp. 1-7.

¹³Chicago Tribune, April 27, 1987.

Despite charges that the program was poorly managed and used to enrich associates of the mayor, the administration expanded the minority set-aside program in October of 1985. It did so by requiring all developers chosen for sites in the North Loop Urban Renewal Area to award 30% of their contracts for the design and construction of these buildings to minority or women-owned firms. In addition, it requested that the developers and their future building tenants award 30% of their future building service and maintenance contracts to minority and women-owned firms for a period of at least five years following initial occupancy. It was estimated that this action by the city in the North Loop renewal area increased the amount of money available to minority and women-owned businesses by as much as \$160 million.¹⁴ In announcing this program, the city stated its intention to make such requirements a part of all future development agreements.

Influenced by the city's aggressive approach to minority purchasing, the Chicago Board of Education voted in 1986 to establish a minority set-aside program similar to that developed by the City of

¹⁴McCarron, John "Minority Goal For North Loop: City Applies 30% Rule to Contractors," Chicago Tribune, October 27, 1985, Section 1, p. 12.

Chicago. An October 23, 1986 Chicago Tribune article described the program in the following manner,

By a 9-0 vote, the board ordered 30% of the dollar amount of all contracts requiring competitive bidding to go to minorities and women and 40% of all no-bid contracts to go to minorities and women. Under both types of contracts, women must get at least 5% of the dollar amount, according to the new rules.¹⁵

3. First Source Hiring

In keeping with the administration's focus on job creation, the Departments of Planning and Economic Development explored various ways of using the city's zoning, condemnation, and funding powers to encourage developers to hire unemployed Chicagoans on their projects. Initially, the city sought to achieve this goal through its First Source hiring program. Under this program, any developer receiving city assistance or subsidy on a project was required to use referrals made by the Mayor's Office of Employment and Training (MET) as their first source of job applicants for entry level positions. The Chicago Works Together: 1984 Chicago Development Plan described this initiative in the following manner,

¹⁵Jack Houston, "Minorities to Get 30% Share of Bids," Chicago Tribune, October 23, 1987, Section 1, p. 1, 8.

To make MET the first source of job referrals and placements of Chicago residents into private sector jobs generated through community or economic development projects subsidized in whole or in part with public funds. An employee who receives a subsidized grant or loan is required to use MET as a first source of employment referral for any job created through that subsidy.¹⁶

Through the First Source Program, the city sought to require all subsidized developers to list entry level jobs with the Mayor's Office of Employment and Training (MET), on an exclusive basis, for a period of two weeks and to grant interviews to those they deemed qualified. The program did not, however, require employers to hire those referred by the city. The First Source hiring policy, as implemented in the early part of the Washington administration, was described by Joel Werth of the Department of Housing in this way,

It's not mandatory. We are simply providing a list of entry level workers to the developers and to the contractors. While there is some sort of obligation, it's sort of like the right of first refusal. You have to hire from the list. If you can't get the people that you need from the list, then you can go out and get them from some other source, your own sources. So it is an

¹⁶City of Chicago. Department of Economic Development, 1984. "Chicago Works Together": 1984 Chicago Development Plan. City of Chicago, p. 48.

opportunity, it's not mandatory- although, of course, if we could do so, it would probably be more successful.¹⁷

In general, all downtown developers seeking city assistance in the form of land assemblage, grants, loans, or zoning bonuses were required to participate in the program. Frequently, their participation in the program was included as a provision in the development agreement, loan agreement, or zoning variance which they sought from the city. Thus, while the City Council never specifically enacted an ordinance establishing the program, they did approve development agreements, loan agreements, and zoning variances which included such provisions.

While an expansion of the program was recommended by the Mayor's Advisory Committee on Linked Development in September of 1985, this suggestion was not immediately acted upon by the mayor or City Council. The Advisory Committee had proposed that the program be expanded in two important ways. First, they recommended that firms be required to list technical, managerial and professional openings with the Mayor's Office of Employment and Training. Second, they wanted First Source hiring agreements to

¹⁷Interview with Joel Werth, Director of Planning, Department of Housing, City of Chicago, July 28, 1987, Chicago, Illinois.

be applicable to all future tenants of downtown office buildings constructed with municipal assistance.

Despite the popularity of the First Source program with community and labor organizations, the majority bloc of the City Council and many businessmen opposed the program. Aldermen Edward Vrdolyak and Edward Burke claimed the program would create a large "patronage army." They strongly objected to any proposal requiring private employers to use the Mayor's Office of Employment and Training as a job source, claiming it would result in increased patronage power for the mayor, the implicit assumption being that only supporters of the mayor would be placed in jobs by his agency. A longtime City Council aide described the basis of the majority bloc's opposition somewhat differently,

First Source isn't exactly popular among minority aldermen because they would much rather work among their own community groups so that they can demonstrate that they are delivering jobs for them.

In addition, they criticized what they called the program's racial and income bias. By establishing local MET offices in predominantly lower income areas, they claimed the mayor was skewing the benefits of the program to his political supporters in the black community at the expense of their white ethnic

constituencies. Gary Chico, legislative aide to the former chairman of the City Council Finance Committee, Edward Burke made this point in the following way,

All of the intake centers are located in very low income areas and that, ironically, coincides with the mayor's constituency. The willingness of their side was probably not there to come and open the program up to the Southwest and Northwest Sides of the city, who probably oppose the mayor more than they support him.¹⁸

Finally, the majority bloc aldermen criticized the program because it was never subjected to City Council review and had not been legislatively established by ordinance. Gary Chico described the implementation of the First Source program in these words,

We had some serious questions about First Source hiring because we felt that, rather than appear for the first time to the City Council as a rider on a loan agreement, the entire concept ought to have hearings. . . We had absolutely no input. It was put through by way of the back door.¹⁹

The program also came under attack from the development community. First, they raised questions about the ability of the Mayor's Office of Employment and Training to administer such a large jobs program. This point was forcefully raised in a press release

¹⁸Interview with Gary Chico, Legislative Aide, City Council Finance Committee, City of Chicago, July 27, 1986, Chicago, Illinois.

¹⁹Interview with Gary Chico.

issued in September of 1985 by the Chicago Association of Commerce and Industry,

Last year, employment increased by 64,000 jobs in Chicago. If only 10% of these jobs were covered by First Source provisions, how many additional dollars would MET need to fund and staff a program to handle these referrals?"

Other opponents of the First Source hiring policy cited the MET's poor performance in implementing the Dislocated Workers' Program funded by the Job Training and Partnership Act (JTPA) in arguing against the program. Serious criticisms of the agency's handling of this JTPA program are summarized in the following excerpt of a Chicago Tribune article written by John Ziemba,

Chicago spends an average of \$1,200 to retrain a dislocated worker, almost twice the average \$680 spent state-wide, the study says. Despite the high cost for each trainee, only 23% of the 1,433 people enrolled in the city's program last year found jobs, the lowest rate of all areas administered by the program in Illinois.²⁰

Second, they felt the proposal to obligate future tenants of subsidized office buildings to participate in the program would serve to accentuate the existing competitive disadvantage of the Loop compared to suburban office center locations. They also suggested

²⁰ John Ziemba, "Job Training Under New Federalism," Chicago Tribune, October 10, 1985, Section 1, pp. 1, 20.

that such agreements had the potential of violating existing collective bargaining agreements between employers and unions. Furthermore, businessmen criticized the program based upon its potential patronage consequences. In a statement made by the Chicago Association of Commerce and Industry, the problem was described in the following manner,

This 'First Source' idea creates the potential for the most incredible patronage army since the concept of patronage was invented. It is chilling to consider the abuse that might come from either the ward level or from the city level. Employers, particularly the small ones, would be vulnerable to all sorts of potential harassment and pressures if they were required to list entry level openings with the city.²¹

Finally, the program was criticized by some businessmen because it impinged upon the traditional managerial right of hiring and firing. Mike Thom, Director of Governmental Relations for the CACI, made that point in the following way, "As long as it is mandatory, we are opposed to it."

Notwithstanding these criticisms, the administration implemented its program by means of provisions included in development and loan agreements. Furthermore, in January of 1987, the

²¹Chicago Association of Commerce and Industry, Press Release, p. 7.

mayor signed an executive order requiring that job preference be given to unemployed Chicago residents on all private projects receiving municipal subsidies.²² This initiative of the mayor is described in the following excerpt from a Crain's Chicago Business article,

Mayor Harold Washington has signed an executive order mandating that virtually all companies that sell to the city or obtain financial incentives from the city consider hiring employees referred to them from City Hall.²³

The program was expected to generate 1,000 additional jobs in its first year and more than 10,000 jobs during its first three years, thus making the 'Chicago First' hiring program one of the largest municipal jobs program in the country. The Executive Order 87-1 which established the program stated,

To fully implement the Chicago First Program, every City department initiating the financial or other economic development assistance arrangement with a prospective City-assisted Employer is charged with the responsibility of identifying appropriate loans, bonds, grants, contracts, leases, and regulatory variances which have a significant impact on job availability, which make participation in the Chicago First Program feasible for the City and the City-assisted Employer; formulating

²²City of Chicago, Mayor's Office, Executive Order 87-1: Chicago First Program. (Chicago, 1987).

²³"Chicago First Hiring Program," Crain's Chicago Business, January 18, 1987. p. 1.

effective incentive/penalty provisions appropriate to their particular financial or other economic development assistance arrangement; negotiating a Chicago First Agreement with such prospective Employers as a condition of the granting of such assistance; and for including the Mayor's Office of Employment and Training and the Department of Personnel in the negotiation process.²⁴

4. The Local Industrial Retention Initiative (LIRI)

One of the major themes of the Washington administration's approach to economic development was the importance of maintaining the city's industrial base. From the time it first took office, the Washington administration conducted research to evaluate the effectiveness of past industrial retention efforts, such as industrial revenue bonds. It also included, for the first time, industrial streets among improvements to be funded by the city's general obligation bonds. Furthermore, it developed an early warning system to identify industrial firms which were at risk for shutdowns in order to give local officials an opportunity to take preventative actions.

In addition to the aggressive action it took to

²⁴City of Chicago, Mayor's Office. Executive Order 87-1: Chicago First Program. (Chicago, 1987), pp. 1, 2.

prevent the closing of the Hasbro Milton Inc.'s Playskool facility, the administration moved swiftly to attempt to keep the Ekco Product Group Inc.'s Ekco Housewares factory open. The city responded to the Ekco plant closing announcement by attempting to bring together all the parties that could assist the firm in staying in Chicago. The efforts of the city's Economic Development Commission's Chairman Ron Gidwitz in this regard were described by Daniel Elser in his June 16, 1986 Chicago Tribune article,

Gidwitz has thrown himself into an effort to save 500 manufacturing jobs at Ekco Housewares Inc. on the Northwest Side. Citing the high cost of labor, utilities, and taxes, Ekco announced in March its intention to move to Sedalia, Missouri. Gidwitz brought together company officials and leaders of Teamsters Local 714, the Illinois Department of Commerce and Community Affairs, and the Greater North Pulaski Development Corporation to see if a resolution could be worked out. 'Ron put us in contact with the key people,' said Al Rabin, Vice-President of Marketing at Ekco. 'I am not sure we wouldn't have found these people ourselves, but we are talking.'²⁵

As a result of this process, labor concessions and a finance package were developed that permitted a local management buyout of the firm which allowed it to continue to operate.

²⁵Daniel Elser, "Gidwitz Carries Ball For Chicago Businesses," Chicago Tribune, June 15, 1986, pp. 6, 7.

In addition to these activities, the city formed a number of taskforces to examine the future of specific industrial sectors in the city. In its first term, the city's Department of Economic Development analyzed the status of Chicago's steel-making and apparel industries. In addition, it provided the Center for Urban Economic Development with partial funding in order to study the future of the Chicago printing industry. A recent article on the Chicago industrial taskforces described their contribution to the local economic development planning process in the following way,

By including more diverse membership and social values, Chicago's task forces have challenged assumptions about the problems and future of manufacturing in Chicago, developed innovative strategies and directed implementation, fostered a culture of joint problem-solving and increased public awareness about local economic development.²⁶

Finally, the city launched an aggressive new outreach effort among industrial firms aimed at helping them address problems which threatened their continued operation and expansion within Chicago. The Local Industrial Retention Initiative (LIRI) was

²⁶Stephen Alexander, Robert Giloth and Joshua Lerner, "Chicago's Industrial Task Forces: Joint Problem Solving For Local Economic Development," Economic Development Quarterly, Volume 1, Number 4, November 1987, pp. 352-357.

unique in that it utilized local development corporations to carry out its activities. Each week, trained staff from eight community-based development corporations visited local manufacturing firms in order to become more knowledgeable about their needs and to explain the many public programs available to assist local manufacturers. Jim Lemonides, Executive Director of the Greater North Pulaski Development Corporation described his group's participation in the program in these words,

Around July of 1984 we were at the point where we thought we could handle the administration of one of the city's own programs out here in the neighborhood. And so we became a pilot group through which the so-called Local Industrial Retention Initiative was instituted. In a nutshell, that program involves personal contact and outreach to area industrialists to a.) find out what is troubling them; b.) find out if they are in danger of shutting their doors, and c.) marketing the city's programs, especially their employment and training efforts. Just give them the welcome wagon kind of approach. Previously, the city had eight staff people doing that program for the entire city, responsibility for contacting about 8,000 industries a year which just wasn't feasible. And so, on a trial basis, they farmed the program out to us for our 9 square mile area, gave us responsibility for making 720 contacts. We already had loan packaging capability here. We had a network of political, business and financial people that were rooted in this neighborhood and the program was successful enough so that it has been spun off. Now it has been spun off to about 5 other LIRI groups which represent a network of neighborhood based organizations committed

to intervention. It has spawned a lot of good development deals, a lot of neighborhood hiring and that kind of thing.²⁷

In the program's first year of operation, it succeeded in reaching many more firms than the previously centralized program had. As a result, the program succeeded in identifying a number of firms in each neighborhood which were planning to relocate outside of the city due to space or labor problems. Both Augustino Olivero of the 18th Street Development Corporation and Jim Lemonides of the Greater North Pulaski Development Corporation said there were firms from their areas that were now working with the city to identify suitable relocation sites within the City of Chicago rather than moving.

As a result of this program, the city's funding of the Greater North Pulaski Development Corporation increased from \$25,000 to \$65,000 annually. Lemonides, who directs this LDC, says participation in the program has had a number of important positive outcomes for his organization. First, it institutionalized industrial outreach at the GNPDC, which had historically focused upon the stabilization

²⁷Interview with Jim Lemonides, Executive Director, Greater North Pulaski Development Corporation, July 28, 1986, Chicago, Illinois.

and redevelopment of neighborhood-based commercial strips. Second, it enabled the GNPDC, in conjunction with the Department of Economic Development, to develop an initial early warning system to guard against plant closings. Third, participation in the program helped the GNPDC in establishing closer working relations with the city, which made municipal decision-makers more sensitive to the needs of neighborhood-based industrial organizations. Finally, the program contributed to enhancing the understanding LDC staff members have of the development process, particularly as it affects industrial firms.

Arturo Vazquez, former Deputy Commissioner of Economic Development and Director of the Mayor's Office of Employment and Training, described another benefit of the LIRI Program which he oversaw during his tenure in the Department of Economic Development,

Many of the qualitative benefits of the program are quite important, when you look at local leadership in terms of industrial retention and expansion. There is an expansion in the numbers of informed people across the city that are really dealing with and augmenting the resources the city has to work with.²⁸

Vazquez went on to say that there is now a new

²⁸Interview with Arturo Vazquez, Deputy Commissioner of Economic Development, Department of Economic Development, City of Chicago, July 28, 1986, Chicago, Illinois.

political constituency which understands the importance of maintaining the city's industrial base and which now has more knowledge and skills to do so effectively.

The decentralized Local Industrial Retention Initiative appears significant for two reasons. First, it represented the Washington administration's commitment to maintaining the city's manufacturing sector. The administration's interest in this industrial sector appeared clear to many of Chicago's industrialists with whom I spoke. June LaVelle stated,

He (Robert Mier) is the only one we have seen that is making a commitment of dollars and assistance to doing industrial retention and he is not smoke stack chasing. They know that doesn't work. They know they have to retain the ten and twenty-man shops, little metal shops and woodworking outfits. . . .²⁹

Second, it represented a vigorous new commitment towards building the organizational capacity of community-based development organizations. The Washington administration was committed to providing funding and technical assistance aimed at increasing the ability of local development corporations and

²⁹Interview with June Lavelle, Manager, Northwest Side Industrial Council, July 29, 1986, Chicago, Illinois.

community based organizations to enter into partnerships with developers to execute large scale projects and to cooperate with the public sector to co-produce or subcontract for the delivery of important municipal services, as is the case in the industrial retention area.

It attempted to strengthen the organizational capacity of community organizations in a number of important ways. First, the Washington administration significantly increased funding for community-based development organizations. It expanded the number of programs being funded and increased the amounts provided to such groups. As of 1986, the Department of Economic Development was supporting some 99 housing and development organizations. The city's support for these groups more than doubled and the number being assisted increased from 115 to over 200 during the first term of Mayor Washington.

Municipal funding was also provided, at critical times, to city-wide organizations which strongly advocated neighborhood-oriented development strategies. The Washington administration provided support for the Chicago Workshop on Economic Development (CWED) to examine the potential contribution city purchasing power could make towards

neighborhood job creation. This assistance permitted CWED to hire its first full-time community organizer. The administration also provided support to the Chicago Jobs Coalition for research into "First Source" hiring programs. This support enabled the coalition to hire staff and maintain its activities. Finally, the city provided support to the Center For Neighborhood Technology to enable it to conduct research into alternative methods of solid waste disposal for electroplating establishments. This aid was very important to the maintenance of this city-wide technical assistance organization.

Under Washington, the city's approach to providing funding to community organizations changed dramatically from that of past administrations. Historically, the city offered seed money to community organizations to assist in their establishment. Such financial assistance was short-term and its amount tended to decrease over time in the belief that this approach would encourage financial and organizational self-sufficiency. The Washington administration's approach to funding community groups was very different and was described in the following way by Arturo Vazquez, former Deputy Commissioner of Economic Development,

The policy was changed to an incentive policy that established a floor for funding so that every community organization would be able to hire a staff person and a part-time secretary. And then we said 'the more you do, the more you get.' So we established two other levels that increased the funding as they worked up their capacity. We also established a program of organizational support to provide technical assistance and training to local organizations who had reached their capacity and then developed a whole series of seminars that gave them information on all of our programs.³⁰

Jim Lemonides, Executive Director of the Greater North Pulaski Development Corporation, described the Department of Economic Development's approach to funding community-based development corporations in these words,

The previous administration said, 'We ought to cut off groups that have the capacity and make them stand on their own two feet.' Rob Mier's philosophy was that those groups that have the sophistication and capability at the neighborhood level should get more of our support and be encouraged to develop their own program to a greater extent.³¹

To assist organizations in moving through the three developmental stages described briefly by former Deputy Commissioner of Economic Development, Vazquez, the Mayor's Office of Technical Services worked closely with community groups in helping them

³⁰Interview with Art Vazquez.

³¹Interview with Jim Lemonides.

establish representative boards, clear goals and objectives, strategic planning capabilities, better financial planning systems and improved managerial practices. Specifically, the city attempted to provide technical assistance to enhance the organizational, neighborhood economic development and project development capacity of Chicago's local development corporation network.³² Toward this end, the Department of Economic Development funded the Institute of Cultural Affairs to run a series of strategic planning and organizational development workshops. The Institute drew on the expertise of Professor Wim Wiewal of the University of Illinois at Chicago's Center For Urban Economic Development for assistance. While some community groups asked the Department of Economic Development to focus more of its technical assistance on development financing and loan packaging workshops and bristled at the city's requirement of a three-year strategic plan for all funded groups, the LDC staff members I spoke with felt very positively about the assistance they received.

While a definitive analysis of the effectiveness of these efforts requires more time, many civic

³²City of Chicago, Department of Economic Development. Technical Assistance to Businesses and Development Organizations. (Chicago, 1986).

leaders have indicated that they appear to be working. According to Edward Lawrence of the Urban Investment and Development Company,

They are starting to create community institutions, and a lot of them have shown strong performance in the commercial, mercantile and organizational areas.³³

There also appear to be at least some examples of LDC's which have received support from the city being accepted as partners by developers on new projects. In 1986, the GNPDC worked closely with the Chicago commercial developer Harry Chaddick in formulating redevelopment plans for the abandoned Playskool factory site while a South Austin development organization worked with another private developer to plan for the re-use of the Sunbeam factory site. Both projects were aimed at redeveloping these facilities for manufacturing purposes.

The administration was also committed to expanding its use of community organizations for the delivery of basic municipal services. In addition to the Department of Economic Development's industrial retention program, the Department of Housing utilized community organizations as "delegate agencies" in

³³Interview with Mr. Edward Lawrence, Economic Development Investment Company, March 11, 1986. Chicago, Illinois.

order to implement an early warning system for residential housing abandonment and to provide basic energy conservation information and financing to neighborhood residents.

VI. New Policy Initiatives Debated

In addition to the Buy Chicago, Minority Business Enterprise, Chicago First and Local Industrial Retention Initiative Programs, the Washington administration struggled to implement other economic development policies aimed at achieving the goals of the "Chicago Works Together": 1984 Development Plan. Among those initiatives were linked development, general obligation bonding for neighborhood infrastructure improvements, and various new forms of citizen participation. While a general obligation bond was approved by the City Council in 1985, ordinances establishing linked development and first source hiring policies were never passed. However, the administration did implement these policies, in some cases, by including such provisions in newly signed development agreements which were approved by the City Council. This was particularly true of projects planned for parcels 16 and 17 in the North Loop Urban Renewal Area.

A. General Obligation Bonding and the Neighborhood Investment Program

Recognizing the need to make significant new capital improvements in the residential neighborhoods outside of the Loop, the Washington administration

proposed a general obligation bond to the City Council in June of 1984. The proposed general obligation bond would have funded, among other things, such activities as road construction and repair, street and sidewalk lighting, sewer installations, reconstruction of vaulted sidewalks, repairs to Navy Pier, and new municipal facilities.¹

Approval of the general obligation bond was sought because the city had been unable, given its capital budget, to keep elements of the public infrastructure in good repair. Antiquated infrastructure facilities, such as low railroad and street overpasses, frequently added considerable distances to the shipping bills of Chicago-produced manufacturing products, undermining their competitive position in the world marketplace. The low interest rates in 1984 also provided the city with an opportunity to refinance its 1982 general obligation debt while securing additional financing to make new improvements.

City Council approval for the new general

¹Vaulted sidewalks are a Chicago phenomena which appear in certain residential areas built upon marshy lands. As a result of repeated resurfacing of streets and sidewalks, in these areas, people's homes now appear to be substantially below the street grade. Sidewalks in these areas need continuous reinforcement if they are to remain structurally sound.

obligation bond was sought for these improvements because it gave the city greater discretion in the use of its funds than other financial instruments. General obligation funds were preferable, for instance, to revenue bonds which could only be used for improvements related to revenue producing facilities for which income streams could be dedicated to retiring such bonds. For example, revenue bonds used to make improvements in mass transit systems were often secured by projected income from fare boxes. Revenue bonds for municipal recreational facilities such as beaches or golf courses were often secured by projected income from admissions or entrance fees. Such instruments were not available for the funding of a neighborhood infrastructure program.

Despite the logic of the administration's request, the proposal was not acted upon by the Finance Committee of the City Council. The committee, which was chaired by a Washington opponent, Alderman Edward Burke, refused to hold hearings on the measure and tabled the proposal after its second reading before his committee. The Finance Committee also refused to take action on the re-introduced version of the measure in May of 1985. The opposition argued against the measure stating that it was poorly

conceived and would increase property taxes for those owning homes assessed at \$60,000 by more than \$18 a year.

With falling interest rates undermining the opposition's arguments and with the encouragement of his staff, the mayor decided in 1985 to make the City Council's failure to act on his general obligation bond request a public issue. The mayor did this by means of a well planned and orchestrated media and community organizing campaign. First, the administration developed a basic brochure which described the 1985 General Obligation Bond Program and its benefits to neighborhoods and suggested ways individuals could support its passage through the City Council.² The brochure described the work to be done in the neighborhoods, the low cost to homeowners, the added costs of delaying the bond issue, and the input citizens could have in shaping the list of improvements to be completed in each neighborhood. Second, the Mayor planned and led a series of neighborhood bus tours with Council members and the press aimed at highlighting the need for such a program as well as its potential benefits. Irene

²City of Chicago. Department of Planning. 1985 "The 1985 General Obligation Bond Program," Informational brochure, City of Chicago.

Sherr, former Assistant to the Commissioner of Economic Development, described the first tour and its impact upon one alderman opposed to the program in this way,

Rob Mier and Brenda Gaines came up with this idea to get the mayor, aldermen, legislators, and the press on a bus to show them what the problems were. The first area visited was the Southwest Side in Alderman Sheahan's ward. He had the largest single amount of projects in the General Obligation Bond, about \$7 or \$8 million just in his ward. Once they went out there, people just poured out of their homes and started talking to the mayor, saying 'This is great, we want our streets repaired.' One by one, all four of the aldermen on the bus said they backed it (The General Obligation Bond). Once that happened, Alderman Burke came out with a statement, 'As long as we see a full list of the projects, we're all going to consider this.'³

On a specially equipped, \$50,000 tour bus donated by Citicorp, the mayor led as many as three neighborhood tours a day to build support for the passage of the general obligation bond which he referred to as the "Neighborhood Investment Program." Sherr described the bus tours and the Mayor's media campaign in the following way,

It (the bus) was perfect. It could hold the mayor, the press and a few other people. The mayor made three tours a day. Everyone would pile into the bus. It made great news

³Interview with Irene Sherr, Assistant to the Commissioner of Economic Development, City of Chicago, October 11, 1985, Chicago Illinois.

stuff. It gave the reporters a chance to talk with the commissioners. People got a sense of what the issues were. We got positive press coverage, so tours were planned for the Southwest Side and another tour for the Northwest Side. In each place they tried to visit a range of projects- an industrial street, a vaulted sidewalk, a cave-in in front of a nun's house. All these great things were happening just as the \$125 million General Obligation Bond was in the Finance Committee.⁴

Third, the mayor and the commissioners made a concerted effort to speak to as many business, community, labor and church groups as possible about the merits of the program, urging them to contact their alderman to ask for support of the measure.

Influenced by the positive publicity generated by Washington's "road show" and growing community support for the general obligation bond, the majority bloc in the Council reversed itself and decided to support the bond program. In addition, the 29 opponents of the Mayor decided to add their own projects for their wards to the list of planned activities. The mayor's 21 supporters were then under political pressure to do likewise. They could not afford to be portrayed as being less aggressive than the mayor's opponents in seeking help for their individual wards. These additions to the program pushed its total cost to over

⁴Interview with Irene Sherr.

\$200 million. The administration felt this figure was more than the city could afford to spend. Therefore, the mayor directed staff from the Departments of Public Works and Economic Development, along with representatives of the Mayor's Office of Budget and Management, to review all funding requests made by the City Council. Having done so, the mayor then asked staff from the Finance Committee to join his own staff in individually negotiating each alderman's set of requests. The goal of these negotiations was to reduce the cost of the program while insuring its passage. Irene Sherr described the outcome of this process in the following way,

Eventually, it was all negotiated out and we ended up with a \$185 million bond issue. So it passed at the end of August. The mayor was able to get much support because it was practically impossible for an alderman to say he was against it when the public had the sense that it was just a mom and apple pie thing in which everyone got something.⁵

Among items included in the 1985 General Obligation Bond were \$18 million for the partial renovation of Navy Pier, \$950,000 for repairs to fire-fighting facilities, \$9,590,000 for new municipal office buildings, \$940,000 for police department

⁵Interview with Irene Sherr, Assistant to the Commissioner of Economic Development, City of Chicago, October 7, 1985, Chicago, Illinois.

facilities, \$27,750,000 for sewer installations, and more than \$105,590,000 for neighborhood infrastructure improvements.

According to Dave Mosena of the Department of Planning,

The General Obligation Bond Program that we just passed last summer is the first general obligation bond that we issued this term. It spent over a year in the City Council before it was finally approved. It was 60%, maybe it was 70%, even 80% neighborhood improvements. It was very much a neighborhood capital re-investment program of \$185 million.⁶

Specifically, the 1985 General Obligation Bond Program funded the types of neighborhood improvements listed in the table on the following page.⁷

While the mayor was generally praised for taking the initiative for proposing and fighting for the approval of the general obligation bond, his capital planning record was not without its critics. Among the most vocal opponents of the administration's

⁶Interview with Dave Mosena, Department of Planning, City of Chicago, June 25, 1986, Chicago, Illinois.

⁷City of Chicago. Department of Planning. 1985. "1985 General Obligation Bond Program Detail: Final Allocations," City of Chicago, pp. 1, 2.

Table: 6.1**1985 General Obligation Bond Detail:****Neighborhood Infrastructure Expenditures**

A. <u>Lighting Expenditures:</u>		
Replace 50,000 Street and Alley Lights		1,000,000
Replace Obsolete Lane Control Signals		50,000
Replace Rusted Street Light Poles		1,400,000
Replacement of Trolley Poles		350,000
Installation/Replacement of Traffic Signals		5,000,000
B. <u>Streets and Sidewalk Expenditures:</u>		
Alley Construction Citywide		1,300,000
New Street Construction (WPA Streets)		22,751,500
Residential Street Resurfacing		40,560,000
Vaulted Sidewalk Reconstruction		11,100,000
50/50 Sidewalk Program		3,000,000
Industrial Street/Business Area Improve.		14,775,000
Viaduct Repair/Reconstruction		2,104,500
Centerline Drainage		2,000,000
Lakefront Protection		<u>200,000</u>
Neighborhood Infrastructure Program Subtotal		\$105,591,000

capital planning and spending activities was John L. Greer, a researcher with the Center For Urban Research and Policy Studies at the University of Chicago, whose study Capital Investments in Chicago: Fragmented Process, Unequal Options was extremely critical of the

city's program.⁸

Based upon an analysis of the spatial distribution of the administration's proposed \$3.2 billion capital spending program for the years 1985 to 1989, Greer asserted that,

The City of Chicago is a partner and active participant in the uneven development of the city.⁹

According to Greer, the city planned to spend \$739 million on O'Hare improvements over the next five years and \$459 million on improvements in the Loop. During this same period, the city planned to spend \$1 billion on transportation projects throughout the city. However, only \$1 billion was allocated for neighborhood improvements. Greer described the city's capital spending approach in the following way,

⁸James L. Greer, Capital Investments in Chicago: Fragmented Process, Unequal Options. Center for Urban Research and Policy Studies, University of Chicago, (Chicago, 1986).

⁹John McCarron, "O'Hare, Loop Eat Up Repair Funds," Chicago Tribune, July 7, 1986, Section 2, pp. 1, 4.

The city's planned capital program provides for extensive development in a few areas in Chicago, notably O'Hare Airport and the Loop, while Chicago's neighborhoods will be the recipients of only a minimal level of public investments.¹⁰

Greer argued that neighborhood programs were so small that they served only a maintenance function, while downtown and airport investments were large enough to leverage private investment and thus serve a genuine economic development purpose. Furthermore, Greer noted that the distribution of the proposed neighborhood investments was quite inequitable. While a few community areas would receive as much as \$40 million in infrastructure improvements during the next five years, over 50 community areas would receive less than \$10 million in public investments during this period.

Greer's research suggested that a gulf existed between the Washington administration's rhetoric and its actions. While the administration's 1984 development plan called for actions aimed at establishing a pattern of "balanced growth" within the city, the administration continued, according to Greer, to concentrate public investments in areas that

¹⁰James L. Greer, Capital Investments in Chicago: Fragmented Process, Unequal Options. Center for Urban Research and Policy Studies, University of Chicago, (Chicago, 1986) p. 1.

didn't appear to need such assistance, namely the downtown and airport areas.

To remedy the situation, Greer called for the development of an integrated, interdepartmental approach to capital planning. The City of Chicago had historically permitted each department to develop, in isolation, its own capital plans. These proposals were then compiled into one document; however, they were not integrated in a manner that required each public investment to be mutually reinforcing of the city's overall development goals. Greer also recommended increasing the city's investments in its residential neighborhoods while reducing its commitment to the Loop and O'Hare. Finally, he called for greater citizen participation in capital planning, arguing for the establishment of a New York-styled system of community boards which would advise the city on capital spending priorities.

Greer was also critical of the 1984 General Obligation Bond Program which he suggested was influenced more by politics than by community needs. He criticized the proposal to disburse improvements throughout the 50 wards of the city, arguing that some were more needy than others. He was particularly critical of the proposal to pave 5 miles of roads

within every ward. He also criticized the vague nature of the plan. He felt the Mayor's Neighborhoods Improvement Program should have specified the location of each improvement to be made instead of leaving the final negotiations of the improvements up to the affected city agency, aldermen and community groups. Finally, Greer attacked the plan as being poorly formulated, ". . . Greer doubts if the administration had the opportunity to carefully plan the program to spur neighborhood development."¹¹

While the Greer report provides public finance novices with a helpful introduction to capital planning, it, unfortunately, does not provide a very useful analysis of the city's capital spending activities. This is due to a lack of clear conceptual thinking and a number of methodological weaknesses in his research design.

Greer included in his analysis of capital spending, revenues from general obligation bonds, revenue bonds and intergovernmental aid spent on capital improvements. This approach tends to give a distorted picture of the city's capital spending priorities because many of these revenues can only be

¹¹Ben Javorsky, "A Political Scientist Challenges the City's Capital Improvements Budget," The Reader, July 18, 1986, pp. 3, 35.

used for specific purposes. The city lacks the power to use many of these funds to meet infrastructure needs as they define them. For instance, the city may use its airport revenue bonds on projects related to activities at O'Hare and Midway Airports; it cannot use such revenues for street repairs in the residential neighborhoods surrounding these transportation facilities. The city may only use its federal transportation funds for improvements on its mass transit system; it cannot use these resources to rehabilitate streets in areas requiring new infrastructure investment. By including these dedicated revenue sources in his analysis, Greer gives an inaccurate sense of the administration's priorities. His criticism of the administration's capital program holds it accountable for spending choices over which it has little or no power.

Greer's approach to analyzing the locational impact of infrastructure spending also appears flawed. In analyzing the distribution of benefits from infrastructure spending, Greer calculates the total dollar amount of public investments made in a particular community area. If a particular investment covers more than one area, he divides the dollar amount of the investment by the number of community

areas it is located in and credits each community area with an equal amount of benefit for the investment. This approach equates the location of that investment with the benefit produced by the investment. This is frequently not the case. For example, according to Greer's method, if a large recreation center was located in community area X, that community area would be credited with the investment and assumed to be the sole beneficiary of the facility. If the facility served youngsters from the entire city, this method would fail to communicate the true distribution of its benefits.

Finally, Greer's analysis can be criticized, as was done by former Commissioner of Economic Development, Rob Mier, on the basis of its use of community areas for his locational analysis. These areas, Mier argued, are so large as to not accurately present the true effects of the proposed infrastructure program upon the city's neighborhoods.¹²

Thus, in spite of the criticisms raised by Greer, the 1985 General Obligation Bond Program appears noteworthy because it represented the first time public investments for basic infrastructure

¹²Javorsky, p. 3

improvements in residential neighborhoods outside of the Loop were given priority in a general obligation bond offering. Typically, such bonds have been used to support activities in the Loop. In addition, the 1985 General Obligation Bond was the first time such funding has been used to support economic development activities in industrial areas and commercial strips outside of the Loop. Among the projects funded were a high tech park on the University of Illinois at Chicago Campus, renovations at Navy Pier, improvements to five industrial streets and the redevelopment of five neighborhood retailing and commercial centers. Robert Mier commented upon the inclusion of these expenditures in the General Obligation Bond with these words,

I am pleased that the City Council is considering support for the funding of important economic development projects such as these in the General Obligation Bond. As far as we can tell, this is the first time the city has supported economic development capital activities in such a bond issue. In the past, we have relied on the federal government, especially the Economic Development Administration and the Department of Housing and Urban Development, to provide financial support for infrastructure improvements serving business areas. As we all know, these sources of federal funds are rapidly drying up, shifting the burden to the state and local governments. I believe that these modest economic development projects will provide a strong signal to the business community of the willingness of local

government to shoulder the burden of continuing to promote economic development.¹³

The spending priorities represented in the 1985 General Obligation Bond reflected a real commitment on the part of the Washington administration to the preservation of residential neighborhoods and existing manufacturing areas. They were consistent with the policy objectives articulated in both The Washington Papers and the 1984 development plan. These priorities stand in stark contrast to those embodied in past bond issues which concentrated public infrastructure investments in the downtown area.

Thus, the Washington administration's Neighborhood Improvement Program, contained in the 1985 General Obligation Bond, stands as evidence of the mayor's commitment to achieving a more balanced pattern of growth within the city. His establishment of a special capital planning unit within the Department of Planning suggested the seriousness of his commitment to utilizing the city's infrastructure spending as a redistributonal tool aimed at achieving

¹³City of Chicago. Department of Economic Development. 1985. "Statement on Economic Development Projects in the General Obligation Bond," statement made by Commissioner Rob Mier before the Finance Committee, City Council, City of Chicago, August, 1985, pp. 1, 2.

this outcome. The administration was not successful in developing an institutionalized mechanism for eliciting citizen input, on an ongoing basis, on these capital spending decisions.

B. Linking Neighborhood Needs to Downtown Resources

Following the election of Harold Washington as Chicago's first black mayor, leaders of Chicago's white ethnic communities began voicing fears regarding the future of their neighborhoods. Many community leaders in these areas were certain that Washington would give preference to the needs of his own ethnic community at their expense, as Daley, Bilandic and Byrne had done before him. These feelings were particularly strong in the wards on Chicago's Northwest and Southwest Sides represented by the "majority bloc" controlled by Aldermen Edward Vrdolyak and Edward Burke.

These concerns were transformed into action in the early months of 1984 when leaders of the Northwest Neighborhood Federation and the Southwest Neighborhood and Parish Federation came together to form a new coalition called the Save Our Neighborhood/Save Our City Coalition (SON/SOCC) aimed at advancing the concerns of the city's working class, white ethnic

neighborhoods.¹⁴ The name of the coalition was strikingly similar to the call which local Democratic leader Vrdolyak had made in 1983 to white precinct workers to labor hard to beat Washington. Joseph Crutchfield, Co-Chair of SON/SOCC, described the origins of the coalition in the following way,

It got started, I guess, after the mayoral election in 1983. There was a strong feeling in the so-called 'ethnic communities,' the white middle class community, that issues that were very important to the neighborhoods were really not being addressed. On both sides of the fence, whether it was the Washington administration or the majority bloc, the real issues that were important to all neighborhoods within the city were not being addressed. So, we felt that something had to be done about that.¹⁵

As the new coalition's leaders were organizing community groups to attend their first public meeting, they released what they called "The Declaration of Neighborhood Independence," which articulated the group's basic political philosophy. In part, it read:

These are extraordinarily trying and dangerous times for Chicago. None know or understand this better than the predominantly white ethnic neighborhoods of

¹⁴"Three Highlights of Chicago's Linkage History," Factsheet produced by Save Our Neighborhood/Save Our City Coalition (Chicago, 1985) p. 1.

¹⁵Interview with Joseph Crutchfield, Co-Chairperson, Save Our Neighborhood/Save Our City Coalition, October 8, 1985, Chicago, Illinois.

the city. Instead of the order and peace which we have rightfully grown to expect over the years, a distressing politics of needless conflict and mindless vengeance has become the order of the day. Responsibility for this deplorable state of affairs rests with the current Mayor of Chicago, Harold Washington. Behind the well-crafted public veneer of the Mayor as Charmer, Healer and Reformer, there thrives political opportunism, ready to exploit every racist fear and antagonism without regard to their dire consequences. Instead of genuine reaching out for the best in people, Mayor Washington creates and encourages situations and circumstances which bring out the very worst.¹⁶

While a number of well-known community leaders, including Monsignor Jack Egan of the Archdiocesan Office of Social Justice, criticized the strident rhetoric and blatant racism of SON/SOCC's call to action, more than 1,000 community leaders attended the coalition's funding meeting on April 29, 1984. At this event, delegates unanimously approved the coalition's "White Ethnic Agenda."¹⁷ Of the many items included on the agenda, the two that stirred the most interest were a home equity insurance proposal and a Boston-styled linkage program. The latter

¹⁶Larry Bennett, "When Progressives Collide: Chicago's Save Our Neighborhood/Save Our City Coalition and the Washington Administration," unpublished paper presented at the Association of Collegiate Planning Schools Conference, October, 1986, Milwaukee, Wisconsin, pp. 19-20.

¹⁷Bennett, p. 8.

program has since been adopted in numerous other communities.¹⁸

The linkage proposal called upon developers of large downtown office buildings to contribute \$5 per square foot on newly constructed commercial space to a neighborhood improvement fund. The revenues from this one-time payment would be distributed among Chicago's 77 community areas, on a per capita basis, to be used for housing and economic development projects. Within each community area, neighborhood residents would determine which projects were to be funded by linkage dollars by means of neighborhood referenda. SON/SOCC's leaders estimated that the program would generate, in the short term, more than \$80,000,000. When distributed equally across all community areas within the city, according to the coalition's proposal, each community area would receive more than \$1,350,000 in linkage revenues.

The SON/SOCC Convention, along with its issues program, received a great deal of attention from the media. In the months following this initial forum,

¹⁸Dennis Keating, "Linking Downtown Development to Broader Community Goals: An Analysis of Linkage Policy in Three Cities," Journal of the American Planning Association, Volume 52, Number 2, pp. 133-141.

leaders of the coalition sought support for their linkage proposal from other community organizations, the mayor, both factions of the City Council and a variety of civic organizations. The coalition based its lobbying efforts for the establishment of a linkage program on the following arguments. First, they stated that the growth of downtown's service sector had caused a tightening of the city's residential real estate market. According to their data, expanded employment within the Loop had increased the number of individuals needing shelter in a housing market in which dwelling unit losses had exceeded dwelling unit additions for more than a decade. Second, the coalition asserted that bank disinvestment from Chicago's residential neighborhoods had funded downtown development. Third, the coalition claimed that the concentration of public infrastructure funds within the Loop and the lack of such investment within the city's neighborhoods amounted to an office space subsidy to developers and corporate tenants by Chicago taxpayers. Finally, leaders of the coalition claimed that new employees securing work in the Loop's service economy were displacing low income workers from neighborhoods near the central business district, especially in the

communities along the Lakefront.

The negative impact of downtown development and the neighborhood subsidy of development in the Loop, in the opinion of many community leaders, offered a compelling case for the establishment of a linked development program. Following the April SON/SOCC Conference, the concept was endorsed by a variety of local development corporations, affordable housing advocates, community activists and minority organizations.

On September 30, 1984, Mayor Harold Washington, the target of SON/SOCC's first meeting, was invited to address a candidates night sponsored by the group. At this forum, the mayor indicated his support of SON/SOCC's home equity insurance and linkage concepts. Furthermore, he announced plans to establish a city-wide taskforce to explore alternative proposals aimed at establishing a linked development program in Chicago. Finally, the mayor committed himself to helping SON/SOCC's work on the issue by providing its leadership with needed housing market data and technical assistance for their linkage research activities. The mayor indicated his support of SON/SOCC's linkage initiative with the following words,

Corporate Chicago and corporate America must believe that reinvestment in all of Chicago is good business. I want to take the opportunity to lend my support to the ambitious, but necessary neighborhood revitalization the coalition is advancing.¹⁹

Pat Dowell, a planner from the Department of Planning, described the genesis of linkage in Chicago in this way,

A number of things were going on at the same time. The city internally was looking at linkage as an economic development tool. The community organizations were looking at a linked development tax--mainly SON/SOCC and the housing development organizations. The directors of these organizations were formally meeting and discussing linked development as a housing tool. In April, SON/SOCC had a convention at which they approved on their agenda a linked development policy as specified in Boston. They were running with a strictly Boston program. The city jumped at it since we were looking at linkage ourselves and had a commitment to public participation as specified in the 1984 development plan. The mayor decided to form an advisory committee to come up with some linkage ideas, and in October a committee was formed.²⁰

SON/SOCC's success in putting their version of linkage on the top of the municipal development agenda was quite remarkable and was based upon a number of factors. First, many of the more radical community

¹⁹Linda Rae Kris, "Plan Would Link Loop to City's Neighborhoods," Lerner Newspaper, September 19, 1985, p. 1.

²⁰Interview with Pat Dowell, Senior Planner, Department of Planning, City of Chicago, July 24, 1986, Chicago, Illinois.

organizations, such as The Chicago Workshop on Economic Development (CWED), were eager to develop a relationship with this white ethnic organization in hopes of building a powerful city-wide, multi-racial community movement. Therefore, they quickly moved to endorse the SON/SOCC linkage initiative. Second, SON/SOCC's strong base in the wards of the majority bloc aldermen made them an attractive ally for the mayor. Third, the coalition was advocating a very specific program that people knew was functioning well in another city without dire consequences. Finally, the organization did an excellent job of mobilizing and expanding its political base through its work on the issue. SON/SOCC's leaders did extensive research on linkage, issued regular press statements, spoke frequently before other organizations, canvassed door-to-door on linkage, attended public hearings with their supporters, did mailings to educate people, collected pro-linkage petitions, and surveyed citizens' attitudes toward their proposal. Among the most clever organizing activities carried out by SON/SOCC was the distribution to organizations throughout the city of a questionnaire which asked community leaders to describe what they would do, in their neighborhoods, with more than \$1.35 million in

future linkage payments. The mailing generated a tremendous amount of interest on the part of community leaders in the SON/SOCC linkage program.

In the fall of 1984, Mayor Washington appointed 21 citizens to the Advisory Committee on Linked Development. Among those asked to serve on the committee were nine community leaders, nine businessmen, one foundation officer, one labor leader, one religious leader, two aldermen, and four administration officials. Included among the appointees were Commissioners Robert Mier and Elizabeth Hollander, Citicorp Vice President Walter Clark, Monsignor Jack Egan of the Archdiocese of Chicago, Robert Belcaster of Tishman Speyer Properties Inc. and Joseph Crutchfield of SON/SOCC. From the committee's inception, the composition of the taskforce was criticized. Developers asserted that the committee was dominated by community activists while local development corporations protested their exclusion. In spite of these complaints, the work of the advisory committee proceeded through the winter and spring of 1984. Following months of long meetings, the committee decided on June 7, 1985 to hold a public hearing on their draft linkage report. The report recommended the establishment of a linked

development program with these words,

For Chicago, quality of life means neighborhoods with viable, interesting commercial areas, affordable housing, good schools, and good public services. It is for these reasons the Advisory Committee is recommending establishing a program that can invest in neighborhoods--The Linked Development Program.²¹

As conceived by the advisory committee, the linked development program would fund a variety of housing and economic development projects in neighborhoods throughout the city on a first come, first served basis. Non-profit development organizations, working alone or in collaboration with for-profit developers, would be eligible to participate in the program. The fund would provide both loans and grants for projects that enjoyed broad community support but which could not proceed but for such financing.

While it did not specify a final set of recommended funding sources, the report did discuss the possibility of using a variety of different taxes to finance the program. Among these were: the expansion of the real estate transfer tax to include land trusts; a \$0.10 per square foot use tax on all

²¹City of Chicago. Department of Planning. 1985 "Draft Report of the Advisory Committee on Linked Development," City of Chicago, p. 7.

commercial space over 100,000 square feet; the imposition of a \$10.00 per square foot exaction fee for all new office space constructed within the central business district; the elimination of the local property tax exemption for insurance company properties; and the reform of the city's zoning bonus system to permit higher floor area ratios for buildings when the developers contributed to a linked development fund.

In addition, the advisory committee report recommended requiring all city-assisted developments and their future tenants to participate in the city's "First Source" hiring program. Under this program, affected developers and their tenants would be obligated to post, for a period of two weeks, all entry level positions with the Mayor's Office of Employment and Training (MET) prior to publicly announcing these positions. The participating organizations would then be required to interview all properly screened job applicants referred to them by the city. The firms, however, would not be obligated to hire these individuals unless they were deemed qualified. In addition, the report recommended changes in the county tax system aimed at encouraging the rehabilitation of multi-family dwellings. Another

recommendation suggested more aggressive use by the city, for neighborhood stabilization purposes, of the county's existing property tax abatement program. The committee's final recommendation proposed a creative financing mechanism aimed at expanding available funding for affordable housing programs involving land trusts. While including all these possible funding measures in their draft report, the committee did not expect that all of these tax levies would be approved by the mayor and City Council. They chose to present these proposals in their report so that all reasonable options for the funding of a linkage program could be considered.

The committee estimated that revenues from the complete set of proposed taxes would be approximately \$26 million a year. Table 6.2 summarizes the expected annual yield from each proposed tax source.

Following the adoption of the Draft Report of the Advisory Committee on Linked Development on June 7, 1985, five members of the committee, representing the development community, decided to issue a minority report attacking the report's recommendations. Chuck Thurow and Pat Dowell, planners representing the Department of Planning who helped staff the committee,

Table 6.2Estimated Yields From Preliminary Linkage Proposals²²

<u>Source</u>	<u>Estimated Annual Yield</u>
A. Real Estate Transfer Tax on Land Trusts	\$ 4,000,000
B. Use Tax	\$ 16,980,000
C. Exaction Fee	\$ 4,800,000
D. State Tax Code Changes for Insurance Companies	\$ 1,000,000
E. Zoning Incentives	N/A
Total	\$ 26,780,000

stated that the actions of these individuals came as a surprise to most members of the committee. Despite the frequency with which community representatives on the panel argued for exaction fees based upon the need for downtown developers to make "reparations for past damages," the business members on the committee appeared somewhat oblivious to the level of resentment which most community representatives felt towards developers. The hostility felt towards developers by most community representatives on the panel was probably best communicated by the following description of the linkage concept by Joseph Crutchfield,

²²Advisory Committee, p. 15.

This is a program of retribution against downtown developers who have stripped neighborhoods, and who must be forced to pay for their past sins.²³

In their 22-page document entitled, "Draft Report: The Advisory Committee on Linked Development Draft Minority Report on the Proposed Exaction Tax," the five representatives of the development community strongly criticized the draft report issued by the majority of the committee.²⁴ They criticized both the content of the majority report and the process used by the committee to formulate its recommendations. First, they attacked the composition of the committee and the representation offered to the business community, asserting that the committee was community dominated. The minority report stated,

The majority members of the committee were selected primarily because of their concern for neighborhood development. Due to the fact that neighborhoods would be the ultimate recipient of any "linked development" taxes levied, it was preordained that the committee's majority vote would favor some sort of tax on commercial development.²⁵

²³Alfred S. Lanier, "Linked Development: Retribution, Exaction, or Cooperation," Chicago Enterprise (Commercial Club of Chicago, 1986) July 1986, Volume 1, Number 1, p. 2.

²⁴City of Chicago. Department of Planning. 1984 "Draft Report: The Advisory Committee on Linked Development Draft Minority Report on the Proposed Exaction Tax," City of Chicago.

²⁵Minority Report, p. 1.

Second, the minority report rejected claims made by community activists that downtown development was causing a general rise in residential housing costs. This was a crucial criticism because Illinois law requires clear proof of the negative impacts of a particular development on a community before it permits a local municipality to levy an impact or exaction fee to mitigate these effects. This legal requirement is powerfully stated in the following statement from an opinion of the City of Chicago's Corporation Council.

In order to be legally defensible, the exaction fee approach requires establishing a rational relationship between the impact of the development being exacted and the party or area being impacted. According to Illinois case law, the relationship has to be 'significant and unique.' If there is such a relationship, the negative impact can be mitigated either through direct action by the developer or through the payment of fees targeted to resolving these.²⁶

The minority cited Chicago's declining population, relatively stable housing costs, and rising residential vacancy rates to counter the majority's assertion that a "housing crisis" existed for which downtown development was responsible.

²⁶City of Chicago. Department of Planning. 1985. Mayor's Advisory Committee on Linked Development: Resource Subcommittee, "Staff Report on Exactions," City of Chicago, p. 1.

Third, the minority rejected the suggestion made by linkage advocates that downtown growth contributed to the reduction of economic opportunities for Chicago's neighborhood residents. They argued instead that increased employment within the downtown service sector had made a substantial contribution to offsetting job losses in the neighborhood-based manufacturing sector. In fact, they pointed out the fact that some 61% of all downtown jobs went to residents of Chicago's neighborhoods. Thus, those in the minority stressed the important role which Chicago's booming downtown played in helping the city maintain its place in the national economy in spite of its faltering industrial sector. Finally, they asserted that the combined effect of the \$26 million in new linkage related taxes would severely cripple the downtown commercial real estate market. This, they explained, would force job-producing service sector firms to seek locations outside of the city. As a result, they argued, the city would lose a significant number of jobs and desperately needed tax revenues. According to the minority report,

The central business district (CBD), which includes only one percent of the city's land area, provides 34% of the city's jobs, 23% of real estate taxes and 13% of retail sales.²⁷

They argued against the assertion of linkage supporters that the downtown office market was strong and healthy by citing increasing office vacancy rates, falling absorption rates and increasing suburban competition. The minority report stated,

In 1985, the Chicago suburban market had less than a two percent share of the metropolitan market. Ninety-eight percent of the share was centered in the central district in an area of less than two miles. Presently, the suburban market has approximately thirty-five percent of the metropolitan market while the CBD share has decreased to approximately sixty-five percent. There is little reason to doubt that the CBD's share of the market will continue to erode.²⁸

The minority report cited a 1985 analysis of the Chicago real estate market completed by the Building Managers Association of Chicago to support their argument of a weak Chicago office market. According to the Building Managers Association Report,

We currently have a vacancy rate of 17% in competitive space in the central area which translates to ten million square feet of space vacant with thirteen million square feet coming out of the ground. In refiguring absorption over the past five

²⁷Minority Report, p. 7.

²⁸Minority Report, p.8.

years, we have absorbed 1,490,000 square feet per year. Based upon the above figure this is a fifteen year supply of space.

Numerous studies of the Chicago area office market indicated that suburban commercial space was approximately \$2 per square foot, less expensive than comparable space in the central business district. The proposed use tax would have served to double the advantage which suburban space offered to potential commercial tenants. Don Kane, a former city development official, described the competition for office space within the metropolitan region in the following manner,

Fifteen years ago you had no competitive centers in Chicago that would compete with the Loop. Now you do have other centers and they are constituted by the Route 15 corridor which stretches from Oak Park all the way to DuPage County. In addition, you have the significant development of office and office related-industries in the non-Chicago portions around O'Hare field. Finally, you have a concentration of office activities in Lake County along Lake Country Road and further up north.²⁹

Citing data from a Chicago Association of Commerce and Industry study, the minority members of the committee predicted a sharp decline in the central business district real estate market if a linkage program was

²⁹Interview with Don Kane, Investment Banker and Financial Consultant, July 26, 1986, Chicago Illinois.

enacted.

Based upon information generated by Shlaes and Company, a linked development tax will reduce the rate of return on equity invested in a typical downtown office building project by 25%, decrease the rate of return on total capital (debt plus equity) invested in a project by 8% and increase the amount of equity required to undertake a project by as much as 73%.³⁰

Following the release of both the majority and minority reports from the Mayor's Advisory Committee on Linked Development, Chicago's largest business organization sponsored a press conference to state its strong opposition to a legislatively mandated linked development program. The press conference, organized by the Chicago Association of Commerce and Industry, brought fifteen organizations together in what was referred to as the Business and Labor Coalition on Linked Development. Joining with The Chicago Association of Commerce and Industry to oppose the establishment of a linkage program were The Association of Industrial Real Estate Brokers, The Builders Association of Chicago, The Building Managers Association, The Burnham Park Planning Board, The Chicago Board of Realtors, The Chicago Federation of Labor, The Chicago Office Leasing Brokers

³⁰Chicago Association of Commerce and Industry, Linkage Factsheet, September 18, 1985, pp. 5-6.

Association, The Civic Federation, The Construction Employees Association, The Greater North Michigan Avenue Association, The Greater State Street Council, The South Side Planning Board and Local 25 of the Service Employees International Union.

The coalition's position was clearly communicated in its September 18, 1985 press release on the issue,

The Linked Development Taskforce's Majority Report's proposal will critically endanger future growth of business in the City of Chicago, and significantly lower the quality of life for all Chicago citizens. The reason is quite simple. Linked development will drive more jobs out of the city.³¹

The coalition based its position on a survey of 2,732 CACI member firms from the metropolitan region. In short, the survey revealed that 97.5% of the responding firms felt that the added costs of linkage would impact upon their firms. Specifically, the survey indicated that, in the event of a \$10 exaction tax levy, 87% of the firms considering expansion in the area would look for non-Chicago locations while 31% would look to relocate outside the State of

³¹Chicago Association of Commerce and Industry, Press Release, "Business and Labor Coalition on Linked Development," (Chicago, 1985), September 18, 1985. p.1.

Illinois.³²

CACI summarized the results of the survey in the following manner,

Our estimate, based on the survey, shows that the city could put almost 600,000 jobs at risk, with average annual earnings of more than \$7 billion. This would mean the loss of an estimated \$19 million in the city's part of the state income tax, \$98.8 million in the city's share of the retail sales tax, and \$35 million in head tax revenues.³³

On the evening of the CACI press conference, the Mayor's Advisory Committee on Linked Development held a public hearing on its report. Many community, civic, labor, and business groups came to state their positions on the issue. While most issue-oriented community organizations and housing groups, such as SON/SOCC and CWED, supported the general outlines of the Advisory Committee's recommendations, the city's local development corporations, represented by the Chicago Association of Neighborhood Development Organizations (CANDO), opposed the establishment of a mandatory linkage program. In particular, they opposed the imposition of a use tax on commercial space because they felt it would make the task of

³²Chicago Association of Commerce and Industry, Press Release, "Total Chicago Survey Results: Link Development," (Chicago, 1985), p.1.

³³CACI, press release, p. 4.

redeveloping marginal commercial strips in residential neighborhoods more difficult. The majority of the civic groups participating in the hearing also opposed a legislatively mandated linkage program. Among these groups were the Metropolitan Housing and Planning Council, the Civic Federation, and the Chicago United organizations. Business and development organizations, particularly those active in downtown, universally opposed the linkage options contained in the committee's majority report.

The issue and the hearings received a great deal of press coverage. Both Chicago dailies came out opposing mandatory linkage programs similar to those proposed by the committee. The Chicago Tribune ended its editorial entitled "Downtown vs. Neighborhoods" with the following words,

The mayor's taskforce could have emphasized the positive and produced solid, creative recommendations for rebuilding Chicago's neighborhoods. Instead, it re-ran an old, discredited line--more taxes.³⁴

Chicago's neighborhood press, on the other hand, tended to run editorials which were generally supportive of the advisory committee's majority report. The following is an excerpt from an editorial

³⁴"Downtown vs. Neighborhoods," Chicago Tribune, August 30, 1985, Section 1, p. 22.

appearing in the All City Chicago News publication,

For too long, Chicago city government has given away the right to the development of the Loop, offering major funding where subsidies were not needed, and asked nothing in return for the neighborhoods where 90% of the people of Chicago live and work. Government elected by the people is supposed to be an advocate in dealing with the major financial sector. The experience in other cities has shown that government 'advocacy' and gentle persuasion does not drive away developers, it brings them in through a stronger working relationship with the city. We commend Mayor Washington for bringing Chicago up to date.³⁵

Following the hearings, the Mayor's Advisory Committee met in attempts to develop a specific linkage program that the majority of the committee could form a consensus in support of. The business representatives, led by Robert Belcaster of Tishman Speyer Inc., asked the committee to give Belcaster time to formulate a program that the business and development community could support. In May 1986, Belcaster proposed the establishment of a voluntary public/private linkage program. Under the Belcaster program, Chicago developers would match, on a two to one basis, each dollar of linkage financing which the city made available. In 1985, this would have created a \$10 million linkage program, for in that year the

³⁵"Linked Development," All Chicago City News, June 5, 1984, p. 10.

City of Chicago had appropriated \$3.5 million for the establishment of a linkage program using revenues coming from developers repaying UDAG loans. These funds were to be made available for neighborhood development projects which were undertaken, on a partnership basis, by community and downtown based developers.

After listening to the Belcaster proposal for a voluntary linkage program, the committee decided to table the measure until its June meeting. During the remainder of May and the early part of June, developers on the committee and representatives of the Department of Planning met with community groups to urge them to support the voluntary approach. As the June meeting of the Mayor's Advisory Committee approached, it appeared to most observers that the Belcaster proposal was headed for adoption. However, shortly before the meeting, Bob Brehm of the Bickerdike Development Corporation called Commissioner Robert Mier to indicate that he and other community activists on the committee were unified in their opposition to a voluntary program. He stated that the community representatives were in full support of a legislatively mandated program similar to the one proposed by SON/SOCC. Following this call, there was

a meeting between the mayor and Commissioners Mier and Hollander, and the administration decided to side with community groups on the committee in opposing the Belcaster proposal. At the June 7, 1985 Advisory Committee meeting, the body voted 11-7 to reject the Belcaster proposal. Community groups felt the expected revenues from a voluntary program would be too small. They were also skeptical of the developers' willingness to fund the program on an ongoing basis. Belcaster responded by revealing the names of some of the developers who had voluntarily committed to donations to the fund. In addition, he pledged his own future support for a \$10 per square foot mandatory exaction fee if the developers did not meet their commitments. Despite Belcaster's arguments, the committee decided to turn down his proposal. Angered by their decision, he made a motion to adjourn the committee and stormed out of the conference room.

Community activists on the Advisory Committee, as well as those active on the linkage issue, viewed the committee's vote very differently. Dan Sawislak, a SON/SOCC organizer, described the vote in this manner,

People voted in terms of organizing and not their organizational treasuries. It was a unified neighborhood vote. People felt they had taken a positive stand and that it meant something.³⁶

There was always a fear on the part of the more militant Alinsky-styled community organizations like SON/SOCC that the local housing and development groups would seek an easy compromise on the linkage issue because of the benefits they would derive from expanded funding for neighborhood development which linkage would provide. However, those representing local development organizations voted with the more direct-action-oriented SON/SOCC and CWED representatives against the voluntary program offered by the development community. Joel Werth, former Director of Planning for the Department of Housing, explained the opposition of community groups to the proposed voluntary program in these words,

The thinking was that community organizations would be selling themselves short with a voluntary program. It was a very bad negotiating strategy to dilute the argument for a mandatory approach to the exaction fee by incorporating a voluntary approach. So they went with the strongest argument they had. If the mayor rejects the approach and tells them to come back with a

³⁶Interview with Dan Sawislak, SONN/SOCC Organizer, March 28, 1986, Chicago, Illinois.

voluntary program, that was for him to do but they didn't have to take that position.³⁷

While the Department of Planning remained committed to reconvening the advisory committee in 1986 in order to formulate a linkage program which would receive the support of those on the committee, it did not do so. SON/SOCC responded to this situation on February 12, 1986 by announcing the launch of a petition drive aimed at placing a referendum supporting a Boston-styled mandatory linkage program on the April 1987 general election ballot. The group committed itself to collecting 200,000 valid petition signatures in order to do so. The question to be placed before the voters would read:

Shall the City of Chicago enact a linkage ordinance which would require from all developers of commercial space a one-time up-front contribution of five dollars (\$5 per square foot of office space exceeding 100,000 square feet) for the purpose of establishing a neighborhood trust fund which shall be distributed to Chicago's 77 neighborhoods in proportion to the

³⁷Interview with Joel Werth, Director of Planning, Department of Housing, July 28, 1986, Chicago, Illinois.

population which shall in turn be applied to neighborhood projects as determined by individual neighborhood referendum.³⁸

Joseph Crutchfield, Co-Chair of SON/SOCC, described the reason for the petition drive in this way,

Perhaps the administration grew nervous in the face of opposition from businessmen, or maybe public officials just didn't agree with the recommendations. Whatever the reasons, we find the city's lack of follow-through discouraging.³⁹

The response of the development community to the announcement of SON/SOCC's petition drive was quick and definitive. Leaders from the largest development firms in the city formed a new political action group to advocate the defeat of any legislatively mandated linkage program. Professor Louis H. Masotti, from Northwestern's Center for Urban Affairs and Policy Research, described their organizational efforts with these words,

Linkage has mobilized a good deal of business community opposition. In Chicago, linkage is nowhere. It's in limbo, and my guess is that it will never be implemented because the developers are well organized now. The City has stalled long enough. The development community has organized something called the Chicago Downtown Development Council. They have assessed themselves \$0.03 a square foot. Now, I

³⁸SON/SOCC, Press Conference, "SON/SOCC Announces Linkage Referendum Drive", Press Release February 12, 1986.

³⁹SON/SOCC, Press release, p. 2.

remind you that there are 90,000,000 square feet of space downtown. Lets assume that they get 75,000,000 square feet at \$0.03 a square foot. It comes to about \$2,000,000 in a war chest to fight with.⁴⁰

In Masotti's opinion, downtown developers realize the important role which healthy neighborhoods play in the maintenance of a vital downtown. However, they reject a mandatory program which requires them to contribute to a fund over which they cannot exert any political control. According to Masotti,

They (developers) understand the argument of linking neighborhoods to downtown. They do not accept the procedures which essentially give money to organizations over which they have no control nor role, watching people just throw the money away.⁴¹

The basis of the developers' opposition, he suggested, was their deep concern about the future of the downtown office market. Despite a 1985 study of the downtown real estate market by Masotti and Mary K. Ludkin which documented the strength of the market, he said developers were nervous about increased suburban competition and rising office vacancy rates.⁴² As of

⁴⁰Interview with Louis H. Masotti, Professor, Northwestern University, Kellogg Graduate School of Business, July 29, 1986, Chicago, Illinois.

⁴¹Masotti Interview.

⁴²Tom Gibbons, "Six Year Building Boom in and Near the Loop," Chicago Sun Times, August 21, 1985. p. 4.

July 11, 1986, the downtown office vacancy rate stood at 11.3% as compared with a rate of 11% a year earlier. However, analysts from the Real Estate Research Corporation were predicting a rise to 15% over the next two years.

In the fall of 1986 as the mayoral election approached, SON/SOCC switched its tactics, abandoning its referendum drive. Instead, the SON/SOCC members decided to seek passage of a City Council resolution calling for the enactment of a mandatory linkage program. While SON/SOCC did a great deal of effective organizing on the issue, linkage failed to become a major campaign issue in the election. The unified opposition of the business community to this initiative served to prevent it from becoming a major campaign issue. Another reason for the failure of linkage to become a major election issue in 1987 was the lack of enthusiasm for the issue on the part of some of the community organizations. They disagreed with SON/SOCC's proposal to distribute the linkage monies across the city's 77 neighborhoods on a per capita basis. Many groups, including CWED and the Chicago 1992 Committee, felt these funds should be targeted to the neighborhoods most in need. As a result of these disagreements, little effort was made

by many of these groups to support the SON/SOCC effort. Instead, these groups focused their attention on redefining the linkage issue. Leaders of CWED and the Chicago 1992 Committee, in particular, spoke of refocusing the political dialogue around the somewhat broader issue of "balanced growth."

Despite the absence of a legislatively-mandated linkage program, the city sought in its negotiations with developers to exact commitments aimed at assisting Chicago's neighborhoods and their residents. The city has done so in two ways. First, it has required developers receiving municipal assistance on projects to utilize the Mayor's Office of Employment and Training in filling entry level jobs. In what has come to be called the city's "Chicago First" hiring program, the city requires all downtown developers receiving city assistance to post exclusively with the city, for a two week period, all entry level positions. Developers are obligated to interview candidates screened by the Mayor's Office, however, they are not required to hire these individuals unless they are fully qualified. Second, the city has required developers active in the North Loop Urban Renewal Area to offer a specified number of hours of technical assistance to community based development

corporations. During the last two years of the Washington administration, three such developers were obliged to provide technical assistance to neighborhood-based development organizations as part of development agreements negotiated with the city. Stein and Company, a developer active in the North Loop area, donated 2,000 hours of technical assistance to the 18th Street Development Corporation to assist this organization with financial planning and loan packaging. As part of another agreement, Rubloff Inc. received a zoning bonus but was required to assist the Chicago Association of Neighborhood Development Organizations (CANDO) with efforts to promote neighborhood-based commercial properties. Rubloff worked with this city-wide organization in sponsoring a very successful retail market fair which resulted in the opening of 132 new stores and the creation of 520 jobs. Finally, the Leo Burnett USA Agency provided public relations services to the Southeast Chicago Development Commission to attract new industry. Alfred S. Lanier, writing in the Commercial Club of Chicago's publication, Chicago Enterprise, made the following comments about linkage provisions in recently negotiated development agreements.

Eclipsed by the fighting over compulsory exaction are a number of voluntary linkage

efforts being quietly promoted by the Washington administration, by a rather novel use of the city's zoning powers.⁴³

Augustino Olvero, Executive Director of the 18th Street Development Corporation, was critical of this form of linkage because it provided technical assistance rather than capital resources to community development organizations. He also felt the city lacked appropriate mechanisms to monitor compliance by developers.

Despite these criticisms, the Washington Administration moved to expand these case by case linkage agreements on March 17, 1987 when it formally announced the establishment of its Neighborhood Partnership Program. According to a press release issued by the Mayor's Office on that date,

Under the Neighborhood Partnership Program, the city arranges for the provision of technical services to community development projects. The services are provided on a voluntary basis by real estate developers and businesses who are undertaking major downtown development projects and are negotiated by the Department of Planning as part of redevelopment agreements in the North and South Loop.⁴⁴

⁴³Alfred B. Lanier, "Linked Development: Retribution, Exaction, or Cooperation," Chicago Enterprises, July 1986, Volume 1, Number 1, p. 4.

⁴⁴City of Chicago, Office of the Mayor. "Neighborhood Partnership Marks Historic Agreement." Press Release (Chicago, 1987) pp 1-4.

The first round of the expanded technical assistance program generated 2,200 hours of professional assistance for seven local development organizations.

In the opinion of many community leaders, while they have been unsuccessful in securing the enactment of a local linkage ordinance, their efforts have had a number of positive outcomes. First, they have alerted Chicago's business and development communities to the needs and growing political power of Chicago's neighborhoods. Second, they have placed the development needs of Chicago's neighborhoods on the top of the municipal policy agenda. Third, they have served to build the membership bases of those organizations participating in the linkage organizing campaign. Fourth, they have enabled community leaders to become more knowledgeable of the development process. Fifth, they have united blacks, whites, Latinos and asians around a program of shared concerns. Sixth, they have contributed to the enhancement of the political sophistication of Chicago's community leaders. Seventh, some support has been elicited from downtown developers for neighborhood development projects because of these efforts. Finally, they have made visible the limitations mayors have in attempting to affect the

direction of the local and metropolitan economies. Former Commissioner of Economic Development, Robert Mier made the following remarks regarding the benefits which the linkage campaign generated.

It broadened people's understanding of what they are engaged in. It exposed people's basic tendencies. It certainly showed the true colors of the development and business community. It also showed the latitude they were willing to pursue voluntarily and I think that it has underscored the belief that if you are going to do anything meaningful, you've got to do it legislatively.⁴⁵

Joel Werth, former Director of Planning for the Department of Housing and former Deputy Press Secretary for the mayor, described the value of the linkage campaign carried on by community groups in the following manner,

The organizing has less to do with coming up with \$10 million--which after all isn't that much money anyway--and more to do with getting on the agenda of the municipal decision-makers' big questions of how do we govern the city, who is going to be making the expenditure decisions in the new administration, in other words, looking at the question of the movement of capital--larger questions than have ever been asked before on the municipal agenda.⁴⁶

⁴⁵Interview with Robert Mier, Commissioner of the Department of Economic Development, City of Chicago, July 23, 1986. Chicago, Illinois.

⁴⁶Interview with Werth.

C. Citizen Participation in Development Planning

One of the central themes of Harold Washington's 1983 mayoral campaign was his call for more citizen participation in public policy-making. This commitment to participatory democracy was operationalized by Harold Washington through the process he used in developing the political program for his campaign. Shortly after entering the race, Harold Washington brought together 150 community, civil rights, small business, labor and religious leaders from 75 organizations to develop the basic planks for his campaign. These policies were later organized into a campaign document called The Washington Papers. Following his election, the mayor again chose to involve community leaders in the process of organizing his new administration. He did so by involving more than 200 people from over 100 organizations in his Transition Team. This group was charged with the responsibility of making policy recommendations to the mayor aimed at assisting each department in moving forward in policy directions supportive of the general goals and principles articulated in The Washington Papers.

After taking office, the mayor issued an executive order establishing a freedom of information program. Under this initiative, every department head was required to respond to informational inquiries from citizens, political leaders, reporters, academics and others in a timely fashion. The executive order stated,

The public policy of the Executive Office of the mayor is hereby declared to be that all persons are entitled to access to information regarding the affairs of government and official acts of those who represent them as public servants. Such access is required to enable the people to discuss freely and fully all matters necessary for the making of governmental judgments. To that end, the provisions of this order shall be liberally constructed to provide access to public records to the extent consistent with due protection to individual privacy, business proprietary information and governmental effectiveness.⁴⁷

Furthermore, the administration encouraged municipal department heads to collect and share important information on programs of concern to citizens. An interesting example of such data sharing was the early release of a city study of the effectiveness of its industrial revenue bond program in preserving production jobs within the city.

⁴⁷City of Chicago, the Mayor's Office. Executive Order 83-1: Freedom of Information. (Chicago, 1983) p. 1.

Despite the controversial nature of this information, a report was completed, printed and distributed to key opinion makers throughout the city.

Department heads were also encouraged to be more accessible to community groups. The mayor set an example in this regard by speaking, on a regular basis, to a wide range of community groups including those with which he was not popular. The best example of his willingness to dialogue with those opposing him was his appearance in October 1984 at a candidates night sponsored by the Save Our Neighborhood/Save Our City Coalition (SON/SOCC). This group represented the Northwest and Southwest Sides of the city that had voted for the mayor's Republican opponent and had authored a "White Ethnic Agenda" for the city soon after Harold Washington's election. Elspeth Revere, Executive Director of the Woodstock Institute, commented upon the accessibility of development officials in the Washington administration using the following words,

I think that people, first of all, feel like they have better access than they ever have had before. For example, Robert Mier and Elizabeth Hollander were in the non-profit sector before, so that people feel they can call up Rob Mier and Elizabeth Hollander

whenever they want and they know that they won't get the bureaucratic run around or at least they feel there is access.⁴⁸

Despite this effort on the part of the Washington administration, many community leaders criticized the lack of citizen input in policy-making at City Hall during the early days of the administration. Many community leaders, supportive of the mayor, were disappointed in the Washington administration's failure to maintain a high level of citizen involvement in the planning activities that immediately followed the transition period. The Department of Economic Development was subjected to particularly harsh criticism for excluding community and neighborhood leaders from the process of formulating the "Chicago Works Together": 1984 Chicago Development Plan. Wim Weiwei, a leader of the Chicago Workshop on Economic Development, offered his criticisms of the planning process utilized in devising the 1984 development plan with these words,

I think that there are really two points of criticism of the Chicago Works Together Plan. One was the process which they used to put together and issue it. There was no community participation in the process of developing the plan. Mier's (Department of Economic Development's) response was, 'Hey,

⁴⁸Interview with Elspeth Revere, Executive Director, Woodstock Institute, July 26, 1986, Chicago, Illinois.

it came out of a whole movement which was nothing but participation, and what we did was simply to codify the kinds of things that had been said by CWED and the people involved in it.' This point is easily confronted by saying that they didn't even bother to acknowledge the contribution. Secondly, they should have, nevertheless, had some formal procedure and subsequently we talked with them on how to structure and implement such a participatory procedure.⁴⁹

Robert Mier, former Commissioner of Economic Development, in responding to the criticisms of the 1984 development planning process, argued that the plan was essentially the product of a long process of collaboration with community leaders and did not require additional consultation and review. He made the following remarks regarding this question in an interview I conducted with him and two of his associates in 1986,

When the administration was formed and a team was put together, rather than opening it up to the world and saying, 'Let's put together a development plan,' there was more feeling that we already had a plan that was derived by being opened to the world, and now the trick was to get the bureaucracy to adopt it. So the putting together of the 1984 development plan was more than anything else a process of adoption by the bureaucracy- sort of closing the doors, working in-house, literally looking at every project and program and laying them against

⁴⁹Interview with Wim Weiwei, leader, Chicago Workshop on Economic Development, July 27, 1986, Chicago, Illinois.

the goals and objectives and policies of the platform and seeing what fit and what didn't fit and what made sense and what needed to be re-thought a bit.⁵⁰

Joel Werth, former Director of Planning in the Department of Housing, supported Mier's view of the 1984 development planning process, arguing that the content of this policy document would not have been fundamentally changed by a more participatory planning process.

The principles of the development plan, the concepts, the messages, the language, regardless of whether or not there was heavy neighborhood participation- and this will sound ridiculous-the principles echo very much of the empowerment language, the principles that people in the neighborhood would have wanted there had they had their say, because the people devising this plan and developing it had worked in the neighborhoods for years and years. They were the outsiders that suddenly became the insiders when Harold Washington became Mayor.⁵¹

Notwithstanding Mier and Werth's defense of the process utilized in formulating the 1984 development plan, a significantly more participatory approach was taken in 1986 in devising the 1986 update of the Chicago Works Together Plan. This process is fully

⁵⁰Interview with Robert Mier, Commissioner, Department of Economic Development, City of Chicago, July 23, 1986.

⁵¹Interview with Joel Werth, Director of Planning, Department of Housing, City of Chicago, July 28, 1986, Chicago, Illinois.

explained near the end of this chapter.

In addition to the changes which the administration made in the economic development planning process, they made significant changes in the approach used in planning municipal finances. Specifically, they established new procedures for developing the city's corporate and community development budgets. To make possible an appreciation of the significance of these changes, a brief description of the budgetary process that existed in the Daley administration, which was shared with me by Jim Ketchum of Trust Inc., a good government group in Chicago, follows:

During the Daley years, the budget was historically released the day after Thanksgiving, and that was at a public hearing. It was the first time any member of the public had a crack at it. You can imagine the hordes of people who were willing to go to City Hall on the Friday after Thanksgiving to pour over the document.⁵²

Ketchum further pointed out that Illinois state law requires passage of local municipal budgets by New Year's Day, making real scrutiny of the budget, given its late release date, highly unlikely.

⁵²Interview with Jim Ketchum, Staff Associate, Trust Inc., October 13, 1985, Chicago, Illinois.

Citizen participation in the budgetary process changed dramatically under the Washington administration. First, the budget was released in draft form for the public to review near the end of the summer. Second, a day-long conference involving several hundred to a thousand civic leaders was held to permit community residents to make their priorities for the budget known to department heads. Following this conference, changes were made in the document, which was then presented to the City Council, which then held hearings on the budget. Unlike previous City Council hearings on the budget, these sessions were usually extensive and resulted in some changes in the document. Dave Mosen of the Department of Planning described the progress the Washington administration had made in developing a meaningful role for citizens in the budgetary process in the following words,

We didn't have a budget process, for example. It was a very closed process. The budget was always worked out internally. It was never shared with the public. It was generally rubber stamped by the City Council. We opened up the budget process. We created a schedule for its release and kept moving its release earlier into the fall so that there was a review. Each year we hosted an annual budget conference presentation with workshops and

presentations by department heads and the mayor to an audience of 1,000 people at a downtown hotel.⁵³

A similar process was developed to formulate the city's annual community development block grant budget. Again, Mosena described the process,

We created an annual workshop to which we invited everyone with an interest in the community development program, and it wasn't the kind of meeting where we sat down and simply said 'Here's what we are going to do with our \$100 million in community development money for you.' It was a program in which we gave an overview of where the city stood and what was done with your money last year, and then broke into workshop groups chaired by a Commissioner or Deputy Commissioner from different departments and worked with community groups on how they wanted to see the money spent and what priorities in the neighborhood should be.⁵⁴

Jim Ketchum of Trust Inc. described the changed organizational climate brought about by the Washington administration's approach to the budget process in the following way,

The public hearings begin in August now. I will never forget this great moment in democracy in Chicago. The first time I ever walked into City Hall and asked for a copy of the budget before it was approved and no one called me any names, shunted me to twenty different people, gave me the third degree about why I wanted it, or asked me if I was a communist or some such thing. I

⁵³Interview with David Mosena, Department of Planning, City of Chicago, July 25, 1986.

⁵⁴Interview with Mosena.

could go into City Hall and walk out with a copy of the proposed budget. This represented a real change in and for Chicago.⁵⁵

In addition to providing access to government information and an active role for citizens in the budgetary process, the Washington administration depended heavily upon the use of citizen advisory boards appointed by the mayor to examine and recommend solutions to pressing problems facing the city. From the time he took office, Harold Washington began forming citizen taskforces to study such issues as municipal finances, steel-making, solid waste disposal, linked development, industrial retention, redevelopment of Navy Pier and land use. While each taskforce investigated a specific municipal problem, the process utilized by all appears to have been similar. First, the mayor appointed a committee of between twenty and twenty-five persons representing a broad cross-section of political constituencies affected by the problem being studied. With the assistance of staff, this group developed a preliminary policy report. Commenting on the role taskforce members themselves played in the process, Thom Clark, Editor of the "Neighborhood Works", made

⁵⁵Interview with Jim Ketchum.

the following comments based upon his experience on the solid waste taskforce,

A blue ribbon panel, but again not a blue ribbon panel that was put together for the sake of rubber stamping some consultant's research report, but a blue ribbon panel that was indeed a working group with all sorts of committees representing a vast array of interested parties from community-based recyclers to waste management officials to street and sanitation people.⁵⁶

Typically, following the release of the preliminary policy report by the taskforce, there would be a public review and comment period of approximately two months. During this period, members of the taskforce and their assigned departmental staff attempted to speak to as many groups as possible about the report to elicit their input. Thom Clark described this part of the process using the experience of the Steel Taskforce as an example, in the following way,

But even here, now that they are ready to go, what you have here is a consensus document which is pretty strong, tough and realistic. You have a consensus document that, when its embargo comes off this Sunday, is not the final product, 'cause they are going to kick off a two-month comment period. They have been meeting editorial boards, hoping to have a number of editorials focus on the issue. A local business publication will probably do a

⁵⁶Interview with Thom Clark, Editor, The Neighborhood Works, July 29, 1986.

special on this issue. The intent is that, as the initial report starts circulating out and around, that there will be a two month comment period with presumably a lot of education sessions, public forums, workshops, etc. to refine the document.⁵⁷

Once the comment period was completed, the taskforce usually held a public hearing to get final input before redrafting the policy report. These recommendations were then forwarded to the mayor who could accept, amend or reject the report before implementing its recommendations or forwarding those requiring legislation to the City Council for final action. Dave Mosen a outlined the final stages of the Solid Waste Advisory Committee's work in the following words,

The Solid Waste Taskforce, which has just finished its work, spent a year reviewing all the options open to the city on how it disposes of its garbage, which is a very controversial political question which has direct impact upon the neighborhoods that live near landfills. For example, it has hammered out a compromise policy which will soon be transmitted to the mayor and then turned over to city departments with hopes it will begin to execute the policy, hopefully with continued supervision and oversight from a solid waste commission created by the mayor. It's an example of the kind of open government stuff that's been going on. It's real important, I think.⁵⁸

⁵⁷Interview with Thom Clark.

⁵⁸Interview with Dave Mosen a.

Diane Robinson, a staff member of the Department of Economic Development, identified the following stages in a typical taskforce process: basic issue education, exploration of options, evaluation of various policy alternatives, consensus building and decision-making. While supporters of the administration suggested that the use of taskforces revealed a new openness on the part of the administration to the creation of spirited public debate on controversial policy initiatives, others suggested that they were mechanisms of cooptation aimed at advancing the mayor's own political agenda. Critics argued that the composition of each taskforce was weighted in such a manner as to insure outcomes consistent with the mayor's own reform politics. While this may have been the case with the linked development committee, it does not appear to have been the case with the mayor's other taskforces.

Despite Harold Washington's campaign commitment of establishing meaningful participation for community groups in decision-making processes dealing with local land use matters, little progress was made towards this goal. There was no movement towards the establishment of neighborhood planning councils, as advocated by the mayor during his election campaign.

As a result, citizen groups did not have any formal process through which to make their voices heard on critical land use and development questions affecting specific parcels within their neighborhoods. Nor were there mechanisms through which neighborhood residents could formulate plans outlining visions for the future development of their own communities. Under the Byrne administration, neighborhood councils had been established throughout the city in order to address local planning decisions like these; however, the program was never fully implemented. John Melaniphy, a consultant who assisted the Byrne administration in crafting its approach to neighborhood planning, outlined the difficulties such citizen participation presented to local government officials,

We identified two very serious problems. One is that neighborhood needs assessments, by the very fact that you do them, raise expectation levels in neighborhoods. Number two, it is a political threat. Daley would never have it, because he figured that what you ended up doing was establishing another hierarchy outside of the political hierarchy, which was dangerous. I think Jane Byrne had come to the same conclusion as we reached the end of our study.⁵⁹

Aldermen were particularly concerned about the effect the establishment of such neighborhood planning

⁵⁹Interview with John Melaniphy, Principal, Melaniphy Associates, May 8, 1986, Chicago, Illinois.

councils would have upon their power. One alderman from the majority bloc, who I interviewed, was very clear about his opposition to any proposal which, in his words, would increase the powers of "stone throwers and rebels who are chopping away at the institution."

While community activists demanded greater participation in government decision-making, many voiced concerns regarding the time which formal participation mechanisms required. A number of the neighborhood leaders I interviewed expressed the opinion that activities related to involvement in advisory boards occupied much valuable time in the busy schedules of their organization's best leaders. As a result, it threatened the on-going community outreach and mobilization activities which were so important to the political base-building efforts of their organizations. Participation in advisory boards sponsored by the mayor presented community leaders with other dilemmas as well. For instance, when an issue arose in their community, was the best course of action to work with new leaders in developing a direct action organizing response to it or was it to call up their new colleagues at City Hall for assistance? Finally, many community groups were confronted with

the problem of what their political stance on a particular issue should be when they were involved, along with other constituencies, in a consensus-building process? Was it reasonable for community organizations to engage in militant, direct-action organizing tactics to apply pressure on other constituencies who were also involved in a taskforce process when their leaders were participating in a collaborative effort of this kind? Community organizations asked to participate, for example, on the Mayor's Advisory Committee on Linked Development refrained from public demonstrations and inflammatory rhetoric while their leaders participated in this taskforce process. Some leaders felt this stance may have served to minimize political support for their position, making a negotiated compromise with the development and business communities less likely.

Notwithstanding the administration's inability to develop a meaningful neighborhood planning program, Harold Washington succeeded in opening up the decision-making processes of local government to a much wider range of community groups than had ever been permitted to participate in such processes in the past. The administration showed its willingness to do this on important policy issues which, in some cases,

had the ability to shape the way the City of Chicago would look in the future. In this regard, the administration made a significant change in the political culture of Chicago that will have an important effect on the process for decision-making in the future and, therefore, on the kinds of decisions produced. According to Robert Mier, former Commissioner of Economic Development,

You know, when I think of the accomplishments that are lessons for anyone, to me the first one is that open government works. Its hard, but those who argue that you have to close up government to deal with a wide range of difficult issues are nuts. I don't think that we have a problem or decision or program or a policy that could not stand, not only the scrutiny, but the participation of as wide a group as possible.⁶⁰

The administration's willingness to make accessible municipal data, its encouragement of public officials' outreach to communities, its development of participatory budget processes and its subjection of major policy initiatives to rigorous public debate represented a serious commitment to the principles of participatory democracy on the part of the Washington administration.

⁶⁰Interview with Robert Mier.

VII. Conclusions

A. The Successful Initiation of the Populist Model

In Chapter I two research questions were presented: 1) Did the Washington Administration initiate a Populist Model of local economic development planning; and, 2) did it successfully institutionalize these innovations? If this occurred, the additional question of why this took place becomes important.

During its five years in office, the Washington Administration made significant progress towards replacing Chicago's traditional model of local economic development planning, characterized by pro-growth policies and elitist decision-making processes, with a progressive model of local economic development planning, featuring redistributive policies aimed at assisting the poor and participatory decision-making processes involving a wide range of community leaders.

Through a variety of redistributive policies the Washington Administration successfully redirected millions of dollars of public and private investment into minority and women-owned firms and older residential and industrial areas of the city outside of its central business district. These policies

sought to directly assist poor and working-class Chicagoans by improving the infrastructure within their neighborhoods, increasing the number of affordable housing units, and expanding available job opportunities.

Among the redistributive programs established by the Washington Administration was the Minority Purchasing Program which required municipal agencies to secure 25% of the dollar value of their contracts from minority-owned firms and 5% of the dollar value of their contracts from women-owned firms. Another redistributive initiative of the Washington Administration, the Chicago First Program, made municipal agencies responsible for securing commitments from city-assisted businesses to participate in a locally administered employment program aimed at generating jobs for long-term unemployed Chicagoans. Linkage provisions contained within development agreements negotiated by the Washington Administration with private developers which mandated investment in community-based housing and development projects represented yet another redistributive program.

The greater emphasis given infrastructure expenditures in older residential and industrial

areas, expanded funding of community-based development organizations, increased local purchases by municipal agencies and industrial retention initiatives carried out by the Washington Administration represent additional redistributive programs designed to expand economic opportunities for poor and working-class Chicagoans.

The Washington Administration also instituted numerous reforms aimed at making local government in Chicago more open and responsive. By providing wider access to government information and encouraging greater citizen participation in local decision-making the Washington Administration sought to provide community leaders and neighborhood activists with a greater voice in local government decision-making.

The most dramatic step taken by the mayor to create a more open government in Chicago was his pre-election settlement of the Shakman suit. By agreeing to severely limit the number of supporters he would appoint to municipal positions, Harold Washington took a major step towards eliminating patronage within city government. The resolution of this case freed municipal workers to participate in the political process without fear of official retaliation and harassment.

The Washington Administration also established a local Freedom of Information Program which required Chicago officials to provide citizens with requested municipal data in a timely manner. The mayor also made himself available to community residents and groups wishing to see him and encouraged his staff to do the same. The mayor was well known for his practice of giving out business cards, complete with his home number, to citizens he met on the street who had complaints, concerns or suggestions. The Washington Administration also made the municipal and community development block grant budget processes more open by releasing preliminary drafts of these documents well in advance of legislatively-mandated approval deadlines and by holding community hearings and community-wide conferences for the purpose of reviewing these plans prior to their submission to City Council.

The Washington Administration increased citizen participation in policy-making by using mayoral-appointed citizen taskforces to study delicate policy issues in order to suggest constructive solutions around which consensus could be built. Finally, the Washington Administration evolved, during the course of its tenure in office, a highly participatory form

of municipal policy-making which featured the use of citizen taskforces, wide distribution of preliminary policy reports, community and editorial board briefings on pending issues, sixty-day comment periods, community-wide conferences and extensive City Council debates on new policy initiatives.

B. Progress Made By the Washington Administration

What factors accounted for the Washington Administration's apparent success in building sufficient political power, during its first term in office, to have permitted it to have implemented key portions of its progressive local economic development agenda and created the conditions for possible institutionalization of these reforms when other reform-minded political leaders, such as former mayor Jane M. Byrne, had been unable to do so? The data presented in this case study suggest that significant differences in environmental conditions, campaign organization and administrative practices may explain the relative success of the Washington Administration and failure of the Byrne Administration in institutionalizing a progressive model of local economic development.

Jane Byrne ran for office and served as mayor

during a period in which the nation's economy experienced severe problems. The economic problems facing older central cities during this time were particularly acute. Economic analysts and citizens alike were pessimistic about the nation's economic future and particularly troubled by the difficulties confronting older central cities. By the time Harold Washington ran for mayor and assumed office, the performance of the national economy had improved dramatically. Many regions of the country, along with scores of cities, were experiencing significant economic growth. Certain central cities, however, primarily in the northeast, mid-Atlantic and midwest regions of the country, including Chicago, continued to face severe economic problems. The contrast between the performance of the national economy and that of individual central cities, such as Chicago, served to undermine political support for traditional local economic development policies emphasizing pro-growth strategies and elitist planning processes while enhancing the appeal of alternative local economic development policies and programs.

The strength of black electoral support also affected the abilities of each administration to effectively advocate a progressive local economic

development agenda. Registration among black voters had risen steadily in Chicago since the mid-1970s increasing the potential political power of this electoral constituency. The severe employment, housing, education and health care problems, in addition to the official indifference to the needs of black families had served to alienate many from the local Democratic Party.

Both Jane Byrne and Harold Washington, who were viewed as reformers, received substantial support from black voters during their first successful mayoral campaigns. Following her election as mayor, Jane Byrne made a series of appointments and policy decisions which seriously eroded her support within the black community. Among the most important of these decisions was her failure to select two highly qualified black candidates to top positions within Chicago's police department and school district and her decision to create a white-controlled housing authority and school board. These and other decisions by Jane Byrne generated a tremendous black voter backlash against her administration.

Why did Jane Byrne choose to abandon her black constituency following her first election? She may have felt, as did her political mentor, Richard J.

Daley, that black voters would continue to support the Democratic Party regardless of what it did because they had little alternative. There was no Republican Party in Chicago, per se, and failure to support the Democratic Party might cost the black community the modest number of elected positions and patronage jobs which the Democratic Party offered the black community. Or, she might have reasonably assessed the negative impact these decisions would have upon her black support but may have believed such steps were necessary to sustain her support within the city's white ethnic communities, which were experiencing increasing minority competition for jobs, housing and political power during this period.

Harold Washington remained sensitive to the needs of his black supporters following his election. He appointed many blacks to key offices within his administration, instituted an aggressive minority purchasing plan, pressed city-assisted businesses to hire the long-term unemployed and increased support for community-based housing and economic development programs. At the same time, he persisted in efforts to build support for his administration within the city's white ethnic communities, particularly in those neighborhoods comprising the political base of

the machine politicians who opposed his administration. By committing funds for infrastructure improvements in white ethnic wards and pledging to support the Save Our Neighborhoods/Save Our City Coalition's homeowner equity insurance and linkage proposals, Harold Washington increased white support for his administration.

The relative strength of the city's neighborhood organizing movement while each administration was in office affected the ability of each administration to advocate a progressive local economic development agenda. Chicago has a rich tradition of neighborhood and community organization which goes back to Saul D. Alinsky's work with the families of packinghouse workers in the Back of the Yards area of Chicago. Historically, neighborhood organizations, in Chicago as elsewhere, have focused their attention quite narrowly upon local issues such as street conditions, municipal service delivery and crime protection. Concerned about such municipal service questions, these organizations had not in the past focused much attention upon local economic development issues. When Jane Byrne ran for mayor in 1979, most community organizations were quite small, relatively weak, understaffed and involved in confrontational direct action

campaigns against City Hall aimed at securing local improvements in municipal service delivery. They played a negligible role in Chicago's electoral process at that time.

As a result of their success on local municipal service issues, many community organizations began to devote greater attention to the economic problems which their members faced. Beginning in the late 1970s and early 1980s, Alinsky-styled community organizations began to develop housing and community development corporations. The capital needs of these subsidiary organizations caused the leaders of these groups to reject traditional economic development policies which focused resources on downtown-oriented projects at the expense of the development needs of the city's older working-class neighborhoods and industrial areas. Such leaders became strong advocates of progressive development policies which emphasized the needs of poorer residents of the city.

By the time Harold Washington ran for mayor in 1983, a loose-knit coalition of community organizations committed to fundamentally changing local economic development policy in Chicago had formed. The Chicago Workshop on Economic Development (CWED) provided the Washington campaign with a detailed local

economic development platform, skilled political workers and needed support early in the campaign. These inputs were critical to the success of the Washington campaign and its ability to aggressively pursue progressive local economic development policies.

Improved economic conditions, increased black voter registration and the intensified interest of community organizations in local economic development policy issues served to create a political environment more supportive of the Washington Administration's progressive economic development agenda. These factors, along with Harold Washington's response to these circumstances, may partially explain the relative success of his administration's reform efforts and the lack of success of similar efforts by Jane Byrne.

The approaches which Byrne and Washington adopted in organizing their respective campaigns may have also contributed to the outcomes of their local economic development reform efforts. While Jane Byrne described herself as a "populist", she did not formulate and present a specific reform agenda during her 1979 mayoral campaign. While speaking of the need to reduce municipal corruption, increase government

efficiency, address neighborhood concerns and expand citizen participation in policy-making, Jane Byrne failed to develop a detailed campaign platform describing the policies she would pursue to achieve these objectives. As a result, she failed to fully mobilize reform-minded Chicagoans who were committed to fundamentally changing municipal development policies and programs. Support for her administration was therefore limited among many networks of reformers who questioned her progressive commitment and credentials. This lack of support among politically-active reformers may have, in the context of a machine-controlled municipal bureaucracy, caused Byrne to re-evaluate her commitment to fundamental change as the campaign progressed.

The style of Byrne's 1979 campaign may also have affected her ability to develop support for her proposed reform initiatives. The 1979 campaign of Jane Byrne combined the old fashioned practice of political horse trading in which the candidate promised to support certain positions in return for formal endorsement and support from specific organizations with a very effective media strategy which highlighted the municipal service shortcomings of the Bilandic Administration through carefully

staged media events featuring Jane Byrne. Participation in the planning and organization of the campaign was largely restricted to a small coterie of family members and close political associates. The campaign did not seek to involve interested individuals and groups in the formulation of Byrne's issue platform or campaign strategy. The limited nature of participation in the campaign may have dampened enthusiasm, lowered expectations, and reduced commitment to the Byrne campaign, weakening Byrne's base of support when confronting the machine dominated City Council and municipal government.

The 1983 campaign of Harold Washington differed dramatically from the 1979 effort of Jane Byrne. Washington presented an extensive and detailed reform agenda in a 52-page campaign document known as The Washington Papers. In the "jobs" and "neighborhood development" sections of this paper Harold Washington offered a specific set of policy initiatives aimed at advancing his local economic development objectives. Throughout the 1983 campaign, Washington hammered away at these themes during his interviews and speeches by discussing the specifics of each of these proposals. As a result of this approach, the Washington campaign aroused the interest and elicited the participation of

many reform-minded citizens in the white, black and Latino communities. As the 1983 campaign progressed, good government groups representing middle-class white residents, housing and community development organizations from a wide range of ethnic communities and almost all of Chicago's civil rights institutions became active in the Washington campaign largely because of its reform agenda. This electoral base gave Harold Washington's reform efforts a considerable amount of credibility, legitimacy and political power.

The participatory nature of the Washington campaign helped transform this support into a powerful social movement within the city. While involving large numbers of black community leaders and a more limited number of white and Latino community leaders in its efforts, the Washington campaign drew its most critical support from black churches, community organizations, businesses and radio stations. Organized through an informal steering committee which grew to include more than fifty individuals, the campaign actively solicited input for the Washington campaign's platform, strategy and tactics from community residents.

More than seventy-five groups from throughout the city participated in the formulation of The Washington

Papers. The focus upon broad citizen participation was emphasized throughout the campaign and evoked a deep loyalty and commitment on the part of Washington supporters, who often expressed their feelings about the effort in almost spiritual terms, describing it as a "crusade."

The administrative practices of each administration may also have influenced the ability of each administration to advance a progressive local economic development agenda. Upon her election as mayor, Jane Byrne assembled a senior staff and cabinet which featured a mix of reformers and machine politicians. In addition, Byrne permitted the machine to fill the majority of leadership positions within the City Council. These staffing and appointment decisions created divisions within her administration and caused many of her supporters to question her commitment to reform.

These appointment decisions, along with Byrne's change of position on the proposed extension of the downtown subway system, construction of a municipal baseball stadium and development priorities for the North Loop Urban Renewal Area aroused the ire of many of her community supporters who felt she was abandoning her progressive agenda.

The Byrne Administration's 1992 Comprehensive Plan was widely criticized by neighborhood leaders and community activists who opposed its focus upon continued investment in the central business district, additional funding of the expansion of O'Hare International Airport, increased support for major airport-related highway construction, and further infrastructure development connected to the proposed 1992 World's Fair. While the plan mentioned the development needs of the city's older residential and industrial neighborhoods, it failed to propose specific initiatives to address these needs.

The Byrne Administration did take several steps toward responding to the needs of the city's older residential areas. Funding for community-based organizations involved in affordable housing and community development efforts in low and moderate income areas of the city was significantly increased. The Byrne Administration also provided funding to assist local merchants in forming associations to develop physical improvements and consumer marketing plans for neighborhood retail strips. Furthermore, they created a fund to assist local shopkeepers in improving the exterior appearance of their stores through a commercial facade improvement program.

Finally, the Byrne Administration established a micro loan program aimed at assisting entrepreneurs with start-up costs.

The Byrne Administration did not establish an effective means for coordinating and supporting the reform efforts of officials working within its various mayoral agencies. As a result, policies and programs were, at times, poorly integrated. Individuals advocating progressive change within specific mayoral departments often experienced feelings of isolation and demoralization. The frequency with which Jane Byrne replaced program directors, criticized her staff and reorganized the structure of her administration created great uncertainty and made it extremely difficult for staff to efficiently pursue her administration's reform agenda.

Throughout the 1979 campaign Jane Byrne committed herself to encouraging citizen participation in local government decision-making. Shortly after assuming office, Byrne revealed the nature and scope of the city's fiscal problems by discussing, in detail, Chicago's proposed municipal and school budgets. In addition, she hired the firm of John A. Melaniphy Associates to conduct a needs assessment of Chicago's 77 neighborhoods and to recommend changes in the

city's planning process aimed at incorporating local leaders into the policy-making process. However, after spending more than \$600,000 on the study, Byrne abandoned plans for fully-empowered neighborhood planning councils and proposed a system of citizen advisory boards which lacked decision-making power.

Shortly after her election as mayor, Jane Byrne made a series of decisions which served to alienate major elements of the progressive coalition which elected her. Byrne's failure to successfully negotiate collective bargaining agreements with the city's trade unions resulted in her loss of labor support. Her refusal to appoint two well-qualified blacks to top positions within the police department and school district, along with her changing the balance of power in the housing authority and school board, through her appointments, to control by whites, caused many black leaders to withdraw support from her administration. Byrne's willingness to allow the machine to retain control over the City Council, along with her abandonment of community planning councils, reduced liberal support for her administration. While these actions alienated progressive leaders from her administration, they endeared her administration to the leaders of the machine. This transformation of

Jane Byrne's base of political support reduced the likelihood that she would aggressively pursue a reform agenda in the local economic development policy area.

Washington's senior staff appointments, like those of Jane Byrne, included a mix of progressive community activists, good government liberals and mainline public administrators. While his selections for the positions of Commissioner of the Department of Economic Development and Commissioner of the Department of Housing were progressives committed to the Washington economic development doctrine, his choice for Commissioner of the Department of City Planning was an experienced bureaucrat who was not deeply committed to his approach to local economic development planning. This divergence of opinion on basic economic development policies, along with the severe restrictions against hiring his political supporters imposed by the Shakman court degree clearly affected Washington's ability to implement, his local economic development agenda.

Unlike Jane Byrne's early economic development decisions, Harold Washington's clearly reflected the reform politics of his campaign. His decision to submit an Urban Development Action Grant (UDAG) application to the federal government for the

expansion of the South Works steel complex rather than for the commercial development of the Navy Pier emphasized the administration's new economic development priorities. Washington's cooperation with and support for activist community and labor groups seeking to prevent the closing of the Hasbro Company's Playskool Factory distinguished his administration's local economic development policies from those of past Chicago mayors. His willingness to sue a major manufacturer over its failure to abide by the terms of a local economic development loan expanded his administration's support among progressive labor and citizen groups. Washington's refusal to provide municipal subsidy for a business supported World's Fair further strengthened his administration's reform credentials.

These decisions reflected Washington's commitment to pursuing economic development policies which expanded job opportunities for Chicagoans and improved conditions within the city's older residential and industrial areas. These decisions also served to reinforce Washington's image as a reformer and expanded his support among liberal and progressive organizations.

The "Chicago Works Together": 1984 Development

Plan offered a detailed statement of the Washington Administration's local economic development philosophy, goals and objectives. The plan's emphasis upon job creation for Chicagoans, neighborhood economic development, affordable housing and citizen participation in planning stood in stark contrast to the Byrne Administration's 1992 Comprehensive Plan which stressed the need to continue to invest in downtown infrastructure, expand O'Hare International Airport and improve the area's highway system.

While the administration was criticized for not adopting a more participatory approach to the development of this planning document, the plan itself was widely praised by community leaders and neighborhood activists. Following the publication of the plan, Washington and his cabinet launched an aggressive outreach program among community groups aimed at eliciting their support for the plan. Wearing "Chicago Works Together" buttons, armed with copies of the plan, the mayor, along with the senior staff of the Department of Economic Development, spoke to hundreds of community groups about the need to take a new approach to local economic development planning.

The 1984 development plan presented a new vision of the role which local government should play in the

economic development process. It caused many individuals, inside and outside government, to re-evaluate their assumptions regarding local economic development planning and belief in traditional development strategies and programs. The plan's content helped build support for the administration among those groups which had been excluded from meaningful participation in the city's previous economic development programs. Women, blacks, Latinos, small businessmen and local manufacturers were encouraged by the emphasis which the Washington Administration's plan gave their needs.

The plan also served to refocus the municipal political agenda by giving the needs of the city's older residential and industrial areas a new priority. By presenting specific performance goals and program outputs, the plan represented a much more initiatory and pro-active approach to local economic development by the city. By actively involving local residents in the formulation of the 1986 development plan, the Washington administration built considerable support among civic leaders for its progressive policies.

Upon assuming office Harold Washington took several important steps aimed at building support for his local economic development policies among members

of the municipal bureaucracy. He brought the directors of the city's various development-related mayoral agencies together under the leadership of Dr. Robert Meir to evaluate municipal programs in light of his own local economic development policies. In addition, he established numerous interdepartmental taskforces, at various levels of the municipal bureaucracy, to formulate plans and programs aimed at advancing his local economic development agenda. Furthermore, he encouraged individual department heads to develop mechanisms through which they could actively involve their employees in discussions about the city's evolving economic development program. In doing so, Washington focused the attention of the municipal bureaucracy upon his development policy initiatives and programs.

By involving managers from all levels of the bureaucracy, in the process of formulating and implementing the city's new local economic development strategy, he reduced the likelihood that departmental policies and programs would displace those of the new administration. His efforts to involve non-executive staff members in the local economic planning process caused many to re-evaluate their initial resistance to the new administration. As a result of these efforts,

Washington mobilized a considerable degree of support for his local economic development policies within the municipal bureaucracy.

Following his election, Washington worked hard to maintain support for his local economic development agenda among his followers. Washington, along with his senior cabinet members, kept a campaign-like speaking schedule, addressing tenant, community, labor, civic, small business, women's and minority groups on the importance of adopting a new approach to local economic development planning. In addition, Washington dramatically expanded access to senior development officials and major economic development programs for community and neighborhood organizations. Furthermore, officials in the Department of Economic Development sought ways to involve community leaders in collaborative efforts to address major economic development issues. For example, when the Hasbro Company announced the closing of its Playskool factory, Mr. Robert Mier, Washington's Commissioner of Economic Development, invited local community and labor leaders to City Hall to discuss developing a joint city-community response to this issue.

The Washington Administration significantly increased municipal funding for community-based

economic development organizations. It provided enhanced technical assistance for these groups and it offered support to several city-wide coalitions which took a progressive approach to local economic development issues. These steps served to maintain and, in some cases, build political support for Washington's local economic development program among community groups.

Washington also made serious efforts to build support for his local economic development program among groups which were not supportive of his administration. Following his election, Washington appeared before a meeting of the Save Our Neighborhood/Save Our City Coalition, a community group based in the wards of his Council opponents which was very hostile to his administration, offering to work with them on two of their most important issues. Shortly thereafter Washington proposed a Neighborhood Infrastructure Program to be funded through a general obligation bond which, if funded, would have provided significant new capital investment for every ward within the city.

Both of these initiatives were examples of the Washington administration's efforts to build support for their local economic development policies among

those communities which had not previously endorsed the Washington campaign. In developing new policy initiatives, the Washington administration sought to highlight the support they were giving to residents residing in the political wards of their opponents in hopes of eroding their support of the machine. By increasing investments in the cities older residential neighborhoods, the Washington administration sought to increase support for their local economic development programs.

Seeking to move increasing numbers of city residents into action on behalf of his local economic development agenda, Harold Washington frequently polarized the political environment by exacerbating his conflict with machine leaders, Council Members Vrdolyak and Burke. Washington took every opportunity to identify Vrdolyak and Burke as the major obstacles preventing economic revitalization of Chicago's older residential and industrial neighborhoods.

At the same time, Washington, unlike Byrne, sought to move conflict over the direction of local economic development policy outside of the mayor's office in order to allow his staff to concentrate on the daily requirements of administration and politics. Washington successfully shifted the arena

of much of this conflict from the mayor's office to mayoral taskforces which he established to address thorny policy issues facing the city. Thus, Washington established citizen advisory committees representing a wide range of opinions on such controversial issues as solid waste disposal and linkage.

Despite Council opposition, the Washington Administration was able to successfully implement several important programs contained in its 1984 development plan. The administration established a local purchasing program within city government which saved several thousand manufacturing jobs. In addition, the Washington administration significantly increased the proportion of city contracts awarded to women and minority-owned firms. Furthermore, the administration required city-assisted businesses to post all entry level jobs with the Mayor's Office of Employment and Training before publicly announcing them in order to assist the long-term unemployed. Finally, the administration forced developers seeking city-owned property to provide technical assistance to community-based organizations involved in local economic development projects.

While seeking to build support for his economic

development policies within the existing political environment of Chicago, Harold Washington was, at the same time, involved in efforts to change this environment. Working with the mayors of other Illinois cities and suburbs, Harold Washington helped establish a regional coalition opposed to Governor James Thompson's economic development policies. Working with the mayors of other large cities through the National League of Cities and the National Conference of Mayors Harold Washington became increasingly involved in efforts to oppose the urban policies of the Reagan administration. Through speeches, interviews, articles and public testimony, Harold Washington and his senior advisors actively pursued opportunities to challenge prevailing economic development policies being pursued in Washington and encouraged in state capitals by policy-makers influenced by the supply-side economic policies of the Reagan administration.

C. Failure to Institutionalize

Despite the importance of many of these policy and process reforms, the Washington Administration did not succeed in institutionalizing a populist model of local economic development planning within the municipal government of Chicago. While the Washington

Administration was extremely effective in establishing a new vision, goals, policies and programs, as well as organizational structures and conflict resolution mechanisms, in the local economic development policy area, these understandings never became part of the "taken for granted" assumptions guiding policy-makers and planners within municipal government. Only within the Department of Economic Development, and to a somewhat more limited degree within the Department of Housing, did the Washington doctrine of progressive local economic development policy-making become dominant in influencing the issues focused upon, policies formulated and programs implemented.

The Mayor's Development Sub-cabinet was unable to unify the city's major development-related departments in support of the Washington Administration's redistributive development policies and participatory decision-making processes. While several municipal agencies continued to pursue pro-growth policies formulated by elitist decision-making processes, other agencies gave the mayor only rhetorical or inconsistent support. Knowledgeable insiders and observers understood the varying degrees of commitment and support for the mayor's economic development agenda which existed within the city's various

municipal agencies.

A dramatic example of the internal divisions which developed within the administration on important development policy matters was the Department of Planning's advocacy of a voluntary linkage program proposed by representatives of the development community and the Department of Economic Development's endorsement of a community organization proposed, legislatively enacted, mandatory linkage program. Such disagreements over basic economic development policy issues weakened the administration's effectiveness in building political support for a progressive local economic development agenda.

These conflicts affected the Washington Administration's ability to overcome the machine-dominated City Council's opposition to its reform agenda. Unable to build a majority coalition within the Council in support of its reform agenda the Washington Administration resorted to non-legislative mechanisms for advancing its policies and programs. By means of administrative goal-setting, executive orders and individually negotiated development agreements, the Washington Administration established progressive economic development policies and implemented programs for which it could not secure

legislative support.

The Washington Administration established its Buy Chicago Purchasing Program by means of an administratively established and enforced set of procurement goals. The Washington Administration instituted its Minority Purchasing, Chicago First Hiring and Freedom of Information Programs by means of executive orders issued by the mayor. The Washington Administration linked approval for downtown development projects to developer contributions to community-based economic development efforts through provisions included within individual development agreements negotiated between the city and private developers.

While administrative goal-setting, executive orders and individual development agreements made it possible for the Washington Administration to implement redistributive development policies and participatory decision-making processes in the face of significant internal, City Council, party and business sector opposition, these mechanisms did little to institutionalize the values these policies represented and the pattern of resource allocation they reflected within the formal structure and decision-making processes of local government. Such

policies and programs lacked the force of law and were designed to remain in force only as long as the mayor issuing these directives was in office.

As a result, policies and programs established through such executive initiatives are not as secure as those resulting from legislative action. The latter, particularly if they are of a reform nature, usually require the mobilization of a concerned citizenry for their passage. Such policy initiatives are more likely to stand, regardless of who occupies City Hall, and are not easily reversed without broad citizen support. The local economic development planks of the Washington doctrine were implemented by means which did little to structurally alter local economic development planning in Chicago. Upon the death of Mayor Washington in 1988, many of his reforms were discarded by the administrations of Bernard Sawyer and Richard M. Daley Jr. The ease with which these administrations set aside the reforms of the Washington Administration is evidence of its failure to institutionalize these local economic development policies and programs within Chicago's municipal government.

While the Washington Administration did not succeed in institutionalizing a progressive model of

local economic development planning during its first term in office, it appeared as if it was poised to do so at the beginning of its second term. As a result of having secured the election of four of its supporters during the court-mandated councilmanic elections of 1985, the mayor assumed control of the Chicago City Council. This power enabled the mayor to appoint his supporters to key legislative chairmanships giving him the ability to exert considerably more control over the legislative process. The mayor's political influence was further enhanced by his impressive 1987 re-election victory during which he maintained his overwhelming base of support within the black community while substantially increasing his electoral strength in both the Latino and white wards. These developments greatly increased the political power and influence of the mayor thereby increasing the chances that he could successfully institutionalize his progressive model of local economic development planning during his second term in office.

D. Reflections on the Process of Institutionalization

Harold Washington successfully demonstrated the possibility of populist planning but he did not

institutionalize his administration's innovations so they would extend beyond his time in office. This is indeed the major conclusion of this thesis, however, it is hard to resist further interpretation. One notices the disjuncture between the initiating process that occurred during the Washington Administration and the institutionalization process as formulated by Selznick.

Philip Selznick's theory of institutionalization provides elegant criteria for evaluating the degree to which a leader has succeeded in infusing his/her vision, values and approach into the "taken for granted" assumptions which guide a formal organization, his theory offers little assistance in understanding the process by which this occurs. His work does not discuss the methods by which newly appointed or elected leaders can successfully create the conditions under which his/her vision of the local state and its various functions can come to dominate the thinking and behavior of members of the municipal bureaucracy in an unconscious or "taken for granted" manner.

A careful examination of the Washington Administration's reform efforts suggests there is a very important phase of the urban reform process which

follows the movement building and proceeds the institutionalization phase which is critical to the success of any municipal reformer. At the point when a newly appointed or elected municipal leader assumes power, he/she must begin a process of building support for his/her reform agenda within his/her administration and the community. The experience of the Washington Administration may offer unusually rich insight into what I will call the pre-institutionalization phase of the urban reform process because it encountered such vehement opposition from within the municipal bureaucracy and among certain elements of the business and development communities.

During this pre-institutionalization phase of the urban reform process, which appears to have lasted throughout the Washington Administration's first term, Harold Washington engaged in a wide range of activities aimed at building his power and solidifying his position within the government. For purposes of this analysis I have placed these activities in one of the following four categories: plan-making, team-forming, agenda-setting and base-building.

1. Plan-making

During his first term in office Harold Washington

refined his local economic development policies and presented them, in a systematic form, in the Chicago Works Together: 1984 Development Plan. The publication of this policy plan, along with the mayor's consistent references to it, offered community and neighborhood activists evidence of the administration's ongoing commitment to progressive economic development policies. The plan also served to focus the municipal bureaucracy's attention on economic development issues of concern to low and moderate income families living outside of "The Loop." Furthermore, the plan served as a tool for evaluating the administration's performance in this area and for holding it accountable to the constituencies which helped elect it. Finally, the plan functioned as an organizing device around which local citizen activists could agitate for greater support for programs aimed at addressing the needs of poor and working-class communities within the city.

2. Team-forming

The Washington Administration also devoted a great deal of energy during its first term to building a core group of senior and middle level officials who were committed to the goals and objectives of the Washington Administration's local

economic development agenda. Washington worked hard to recruit several commissioners who were committed to his approach to local economic development. Shortly after assuming office, Mayor Washington formed a Sub-Cabinet for Development, under Dr. Robert Meir, to insure that mayoral agencies implemented policies which advanced the local economic development priorities of the administration. In addition, the administration formed inter-agency committees of senior and middle level officials in order to develop specific policies aimed at achieving the economic development goals of the administration. The administration also encouraged development-related departments to establish in-service training programs aimed at involving staff, from all levels in policy-making discussions related to the local economic development agenda. Finally, the administration strategically managed its conflict with Councilmen Vrdolyak and Burke in order to create a visible "enemy" which could be used to mobilize support for Mayor Washington.

3. Agenda-setting

The Washington Administration also focused a great deal of attention upon various efforts aimed at placing the mayor's local economic development issues

at the top of the municipal agenda. It engaged in informal goal-setting, issued executive orders, formed mayoral taskforces, pursued a regional and national urban legislative strategy and, on some occasions, carried out community organizing drives in order to gain control over the municipal political agenda. It emphasized its commitment to industrial retention and minority purchasing by adopting informal goals for local purchasing and minority contracting. It revealed its determination to increase citizen participation in policy making and to focus greater attention on job creation by issuing executive orders establishing local Freedom of Information and Chicago First Hiring Programs. It signalled its interest in the future of the city's steel-making and printing industries, resolution of the city's growing solid waste disposal problem, development of Navy Pier and the implementation of a linkage program by establishing mayoral taskforces focused upon each of these problems. It also attempted to influence the local political agenda by aggressively pursuing a regional and national legislative agenda aimed at impacting state and national policies. Finally, the Washington Administration, on two occasions, developed and implemented highly successful organizing drives

aimed at influencing municipal and corporate decision-making when it carried out its publicity campaign to pass the 1984 General Obligation Bond and its lawsuit and labor support activities aimed at keeping the Playskool factory open. Despite the relative success of these efforts, the Washington Administration rarely pursued community organizing approaches to building support for its policies and programs.

4. Base-building

Finally, the Washington Administration made a consistent effort during its first term to attempt to build political support among groups which had not supported it. During its first year in office the Washington Administration proposed a General Obligation Bond which would have provided each of Chicago's 77 community districts with an equivalent amount of infrastructure support. This approach to capital spending helped to undermine the arguments of the mayor's opponents who said that he would concentrate resources within the black and Latino neighborhoods at the expense of the city's white ethnic communities. Shortly after his election, Harold Washington attended a candidates' night organized by the Save Our Neighborhood/Save Our City Coalition, a group hostile to the mayor, listened to

their concerns and promised to work with them on their two major issues--linkage and homeowners equity. Washington's willingness to work with those who opposed to his administration earned him the respect of many throughout the city, particularly those residing in Chicago's white ethnic areas.

These four activities, which constitute the primary foci of attention of reformers during the pre-institutionalization stage, have clear links to the four elements of institutionalization which Selznick discusses. Plan-making activities, if successfully completed, provide reformers with clear goals and mission statements for their administration. Team-building activities permit reformers to create specialized planning units dedicated to the preservation of reform ideals and the development of progressive programs within administrations. Team-building activities, if they involve bringing external constituencies into the policy-making process, can also provide reformers with a mechanism for resolving conflict. Agenda-setting activities enable reformers to infuse within their administration institutional commitments which become the taken for granted assumptions upon which organizational members make decisions. Finally, base-building activities provide

reformers with the necessary political support to prevail against external attack by local elites. While the elements of pre-institutionalization discussed in this thesis do not correspond exactly to the characteristics of institutionalization discussed by Selznick there does not appear to be substantial overlap.

E. Implications for Future Research

While it is not possible to generalize on the basis of data emerging from a single case study, such research can highlight questions which deserve further attention. The Chicago case study presents several research questions which merit the attention of social scientists interested in the urban reform process. Is successful municipal reform in other cities preceded by a pre-institutionalization phase as was the case in Chicago? Is this phase characterized, as was Chicago's, by a focus on plan-making, team-forming, agenda-setting and base-building? If not, are there other activities which reformers engage in to affect change in these cities? Is the priority given each of these activities affected by the nature of the political environment in which the reforms occur? For example, is base-building given a greater emphasis by reformers in those cities characterized by

highly centralized forms of political power?

These and many other questions could be effectively pursued by means of a comparative case study focused upon the reform efforts of several big city mayors. Great care would be necessary in selecting the comparison cities for such a study. Researchers would have to identify cities in which progressive reforms had been institutionalized in the manner in which Selznick and others have discussed. In addition, researchers would have to identify cities which shared common demographic, economic, and political characteristics.

Scholars could carry out such research in one of two ways. They could develop case studies of the reform efforts of several mayors by collecting primary data for the purpose of exploring the questions posed in this thesis regarding the urban reform process. Or, they could utilize existing case studies of local reform efforts by engaging in secondary analysis of these materials. The viability of this approach would depend upon the quality of existing case studies of such reform efforts.

Results from such research would provide those interested in positive social change with much needed insight into the urban reform process. This knowledge

might enhance the effectiveness of future reform efforts and contribute to an improvement in the quality of American urban life.

Appendix A: Research Design and Methodology

A. Introduction to Qualitative Research Methods

This particular research project examines a number of different aspects of local economic development policy and planning in the City of Chicago during the first term of Mayor Harold Washington. The study documents the major development proposals, plans and decisions of the Washington administration from 1983 through 1987. In addition, this research explores the manner in which the mayor and his senior planners sought to change economic development policies and processes. Finally, the thesis evaluates the extent to which these steps produced a fundamentally new approach to local economic development planning in this city.

These objectives influenced the specific research design used in executing this study. According to Robert K. Yin,

In the most elementary sense, the design is the logical sequence that connects the empirical data to a study's initial research questions and, ultimately, to its conclusions.¹

Given the kinds of questions this thesis explores, the limited control I had over the events being investigated, the enormous complexity of the

¹Robert K. Yin, Case Study Research: Design and Methods. (Beverly Hills, 1984), p. 28.

organizational environment being examined and the contemporary nature of the activities being studied, qualitative research methods appear to be the most appropriate to use.

John Van Maanen gives us the following definition of qualitative methodology.

It is at best an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena of the social world.²

The specific data collection activities described by such an approach include: study of documentary evidence, examination of archival materials, use of sample surveys, secondary data analysis, participant observation, discovery of artifacts, and interviewing.

These research techniques are particularly useful in studying complex social phenomena which feature the involvement of many individuals and numerous organizations. These methods are also extremely effective in examining the process individuals or groups use to transform a social situation. Additionally, these data collection techniques are capable of revealing the motivation behind individual

²Van Maanen, p. 9.

or collective action as well as the meaning participants in such social situations attach to events. Finally, these methods are effective in examining the relationships which exist between a particular object of study and its organizational context.

These methods also have a number of potential drawbacks which can sometimes undermine their effectiveness. They can lack rigor which makes the replication of procedures and findings difficult. In addition, it may be difficult to generalize the results from qualitative research if methods are not carefully selected. Furthermore, many studies based upon such methods provide so much detailed description that they are very difficult to read. Also, these methods require the participation of skilled and experienced researchers who are familiar with the use of these data collection and analysis techniques. Finally, the time and money required for the completion of research projects using qualitative methods make them difficult to complete.

B. Presentation of the Research Design

I have attempted to address these problems of qualitative methods by following the advice of Robert K. Yin in the development of my research design.

First, I utilized an orienting theory to focus on the most important data and to set boundaries for the case study. Second, I established a case study protocol drawing upon a variety of methods to increase the replicability and validity of my findings. Third, I developed an extensive data base of original documents, archival materials, interview transcripts and field notes to document my observations and support my conclusions. Fourth, I incorporated research activities into my study which I was experienced with from my prior training. Finally, I recruited three individuals to provide me with feedback upon my observations and conclusions so as to provide partial verification of my findings.

The following section outlines the major elements of the research methods I used, my rationale for selecting them and my evaluation of their limitations. While this process appears, in retrospect, to be logical and thorough, it is important to know that this research design evolved over the course of my work in Boston and Chicago. This experience is consistent with that of William F. Whyte who stated,

But I am convinced that the actual evolution of research ideas does not take place in accord with the formal statements we read on research methods. The ideas flow in part out of our immersion in the data and out of the whole process of living. Since so much

of this process of analysis proceeds on an unconscious level, I am sure that we can never present a full account of it.³

The two communities I initially selected to study were chosen because their recently elected mayors had indicated their strong commitment to changing the nature and direction of local economic planning. In brief, they promised to shift local development policies in ways that would provide greater assistance to the poor. In addition, they committed themselves to expanding citizen participation in the local planning process. Boston and Chicago became the sites of my study of local economic development planning based upon the degree to which their executives promised to pursue policies and processes which were radically different from those pursued by the majority of American communities in the Reagan era. I received further encouragement to study these two communities from personal friends of mine who worked in each administration. These colleagues offered to assist me in collecting documents and gaining access to important participants in the local development process.

Initially, I planned to examine the way in which

³William Foote Whyte, Street Corner Society: The Social Structure of an Italian Slum. (Chicago, 1946), p. 280.

Mayor Raymond Flynn of Boston and Mayor Harold Washington of Chicago addressed a number of specific policy issues and planning decisions. I anticipated examining the approaches these two cities took to retaining manufacturing jobs, training unemployed workers, creating affordable housing and increasing private sector investment in poor and working class districts. The result would have been two comparative case studies to document the major economic development planning initiatives and accomplishments of both administrations, and I would present an analysis of the extent to which these mayors had institutionalized a progressive approach to planning in the economic development policy area.

The following section outlines the original research design I formulated in order to complete this research. A thorough review of the existing literature on urban economic development, progressive administration and citizen participation was planned. Having completed this library research, I expected to search the recent scholarly and popular literature on the social, economic and political history of these two communities. Following this reading, I proposed to review, on a daily basis, the news articles in the major daily newspaper of each of the two cities.

After initiating the clipping, filing and cataloging of these articles, I anticipated contacting a limited number of community activists, public officials and business leaders from each community in order to interview them. The purpose of these preliminary interviews would be to get a sense of views which local leaders had on the major development policy initiatives of the Flynn and Washington administrations. Next, I planned to collect and review documentary materials related to each development issue mentioned by the local leaders I interviewed. Among the materials I anticipated examining were press releases, municipal ordinances, public testimony, agency reports, municipal budgets, planning documents and other public materials.

Subsequent to these activities, I would contact the highest ranking officials in Boston's and Chicago's development agencies seeking sponsorship for my research as well as various forms of assistance. Having done these things, I would seek to interview as many key individuals involved in the decision-making process on the development issues facing each community as possible. By speaking with these individuals, I would attempt to document the major policy initiatives, development decisions and citizen

participation efforts of each mayor.

During field visits to each city to conduct interviews, I hoped to observe as many relevant public events related to the issues of my study as possible. After completing interviews, I looked forward to collecting additional documents related to these issues.

Using data generated by the above-mentioned research activities, I planned to formulate two written case studies focused upon the local economic development policy-making and planning activities of these two cities. After completing these initial case studies, I hoped to secure the cooperation of two informed "insiders" who I would ask to review my case studies in terms of their basic accuracy and analytical soundness. Expecting to revise my case studies using key informant feedback, I looked forward to developing finalized case studies.

C. Summary of Completed Research Activities

The next section outlines the research activities which I actually completed as part of this research. Following Babbie's advice, I began my actual research on this topic with a review of the recent research in this area.

As is true of all research methods, you would be well advised to begin with a search of the relevant literature.⁴

During the fall and winter of 1984 I began my search of the literature on urban economic development, progressive administration, and citizen participation. In addition, I reviewed the recent scholarly work examining the social, economic and political histories of Chicago and Boston.

Among the volumes I found particularly useful in learning about the historical development of Chicago was Mayer and Wade's Growth of the Metropolis.⁵ O'Connor's Clout: Mayor Daley and His Chicago,⁶ Royko's Boss: Richard J. Daley of Chicago,⁷ Holli and Green's The Making of the Mayor: Chicago 1983,⁸ and Kleppner's Chicago Divided: The Making of a Black

⁴ Earl R. Babbie, The Practice of Social Research, (Belmont, California, 1979) p. 211.

⁵ Harold A. Mayer and Richard C. Wade, Growth of the Metropolis, (Chicago, 1969), pp. 375-474.

⁶ Len O'Connor, Clout: Mayor Daley and His city, (Chicago, 1985), pp. 225-262.

⁷ Mike Royko, Boss: Richard J. Daley of Chicago, (New York, 1971).

⁸ Melvin G. Holli and Paul M. Green, editors, The Making of the Mayor: Chicago 1983, (Grand Rapids, 1984) pp. 141-166.

Mayor⁹ were helpful in revealing the recent political history of the city. Meyerson and Banfield's Politics, Planning and the Public Interest¹⁰ and Squired, Bennett, McCourt and Nyden's manuscript, The Third City: Race, Class and the Response to Urban Decline¹¹ were useful in getting an understanding of Chicago's planning history. Algren's Chicago: A City on the Make,¹² Terkel's Chicago,¹³ and Bowden and Krineberg's Street Signs Chicago: Neighborhoods and Other Illusions of Big-City Life¹⁴ provided me with a number of different perspectives upon the cultural life of the city.

Among the volumes I found most illuminating of Boston's recent economic history were the Boston

⁹Paul Kleppner, Chicago Divided: The Making of a Black Mayor, (DeKalb, 1985), pp. 240-254.

¹⁰Martin L. Meyerson and Richard Banfield, Politics, Planning and the Public Interest, (Chicago, 1964), pp. 303-329.

¹¹Gregory D. Squired, Larry Bennett, Kathleen McCourt and Philip Nyden, The Third City: Race, Class and the Response to Urban Decline in Chicago, (Chicago, 1985), pp. 41-62.

¹²Nelson Algren, Chicago: City on the Make, (Chicago, 1951) pp. 52-79.

¹³Studs Terkel, Chicago, (New York, 1985).

¹⁴Charles Bowden and Lew Krineberg, Street Signs Chicago: Neighborhood and Other Illusions of Big-City Life, (Chicago, 1981).

Redevelopment Authority Reports, Boston Tomorrow: Background on Development¹⁵ and Boston Tomorrow: Issues of Development.¹⁶ The Boston Chapter of the Democratic Socialists of America book entitled Who Rules Boston¹⁷ provided me with an overview of the community power structure of the city. J. Anthony Lukac's Common Ground: A Turbulent Decade in the Times of Three American Families¹⁸ offered a poignant look at the nature of community life and racial conflict in the city.

While reading these materials, I began to receive, read and clip the Boston Globe and the Chicago Tribune on a daily basis. I clipped all those articles from each paper dealing with the new mayors, economic conditions, development problems, planning decisions and local politics in each community. I engaged in similar clipping activities removing

¹⁵Boston Redevelopment Authority, Boston Tomorrow: Background on Development, (Boston, 1983), pp. 3-34.

¹⁶Boston Redevelopment Authority, Boston Tomorrow: Issues of Development, (Boston, 1983), pp. 4-23.

¹⁷Democratic Socialists of America, Who Rules Boston?, (New York, 1986), pp.

¹⁸J. Anthony Lukas, Common Ground: A Turbulent Decade In the Lives of Three American Families, (New York, 1986).

articles from Crain's Chicago Business and Crain's Boston Business which I also subscribed to. Within a very short period of time, I amassed articles on some seventy-five topics from each city which were related to my research. I established a set of files, organized on a topical basis, in which I kept newspaper and magazine articles in chronological order.

Shortly after beginning my newspaper files, I started an index card file of the names of individuals and organizations which appeared in the articles I cut out of the local papers. After less than two months of newspaper clipping, I had an index card file of individuals and organizations which included approximately fifty entries from each city. I hoped to use these individual and organizational names as the basis of my preliminary interviewee list for each community.

Having completed an initial review of the relevant literature on economic development planning and local history, I planned a single three-day trip to each city during the spring of 1985. These preliminary field trips to Boston and Chicago had a number of specific purposes. First, I wanted to gain a basic familiarity with the spatial organization of

these communities, especially their mass transit systems. Second, I wished to collect reference materials, public reports and private documents from each city dealing with the issues of my research. During these first trips to each community I secured a variety of maps, local residential and business phone books, municipal government directories, comprehensive plans, city ordinances, press releases, executive orders and various private reports and studies. Third, I hoped to schedule appointments with high ranking planning officials in each city in order to discuss my research with them and ask for their cooperation and assistance. Fourth, I wanted to identify those development issues which were viewed by a cross-section of community leaders in each city as the most important planning issues facing their local mayors. Fifth, I wanted to develop a revised list of local leaders who I could interview regarding the issues identified above.

I accomplished these objectives during two three day visits to Boston and Chicago during the spring of 1985. I collected needed documents by visiting a variety of local institutions. I secured local government cooperation on my research from former Commissioner Robert A. Mier of the Chicago Department

of Economic Development and Mr. Thomas Snyder of Boston's Office of Neighborhood Assistance. These two individuals also reviewed my initial list of planning issues and interviewees and made numerous helpful suggestions. I received further feedback on my preliminary list of issues and interviewees from a group of twelve local community, business and municipal leaders with whom I spoke during these brief visits. Following the advice of William Foote Whyte, I selected key institutional leaders to speak with at this time.

The researcher at an early stage tries to identify those in leadership positions in hopes that they will provide useful contacts and even informal sponsorship.¹⁹

Returning to New York City subsequent to these meetings, I reformulated the list of issues which I planned to examine in each city. I revised this list of issues based upon the feedback I received from those I interviewed. The preliminary set of issues I developed to investigate included: linkage policies, employment and training programs, infrastructure initiatives, and community planning experiments. My list of potential Boston interviewees increased from

¹⁹William Foote Whyte and Kathleen King Whyte, Learning From the Field: A Guide From Experience. (Beverly Hills, 1984.), p. 37.

60 to 87 individuals whereas my list of potential Chicago interviewees expanded from 43 to 66 individuals as a result of my conversations with local leaders. Following these activities, I collected additional documentary and archival materials on each of these issues. In addition, I read scholarly materials and policy-related reports from other communities on these issues in order to be prepared to speak with leaders in Boston and Chicago about these issues.

Following these activities, I wrote to the 120 individuals whose names appeared on my preliminary list of Boston and Chicago interviewees requesting an opportunity to speak with them regarding their views on local economic development planning. (See Appendix B for a copy of the letter I used to contact each potential interviewee.) In doing so, I identified myself as a graduate student in Cornell University's City and Regional Planning Program. I stated that I wished to include their views on local economic development policy as part of my doctoral thesis. I wrote each individual on my personal stationery requesting an hour of their time during my next visit to their city. I followed up on each of these letters by phone during the late spring of 1985.

These phone calls resulted in some twenty-five individuals agreeing to see me in each city. During the summer of 1985, I travelled to each city for a two-week period to begin initial interviewing for my study. All of these interviews were scheduled with individuals whose names had appeared on my original list, which was constructed on the basis of my newspaper clipping activities. I interviewed these individuals using an interview schedule based upon thirty open-ended questions focused upon local economic development policy. While I found the interview guide to be enormously useful in beginning the interviews, I soon realized that I had to take a much more flexible approach to conducting these sessions. I found myself agreeing with Michael J. Priore's view on structured schedules.

While the guide was invaluable, I soon realized that most people had a subset of these issues to discuss and very clear ideas about them. After getting a sense of what I wished to know, most spoke at length uninterrupted except by a limited number of questions to clarify.²⁰

William Foote Whyte makes a similar point.

The good research interview is structured in terms of the research problem. The interview structure is not fixed by predetermined questions, as in the questionnaire, but is designed to provide

²⁰Van Maanen, p. 72

the informant with freedom to introduce material that was not anticipated by the interviewer.²¹

At the beginning of each interview, I introduced myself, presented the objectives of my study, reviewed the major topics I wished to discuss and outlined the ground rules for the interview. The ground rules were very simply that I would, if they agreed, tape record the entire session and be free to use anything they said in my thesis. All but one of the interviewees agreed to participate in my research on this basis. One employee of a local legislative body who had to work with representatives of both parties asked that his comments not be identified. I agreed to keep this individual's comments anonymous and I conducted an interview with this person on this basis. Each of the interviews I conducted lasted between sixty and ninety minutes. All but one of these sessions were conducted in the business offices of the interviewees. During the course of each interview I took extensive notes. This gave the respondents a sense of my interest in their comments and it offered me an immediate record from which to base my future questioning and preliminary analysis. I also tape recorded each interview and found that most

²¹Whyte, p. 97.

interviewees soon forgot about the taping. It also appeared to me that the tape recorder gave the interviewees a sense that their comments were valued and that they were participating in a serious research effort. I concluded this based upon the repeated experience I had when a tape ran out. Every interviewee stopped talking until I reloaded the tape player so that the record of their comments would be complete. On a number of occasions I deliberately ignored the end of a tape and found that the interviewees would either stop speaking or call my attention to this fact.

During the fall and winter of 1986, I had each of the fifty interviews which I had completed in Chicago and Boston transcribed by a professional typist. Once these tapes were transcribed, I began a preliminary analysis of my data. I did this analysis in order to identify the key development issues and decision-making processes facing the chief executive of each city. I attempted to use the newspaper clippings and public records which I had collected on each community to verify some of the statements made during interviews.

In the winter of 1986, I presented a research paper documenting the major economic development

initiatives of the Washington and Flynn administrations at the Annual meeting of the New York State Sociological Association in Dobbs Ferry.²² This paper contained my preliminary assessment of Washington and Flynn's success in transforming local economic development planning in their respective cities. This paper suggested that much more fundamental changes were occurring in Chicago than in Boston in the economic development policy area. Based upon these findings and the resource requirements of doing in-depth case studies in both cities, I decided, with the encouragement of the chairman of my Special Committee, to restrict my research to activities in Chicago and reorganize my thesis as a single case study of local economic development policy-making and planning in Chicago.

During the spring of 1987, I re-examined my list of potential Chicago interviewees. I decided to augment my initial set of twenty-five interviews with an additional twenty-five. I decided to include an equal number of community activists, public officials/planners, and business leaders in my sample. Furthermore, I decided to draw the majority of my

²²Kenneth M. Reardon, "Local Economic Development Planning in Chicago and Boston: Case Studies in Community Empowerment," (New York, 1986).

future interviewees from the names of those provided to me by past interviewees. In the end, my interviewee pool consisted of fifty-one persons from the city of Chicago. (See Appendix C for a complete list of these individuals.) The composition of this group is presented below.

Table 8.2

List of Chicago Interviewees

<u>Community Activists</u>		<u>Public Officials/ Planners</u>	<u>Businessmen</u>
Total	18	17	16
List Generated	8	8	11
Interviewee Referral	10	9	5

During the summer of 1987, I interviewed these remaining individuals using the same interview format I had developed for the first group of Chicago interviews I had completed. (Please see Appendix D for a copy of the interview schedule which I used for these interviews.) In the late summer of 1987, these additional interviews were transcribed and I began a preliminary analysis of this data. Those economic trends, issues and decisions which a significant number of respondents discussed were examined

particularly closely. I reviewed the relevant documents and newspaper clippings on each of these issues to verify the basic facts offered by the respondents and to check the soundness of their analysis. Thus, I sought to increase the validity of my findings by corroborating the basic history and analysis presented by the respondents with data from both archival and documentary sources.

As I studied the transcripts of my interviews, I attempted to identify individuals who appeared most knowledgeable on a wide range of economic development planning issues, critical in their reflections upon these issues and accessible to me as an investigator. I hoped to recruit three of these individuals to serve as "key informants" for the later stages of my research. Robert K. Yin discusses the benefits of using such individuals in the following manner,

The procedure has been correctly identified--but only rarely--as a way of corroborating the essential facts and evidence presented in the case report. The informants and participants may still disagree with an investigator's conclusions and interpretations, but these reviewers should not disagree over the actual facts of the case.²³

Subsequent to my final revisions of the Chicago case study, I mailed three individuals who agreed to serve

²³Yin, p. 138.

as "key informants" copies of my draft report. These individuals were drawn from a range of different interest groups reported on in my study, namely community activists, public officials and planning academicians. Professor Wim Weiwei, Director of the Center for Urban Economic Development at the University of Illinois at Chicago; Mr. Robert Giloth, former Deputy Commissioner of the Chicago Department of Economic Development; and Dr. Robert Mier, former Commissioner of the Department of Economic Development for the City of Chicago all agreed to provide me with feedback on my case study. Their comments were quite useful in revising certain sections of the case study report.

While waiting for written comments from these three reviewers, I traveled to Chicago and presented a research paper at the Annual Meeting of the Society for the Study of Social Problems in order to get additional feedback upon my work.²⁴ The session at which I presented my paper was well attended by community activists, public officials and scholars involved in public policy issues in Chicago and I received many helpful comments upon my paper. This

²⁴Kenneth M. Reardon, "Economic Development Planning in Chicago: A Case Study of Progressive Local Government Policy," (Chicago, 1987).

feedback resulted in numerous changes in my final case study report.

D. Discussion of the Limitations of the Research

This research was pursued as a single case study of local economic development planning in Chicago during the first term of Mayor Harold Washington. It was based upon a research design utilizing a variety of qualitative research methods. The primary data-gathering technique was in-depth personal interviews with those involved in economic development policy-making and planning within the city of Chicago. This data collection method was augmented by an extensive review of documentary evidence and archival materials, the primary sources of which were the Chicago Tribune, Crain's Chicago Business, The Neighborhood Works and a variety of public plans, reports and studies issued by the Department of Planning, Housing and Economic Development within the City of Chicago.

These methods have enabled me to present a detailed summary of those Washington administration economic development policies which were seen as most central to the mayor's reform agenda by a cross-section of community activists, business leaders and civic officials involved in these events. These methods have also enabled me to document how the

Washington administration sought to re-orient local economic development policies in order to better meet the needs of Chicago's poor and working class neighborhoods. These techniques have assisted me in doing a preliminary analysis of the short-term effects of these policies and programs upon various constituencies within the city. Finally, they have enabled me to evaluate the extent to which Mayor Harold Washington succeeded during his relatively short time in office in institutionalizing a progressive approach to planning in this important policy area.

The research is primarily descriptive in nature; however, it does suggest certain tentative hypotheses regarding the nature of organizational change within public sector institutions which might be examined in future research. However, a thorough exploration of these propositions would require the execution of a multiple case study research project, which is beyond the resources of this investigator. Such a follow-up study might examine the reform efforts of six or eight big-city mayors in the economic development field using qualitative research methods. It might seek to examine those political conditions which appear to be most conducive to the election of populist-oriented

mayors. Furthermore, it might seek to establish those techniques which appear most critical to the institutional reform efforts of these executives. While this case study cannot answer these questions with any degree of certitude, it can help generate a number of tentative organizational propositions which might be tested in the future. Thus, this research serves the exploratory purposes which W. Richard Scott describes in the following manner.

The exploratory study is one in which the primary purpose is to gain familiarity with some problem or to achieve insights that can guide future research.²⁵

Given the lack of empirical research on the activities and decisions of contemporary planning agencies, particularly those pursuing reform agendas, such an approach appears justified.

²⁵Scott, p. 267.

Appendix B: Letter of Introduction

July 16, 1986

Dear :

I recently began research on a dissertation focusing on the economic development activities of planners and planning agencies in the cities of Boston and Chicago. This work is being done to fulfill my final degree requirements for a Ph.D. in city and regional planning at Cornell University in Ithaca, New York.

This dissertation will explore how the economic development decision-making processes and policies have changed in these two cities under their new mayors. Among the issues I am examining are linkage policies, infrastructure proposals, first source hiring initiatives and new forms of public and private cooperation.

I am collecting data for my research from archival sources, and through personal interviews with a wide range of community leaders from each city. As an important observer of recent municipal initiatives in the economic development policy area, I would like to interview you on these topics. I will be in _____ from Monday, _____ through Friday, _____.

I am very interested in including your observations and opinions on _____ urban development efforts in my study. I will call your office next week to see if there is a convenient time and place for us to meet when I am in town.

I appreciate your time and interest in this matter. I look forward to having an opportunity to speak with you in the near future.

Sincerely,

Kenneth M. Reardon
1125 Lorimer Street, 3G
Brooklyn, New York 11222

Appendix C: List of Chicago Interviewees

List of Chicago Interviewees

The organizational affiliations are provided for identification purposes only. This list was compiled in the spring of 1988. Many of these individuals have changed their affiliations since that time.

Robert Brehm
Bickerdike Community Development Corp.

Tom Carlson
Chicago Workshop on Economic Development

Gary Chico
Chicago City Council Staff

Frank Cizon
Trust Inc.

Tom Clark
The Neighborhood Works

Tom Cokins
Central Area Committee

Daniel Crowe
Chicago City Council Staff

Joseph Crutchfied
Save Our Neighborhood/Save Our City Coalition

Mary Decker
Metropolitan Housing and Planning Council

Pat Dowell
Department of Planning

Eleanor Elam
Chicago Jobs Coalition

Jim Ford
Northern Illinois Planning Services Agency

Nelson Forrest
Greater North Michigan Avenue Committee

Charles Gardiner
The Greater State Street Council

Robert Giloth
Department of Economic Development

Seamus Glenn
Save Our Neighborhood/ Save Our City Coalition

Timothy Harrington
Department of Planning

Bill Higginson
Chicago United

Lawrence Howe
Commercial Club of Chicago

Donald Kane
Kane, McKenna and Associates, Inc.

Jim Ketchum
Trust Inc.

Frankie Knibb
Chicago 1992 Committee

John LaMont
Perkins and Weil

June LaVelle
Industrial Council of Northwest Chicago

Edward Lawrence
Urban Investment and Development Corporation

James Lemonides
Greater North Pulaski Development Corporation

Richard C. Longworth
Chicago Tribune

Richard Luecke
Community Renewal Society

Louis Massotti
Northwestern University

John C. Melaniphy Jr.
Melaniphy and Associates Inc.

Robert Mier
Department of Economic Development

Samuel Mitchell
Chicago Association of Commerce and Industry

David Mosena
Department of Planning

Mary O'Connell
The Neighborhood Works

Augustino Olvero
18th Street Development Corporation

Elsbeth Revere
The Woodstock Institute

Carla Robinson
University of Illinois

Diane Robinson
Department of Economic Development

Miquel Santiago
Alderman

Dan Sawislak
Save Our Neighborhood/ Save Our City Coalition

Irene Sherr
Department of Economic Development

Deborah Stone
Metropolitan Housing and Planning Council

Michael Thom
The Civic Federation

Chuck Thurow
Department of Planning

Arturo Vazquez
Department of Economic Development

Joel Werth
Department of Housing

Wim Wiewel
Center For Urban Economic Development
University of Illinois at Chicago

Marc Weiss
University of Illinois at Chicago
Luke Wicks
Department of Economic Development

Jodi Wilson
Northern Illinois Planning Services Agency

Ted Wysocki
Chicago Association of Neighborhood Development
Organizations

Appendix D: Interview Schedule

Chicago Interview Schedule

Personal Background:

1. Could you give me the correct spelling of your name?
2. What is your present position with this organization?
3. How long have you been associated with this organization?
4. Is your involvement in local economic development policy-making and planning a function of a personal interest, job responsibility or a combination of these two factors?
5. How many years have you been involved in this area of local government policy-making?

Introductory Questions:

1. What do you view as the major policy initiatives of the Washington administration in the area of economic development?
2. What are the potential benefits and costs of each of these policies to the City of Chicago and its residents?
3. In what ways, are these policies and programs extensions of the policies established by past Chicago mayors?
4. In what ways, are these policies and programs substantively different than those of the past?
5. What impact do you feel these efforts are having upon the business climate and economic well-being of the City of Chicago?

Chicago Works Together: 1984 Development Plan:

1. Are you familiar with the recently completed economic development plan issued by the Chicago Department of Economic Development?

2. Have you received a copy of the plan and, if so, how did you get your copy?
3. Have you had a chance to review the plan and its major elements?
4. Are you in favor of the plan's emphasis upon job creation and its five primary objectives?
5. If yes, why?
6. If not, why not?
7. If you feel the primary objectives of the CWT Plan are inappropriate what do feel should be the objectives for such a plan?
8. Given the overall objectives of the CWT Plan, how effective do you feel its main programs will be?
9. Which programs do you see as being most important to the economic well-being of the city?
10. Which programs do you feel will be least effective in promoting economic well-being?
11. What types of programs would you replace these efforts with?
12. What is your opinion of the process that was used by the mayor to formulate this plan?
13. How could this process have been strengthened?

Linkage Proposals:

1. Currently, the city is exploring ways to promote a more balanced pattern of development within the city through the development of a "linkage program."

Do you feel the city has placed too much emphasis upon encouraging investment in the downtown?

2. Do you support the concept of taxing new development in the Loop in order to generate funds for affordable housing and community development activities in Chicago's neighborhoods?

3. If so, why?
4. If not, why not? What alternatives might there be to encourage investment in Chicago's poor and working class residential neighborhoods?
5. If a linkage program is developed, who should control the program? A. City Hall, B. Community-based non-profit, development corporations, C. Private Developers, D. Others, if so, whom?

General Obligation Bond:

1. Recently, the Washington administration issued a new General Obligation Bond to support a Neighborhood Improvement Program. Are you familiar with this initiative?
2. Were you in support of this new revenue raising effort?
3. If so, why?
4. If not, why not?
5. Were you in agreement with the mayor's decision to focus the overwhelming major of the bonds dollars on neighborhood oriented projects?
6. If so, why?
7. If not, why not?
8. What do you feel will be the benefits of this program to the city?

Minority Purchasing Plan:

1. Recently, the mayor issued an executive order requiring the city and organizations receiving economic development assistance to direct a certain percentage of their contracts for goods and services to minority and women owned firms?
2. Are you in favor of such targetted assistance to minority and women-owned firms?

3. If yes, why?
4. If no, why not?
5. Is there an alternative approach to achieving the goal of social equity that you feel the city should utilize?

Chicago First

1. Recently, the mayor signed an executive order requiring those developers receiving city assistance to utilize the Mayor's Employment and Training Office as a sole source of entry level job candidates for a period of two weeks. Are you in favor of such efforts by the mayor?
2. If yes, why?
3. If not, why not?

Citizen Participation:

1. How would you compare the opportunities which citizens have to participate in the local economic development planning process under the Washington administration as compared to past mayors?
2. In what specific ways has the process changed?
3. What consequences have these changes had upon local economic development planning decisions?
4. What further steps could the mayor take to strengthen citizen participation in local economic development planning?

Wrap-up:

1. Given the issues I am interested in, who else should I be speaking with?
2. Could you please look at my proposed list of interviewees and suggest additional individuals who I should speak with?

THANK YOU!!!

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