

Tax Dollar

DRIVING SOUTH FROM OAKLAND into the adjacent suburban community of San Leandro, an observer in 1948 would have found it impossible to know when he or she had crossed from one city into the other. The tree-lined streets and 1920s-era bungalows common to both would have offered no clue. Even the industrial landscape would have struck the casual observer rolling past small machine shops and warehouses as a single piece. Not far from the fading brown brick of the General Motors Durant plant on East Fourteenth Street in Oakland was the red brick Caterpillar Tractor plant in San Leandro. Both would have hummed with activity and spilled workers onto the streets at shift change in the late 1940s. San Leandro looked like a good deal of East Oakland in 1948, but their postwar histories would be very different. To understand why, we must cross Oakland's boundary and move into the expanding neighboring suburbs. Between the end of World War II and the middle of the 1960s, East Bay residents created new suburban cities and expanded older ones at an astonishing rate. But first-generation postwar suburbanites did not so much "flee" the city as create industrial and residential property markets out of undeveloped agricultural flatlands. Their actions were as much a part of Oakland's history as the general strike, because from the beginning, suburban city building was predicated on maximizing property value and keeping taxes low, development strategies that would shape the entire region.

Between 1945 and the early 1960s, cities south of Oakland, between East Oakland and San Jose, emerged as the industrial garden imagined in the Metropolitan Oakland Area Program. By the 1970s one could trace a straight line on a map following this landscape from Oakland's southern edge through San Leandro, Hayward, Union City, Newark, Fremont, and Milpitas to San Jose's northern boundary forty miles away in the South Bay. San Leandro and Hayward alone existed as corporate cities prior to the mid-1950s. The others incorporated during that decade, as civic entrepreneurs from the scattered towns, farms, and orchards of the East Bay flatlands forged new municipalities. Conceived as locations of both employment and residence, of factories and homes, the suburbs they created were designed locally but depended on national developments: the unprecedented postwar federal mortgage guarantee program, new federal interstate highways, and capital mobility. This pattern of growth elaborated

the MOAP's suburban vision, but it also undermined Oakland, creating cities and economic networks that would compete with, as much as complement, the presumed "center" of the new industrial West.¹

Postwar suburbanization in the United States was driven by the politics of making markets in property and in maintaining exclusionary access to those markets. Cities are fundamentally based on leveraging property into one version of community or another—they are the result of the social production of markets, the social production of space. "During the last half of the twentieth century carefully selected property will increase to prices that would now seem fabulous," Fred Cox, president of the Southern Alameda County Real Estate Board told an audience in 1950. Such prices would be produced by "a great increase in population, tremendous industrial development and amazing commercial growth." In the postwar decades, three primary sets of interests came together to shape suburbanization and the kinds of suburban markets celebrated by Cox: the federal state, local city-builders, and white homeowners. Each brought an ideological and material investment in the process of market creation. The resulting "compact" between these different agents, worked out over more than a decade, made the postwar suburb possible. Suburban forms varied across the United States, but as a whole they represent one of the nation's most far-reaching and influential sociospatial constructions of the second half of the twentieth century. In the East Bay, we will look closely at several highly influential examples. Before doing so it is necessary to review the role each of the three architects of suburbia played in the process of city building.²

First, postwar homeownership developed with the assistance of massive state subsidies. The federal government dramatically democratized the housing market for whites while simultaneously enforcing a racial segregation that resembled apartheid. State intervention in the housing market made financing single-family homes more profitable to lenders, more accessible to white buyers, and virtually unobtainable for African Americans. Beginning in the 1930s, New Deal federal housing policies defined black and mixed-race communities as high risk, and the government refused to extend its generous mortgage guarantee programs into such neighborhoods well into the 1960s. Thus, for more than thirty years, the Federal Housing Administration and the Veterans Administration, the principal agencies in charge of implementing the federal state's housing policy, underwrote segregation. Because of the enormous sums of capital involved—billions of dollars annually—their actions gave contour to the entire national housing market; the market was shaped in the image of these agencies. The federal government, according to the 1961 report by the U.S. Commission on Civil Rights, "created the machinery through which housing discrimination operates." America's postwar housing boom—a

twenty-five-year building bonanza with long-term social consequences—was possible because of federal underwriting of home finance, a policy that pressed African Americans to the extreme margins of the nation's aging residential communities.³

The second architect of suburbanization, local city-builders, came in the East Bay from a broad, diffuse entrepreneurial political class that managed municipal incorporation campaigns between Oakland and San Jose. Unlike California's celebrated "community builders," who constructed entire cities from a single massive property—and made famous such places as Irvine, Rancho California, Huntington Beach, and Foster City—the East Bay's suburban civic founders were neither large landholders nor, with a few exceptions, major developers. They were almost universally middle-class professionals, industrialists, modest landholders, and merchants, men and women who had smaller, though no less real, financial stakes in incorporation. This group included representatives of the real estate industry, with their investment in segregation, but that industry itself did not control incorporation in every instance: more fluid alliances and political combinations were possible. Nonetheless, city-builders set out to create and maximize two kinds of property markets, one in industrial land the other in residential. They did so in order to finance public services, maintain home equity, and, in the optimistic and market-driven logic of American development, to ensure future economic growth. This city building was political because interests differed over how those markets would be created and racialized, and territorial because the way municipal boundaries were drawn, how the tax burden was distributed, and where people lived in relation to where they worked depended on both an imagined and real geography.⁴

The third agent of suburban city building, white homeowners, was also the most diverse group. Homeowners were first-time buyers from West Oakland, families of World War II veterans purchasing property with the assistance of the VA. Homeowners were migrants from Iowa or Oklahoma, coming to California for new jobs. Homeowners were longtime suburban residents, people who had lived in southern Alameda County for a decade or more, perhaps purchasing new homes in a Fremont subdivision. Homeowners were an occupationally varied lot: factory workers, public employees, carpenters, nurses, office workers, attorneys, merchants, home workers, and engineers. They were diverse in class background and place of origin, but the structure of the housing markets into which they entered in the postwar decades would begin to give them a common identity, to shape for them a set of concerns and interests that would unite more than divide them. These issues started with the concrete economics of taxes and home values. No investment an average family in midcentury America would make in their lifetime was larger than that in their home,

and in California, perhaps more than anywhere else in the nation, the detached, single-family home had been elevated in popular culture as the preeminent symbol of both independence and assimilation. Together, markets and culture—and later, electoral politics—encouraged homeowners in suburban California to identify property ownership first and foremost in terms of their own individual financial interests.⁵

Over time, the product of the suburban compact between the federal state, city-builders, and homeowners in the East Bay was a set of expectations and ideologies that could be mobilized politically. Three key elements lay at the core of those expectations. First, homeowners came to expect, and later demand, low property taxes. Second, they came to expect and rationalize racial segregation. Finally, they came to accept as natural the conflation of whiteness and property ownership with upward social mobility. None of these expectations emerged in a linear fashion from a single source, nor were they unchallenged. Their origins predate the postwar suburb. But their particular conjuncture at this moment in concrete sociospatial formations like those in the East Bay stands out historically. In these suburbs, homeownership stood at the core of political identification, and small property holders emerged as the most important social class and political constituency. Capital mobility, national economic restructuring, and the extraordinary growth of California's population during and after the war propelled the process of suburban formation in the East Bay, but homeowner expectations were the glue that held the new cities together. Far from the cradle of republican independence and American voluntarism its proponents proclaimed, homeownership among white families was one of the most state-subsidized features of the postwar national economy. "[I]t has been said of housing," the U.S. Civil Rights Commission wrote in 1961, "there is no nondefense segment of American economic life so dependent on the federal government."⁶

Property is fixed space that over time produces capital, which in turn consists of assets that can generate, through investment, other financial enterprises. Postwar American suburbanization is thus best understood in terms of the processes by which property was converted into capital and its corollaries: value for homeowners, profit for boosters, and taxes for public officials. Home equity was a precious form of personal or familial wealth embedded in present and future property values. But it was also "value" of a different sort in a moral economy, irreducible to mere capital. For city-builders and boosters, property was an elemental engine in the production of profit: the sale of land to developers and industry and the conversion of residential and industrial land into home sales and jobs, all of the economic activity described simply as "growth." Public officials shared both sets of concerns. But their interest in property was finally about how best to tax it in order to finance the administrative

infrastructure of the city itself: schools, fire protection, police, water and sewer lines, and all of the services and amenities required for a city to survive. To public officials property was *taxes*. In the context of broad movements of capital across the region and the nation in the 1940s and 1950s, East Bay suburban growth nonetheless hinged on these intensely local concerns.⁷

What follows is a look at the creation of three suburban cities in the East Bay that, while vastly different in many respects, embody the features of the postwar suburb outlined above. These local case studies of suburban development underscore the “pull” factors that encouraged white people to buy homes and make a cultural and financial investment in suburban communities, rather than the “push” factors that propelled them to leave larger cities. Such an effort demonstrates that white suburbanization in this period represented the complicated intersection of public policy and subsidy, economic individualism and self-interest, and regional development and underdevelopment, rather than the vague and impressionistic “white flight.”

San Leandro: The Industrial Garden Realized

San Leandro entered the national iconography of suburban industrial growth in 1966 when it was named a “model municipality” by the *Wall Street Journal*. In the 1920s San Leandro had served as a bedroom community for both San Francisco and Oakland commuters and as a truck farming center that provided vegetables, fruit, and cut flowers to nearby cities—the “land of sunshine and flowers,” boosters bragged. Its streets and neighborhoods were indistinguishable from those of East Oakland, where the modest homes of skilled workers, merchants, and semiprofessionals blended into San Leandro’s northern edge in a suburban ménage typical of the East Bay’s flatland geography. Despite its size (22,903 in 1940) and semirural orientation, however, San Leandro had attracted a few notable industries—a Caterpillar Tractor assembly plant and Frieden Calculators, in particular—before the war. After 1945 the city’s civic leaders, developers, and wartime newcomers added to that industrial base by converting nearby agricultural land into cheap factory and housing sites in pursuit of what they termed “balanced development.” San Leandro’s choices underline how “model municipality” was understood, not just by the *Journal* but by those who built the city. Civic leaders and homeowners chose industrial growth led by low taxes as one foundation and racial segregation as another. From the beginning, the industrial garden was a contested idea. Power would determine *whose* vision was ultimately expressed on the ground. Through their choices and politics,

San Leandro residents realized one version of suburbanization: dynamic industrial job growth and pastoral neighborhoods enclosed behind the exclusionary walls of apartheid. It was a civic space that would profoundly influence the future of both Oakland and suburban Alameda County.⁸

Between 1946 and 1948 the San Leandro City Council hotly debated the direction and pace of industrial development, offering, in the words of the city's principal newspaper editor, George Thompson, "two approaches [that] should be thrashed out without animosity." On the one hand, the city could encourage industrial investment by allowing companies to build new factories on unincorporated land outside of the municipal tax district. On the other, the city could require industry to locate within San Leandro while expanding its municipal boundaries to incorporate existing and future factories. In the latter instance, according to Thompson, "with industry paying its full pro-rata share of city government costs, and thereby in the long run reducing all city taxes," the results would "make this community a better place in which to live and work." In 1947, however, the council struck a deal with Chrysler Motor Parts in which the latter received a full slate of municipal services—including water, sewer, fire, and police—while remaining outside San Leandro's city limits, its properties off the tax rolls. Thompson and others fumed at the council's apparent pandering. "The average homeowner should not be expected to underwrite the costs of industry," Thompson editorialized. "Those same industries, sharing in the benefits which the community has to offer them . . . must be made to realize their community responsibility."

Thompson's language was bursting with a largely inchoate, but nonetheless powerfully persuasive, discourse that championed homeowners by echoing American traditions of populism. Dating to the late nineteenth century, the latter emphasize the interests of a broad, diffuse, quasi-egalitarian "public" or "people" against various elites and entrenched economic and political institutions. Wedded to capitalism, populists in U.S. history have rarely endorsed radical prescriptions for social change, preferring reforms that restore power to local interests. But their most distinct element is the desire to hold large business and state institutions responsible to the lives and interests of average people. In places like the East Bay suburbs, populism was refashioned in the postwar decades in the form of a homeowner-centered faith in the righteousness of the "small taxpayer." Homeowner populism brought property taxes to the fore of local politics and tied the fulfillments of suburban living to the tax revenues generated by corporate industrial property owners—whose fiscal responsibility homeowners had constantly to monitor. In this period, under the conditions of city building, a low tax burden was understood

by people like Thompson as part of a common-sense “fair” distribution of local economic burdens.¹⁰

Civic leaders, neighborhood associations, industrialists, and politicians all understood the enormous relevance and long-term consequences of mundane decisions about sewer bond measures, municipal boundaries, and the siting of industrial property. The East Shore Park Civic League, a neighborhood association representing new wartime residential development, emerged as the city’s most vocal advocate of using industrial property taxes to improve municipal services and the physical infrastructure of the city—especially sidewalks, sewer lines, street lights, and other amenities in East Shore Park itself. Between 1946 and 1948 the League grew disenchanted with the existing city council, which was composed of an established generation of San Leandro businessmen who had governed the city since the 1930s, lived in the older downtown, and who, so it appeared to the organized newcomers, overburdened new homeowners to accommodate corporations like Chrysler. Barbara Burbank, a self-declared “scribe” for the East Shore Park Civic League, asked her readers if they “know how much of the city taxes come from your neighborhood?” and “how much of that is *spent* in your neighborhood?” The league was not antitax in an absolute sense, but like their tax-conscious compatriots in East Oakland, East Shore homeowners believed that neighborhoods should be shielded from high taxes by shifting the city’s fiscal burden onto those businesses and industries that could, in Thompson’s words, “well afford to pay.”¹¹

In 1948 the East Shore Park Civic League translated these concerns into electoral politics, when they swept the incumbent city councilmembers from office with a reform slate pledged to “let the people decide and know where their tax dollar is spent.” Joseph Bellini, an East Shore Park pharmacist, headed the slate, and the league orchestrated a grassroots campaign for the Committee for Better San Leandro Government, a citywide coalition that sponsored the reformers. According to the *News-Observer*, the city’s governing clique “forgot to remember that there are thousands of little property owners who were not impressed with the desirability of underwriting the manufacturing costs of such enterprises as the Chrysler corporation.” The *News-Observer* underscored that in San Leandro both working- and middle-class homeowners had common interests in holding corporations responsible for their “fair share” of the local tax burden. Both groups could identify corporations like Chrysler as either adversaries, if the companies received a taxpayer-sponsored free ride, or allies, if the companies could be harnessed, through property taxes, to the improvement of civic life and the reduction of *homeowner* taxes.¹²

The electoral victory of 1948 set the stage for a political and administrative consensus in San Leandro that carried the city through a

remarkable period of industrial and residential growth. With plenty of neighboring “vacant” agricultural land for new and expanding factories, San Leandro enjoyed what its boosters liked to call “natural advantages.” The new city council, the city manager appointed by the 1948 reform slate, and the Chamber of Commerce developed an industrial strategy designed to transform San Leandro from the “city of sunshine and flowers” into the “city of industry.” As long as new businesses located within the municipal boundaries, taxes on industrial property would fund city services. Yet the property tax rate would be deliberately low, both to accommodate the “thousands of little property owners” who voted and to attract new industrial capital seeking entry into the Bay Area’s rapidly expanding postwar markets. There could hardly have been a more ironic reformulation of the Metropolitan Oakland Area Program than this low-tax industrial strategy. Regional East Bay growth “with Oakland at the center” worked rhetorically but yielded in reality to intercity competition. Between 1948 and the late 1960s, San Leandro competed for new investment with nearby Oakland, Hayward, and Fremont, as well as with the South Bay and San Francisco Peninsula, by driving its property tax rate to the lowest level in California.¹³ (See appendix tables 4–6.)

While San Leandro’s city manager coordinated with business and political leaders on an industrial strategy, homeowners and real estate developers articulated a related, but still distinct, exclusionary racial strategy. Prior to World War II in San Leandro, as in the southern East Bay generally, a hierarchy of social status delineated people according to race, nation of origin, and religion. The city’s large Catholic Portuguese population, for instance, included a sizable middle class of merchants and professionals who had achieved some social standing in the eyes of the city’s residents of northern European, Protestant background. Nonetheless, working-class Portuguese often found themselves denigrated by Anglos, because of the latter’s distaste for the “Spanish” or “Mexican” workers who provided much of the region’s agricultural labor. Ethnic Mexican laborers and Japanese truck farmers experienced housing discrimination and other abuses, as did the fewer Chinese American residents. Middle-class Mexican, Japanese, and Chinese American merchants and professionals, however, could occasionally break into civic leadership circles—the longtime mayor of Union City in the 1960s, for instance, was Japanese American. This hierarchy of race and nation did not disappear, but after the war San Leandrans specifically targeted newly arrived African Americans in Oakland for legal exclusion. “Faced with the great influx of colored population into the East Bay during the war years,” the *News-Observer* explained in a frank page-one story, San Leandro residents erected legal barriers of segregation. Thompson’s “thousands of little property owners” were “all white Caucasians” according to the newspaper.¹⁴

Homeowners in San Leandro defended their rights against corporate property owners while trampling on the rights of African Americans at the same time. They crafted a populism, which, like its nineteenth-century counterpart, embraced both the possibility of an inclusive progressive politics of the “little guy” and an exclusionary racism mobilized against blacks. For San Leandro’s real estate brokers and homeowners, racial restriction was rationalized as a way to maintain low property taxes and high property values. Segregation was reinforced by the fact that the federal government had promoted white-only suburbanization since the 1930s, first through the Home Owners Loan Corporation, then through the Federal Housing Administration (FHA), whose *Underwriting Manual* in 1938 maintained that “it is necessary that properties shall continue to be occupied by the same social and racial groups.” That same manual recommended restrictive covenants, like those ultimately developed in San Leandro, to insure against “inharmonious racial groups.” Between the end of World War II and the 1960s, the FHA and VA guaranteed more than \$3.3 million in home loans in San Leandro, an enormous subsidy for white homeownership denied to African Americans. The view that African Americans lowered the value of property became widely accepted by whites and encouraged both homeowners and real estate agents to utilize an array of devices to maintain racial exclusivity even as federal policy slowly changed in the postwar era.¹⁵

Immediately after the war, San Leandro residents erected a figurative white wall along the city’s border with Oakland. M. C. Friel and Associates, a Hayward real estate firm with expertise in racial covenants, became the East Bay’s leading consultant on shoring up segregation. In 1947 Friel developed a plan to place as much of San Leandro’s residential property under restrictive covenants as possible, limiting future property sales to “members of the Caucasian race.” Such restrictions had been used in San Francisco and parts of the East Bay for decades to contain the mobility of Chinese and Japanese residents, and while Friel’s postwar covenants perpetuated such exclusions, his 1947 tactics were aimed at newly arrived African Americans. The *San Leandro News-Observer* reported in the autumn of 1947 that Friel outlined his “plan for protecting property values” in an address “before the board of directors of the Chamber of Commerce,” which concluded with “the board giving its approval of the program and authorizing that a letter of approval of his program be furnished Friel.” In undisguised language the *News-Observer* announced that the “sudden increase in the East Bay Negro population” meant that “local neighborhoods are spontaneously moving to protect their property values and calling upon Friel’s company to assist them.”¹⁶

San Leandro’s campaign of racial exclusion earned the city a regional reputation. The *San Francisco Chronicle*, reporting on Friel’s efforts

in early 1948, lamented that the “closed door” policy of cities like San Leandro had exacerbated the postwar housing crisis in the “Bay Area’s non-white districts.” Such liberal lamentations, however, did little to disrupt patterns of racial segregation. Even the U.S. Supreme Court’s ruling against covenant enforcement in 1948 (*Shelley v. Kraemer*) slowed but did not halt the process. Already known in the East Bay for designing racial covenants that could survive close legal scrutiny, Friel responded to the Court’s landmark decision by reconfiguring San Leandro’s covenant agreements into “neighborhood protective associations,” pseudo-corporations of homeowners that could legally select acceptable homebuyers through “corporation contract agreements” as long as “race and creed” were not taken into account. This new approach attracted the attention of C. L. Dellums in Oakland, who warned NAACP members when Friel ran for U.S. Congress from a South County district in 1950 that he was “viciously anti-Negro.” As they erected impenetrable racial barriers that would stand for a generation, white real estate interests and homeowners justified this racist practice as a protection of their investment.¹⁷

San Leandro’s zealous pursuit of racial homogeneity and rising property values in the late 1940s and into the 1950s, as well as its policy of racial restriction, occurred under no pressure from actual African American mobility. African Americans could not purchase homes anywhere in East Oakland until 1950 because of policies enforced by the real estate industry in Oakland. During 1947 and 1948, Friel’s most active period in San Leandro, no black homebuyers could purchase property within miles of the city. Yet its residents pursued restrictions with fervent determination. As parts of East Oakland opened to black families in the 1950s and 1960s, San Leandro remained firmly closed, halting African Americans’ pursuit of homeownership at Oakland’s southern boundary and sealing off large portions of southern Alameda County. During those same decades, San Leandro’s industrial growth and its obvious prosperity contrasted sharply with East Oakland’s deindustrialization (including the closing of two automobile factories) and the emergence there of the city’s poorest African American neighborhoods. Such consequences were not the product of white “backlash.” They were the product of an assertive, aggressive segregation policy pursued by the federal state and supported by local white consensus before African Americans had even arrived in nearby neighborhoods.¹⁸

San Leandro’s postwar strategy of growth remained remarkably stable over the three decades between the end of the war and the middle 1970s. Like Oakland, San Leandro had both a white-collar, foreman/managerial, and small business middle class ensconced in prewar homes near its small downtown and pressed against the hills in postwar cul-de-sac developments, as well as a working class of skilled tradespeople, clerical workers,

and factory employees and their families living in a range of bungalows and ranch houses in broad flatland neighborhoods like East Shore Park. Unlike Oakland, however, no Republican establishment, hostile to organized labor, dominated the city politically. Unions remained widely popular. An admixture of long-time residents of Portuguese descent (throughout the 1940s and 1950s Portuguese holidays and parades gave the city its most prominent public rituals) second- and third-generation Italian and Irish families, and Protestant middle Americans, San Leandro was a decidedly working-class city in which nearly three-quarters of residents were clerical, factory, transportation, or construction workers. The white working-class identity that arose in places like San Leandro in the postwar decades did not reflect a transparent process of assimilation, however, but was a complicated product of white privilege, increasing affluence subsidized by state housing policy, rising wages that unions made possible, and spatial remove afforded by suburbanization. San Leandro residents shared a sense of participating in the creation of a civic space that excluded African Americans, which gave at least one concrete meaning to the otherwise impressionistic terms “Caucasian” and “white.”¹⁹

San Leandro’s postwar development illustrates the social production of space in postwar metropolitan America. Homeowners used a public discourse of fairness to make claims on the property of industry. These were not radical redistributive claims, but rather an insistence that homeowners and industry should share the city’s tax burden, claims that embodied a set of spatial structures linking various kinds of property in the city to one another and to the larger city-building project. In this structure, political boundaries became economic boundaries. Because San Leandro was a municipality—and not, for instance, a neighborhood within a larger city like Oakland—it could deploy the *powers* of a municipality to set tax policy, annex outlying industry, and establish zoning patterns to create potential markets for investment and to leverage property taxes into public services and infrastructure. These public powers, unavailable to big-city neighborhoods, were crucial components and tools of postwar suburbanization, because they reified physical boundaries and made them markers of profit potential and indicators of safe investment. At the same time, real estate brokers and homeowners mobilized private contracts and agreements among property holders into an apartheid-like set of racial restrictions on mobility. These restrictions enjoyed official local support through the San Leandro Chamber of Commerce and city council and federal support through FHA and VA redlining, but their most fundamental characteristic was an agreement among local property holders on how to construct and organize the city as racial space.²⁰

Between the late 1940s and the late 1960s, two great rivers of public and private capital surged through the nation, enriching and developing

certain kinds of places, primarily suburban, and contributing to the underdevelopment of others, primarily urban. San Leandro had positioned itself well in relation to these currents and stood to benefit enormously from them. The first was the unprecedented federal underwriting of private home construction through the mortgage guarantee programs of the VA and the FHA. During the 1950s VA and FHA financing accounted for as much as one-third of the total housing starts nationwide. Mortgage guarantees represented billions of dollars annually, sums that went to suburban locations at a rate three times that to central cities. The second river had two forks. One was federal military contracts that fed private companies like Lockheed, Boeing, Douglas Aircraft, Convair, and dozens of others. California received more than an ample share of these contracts—upon which entire communities were built in places like Sunnyvale, Pasadena, and Long Beach—but San Leandro and the East Bay were minor recipients of this kind of largess. A second fork, however, did flow through San Leandro: manufacturing capital decentralizing from the nation's older industrial heartland in the East and Midwest and seeking new, moderate-sized facilities to produce consumer products for southern and West Coast markets. Largely a postwar extension of the branch plant pattern of industrialization that had contributed to Oakland and the East Bay's prewar growth, industries based in the East or Midwest opened branch plants in California employing between 150 and 500 workers throughout the 1940s and 1950s. Other local businesses followed, some looking to leave older facilities and high taxes in cities like Oakland, others looking for land on which to build a first plant or warehouse.²¹

Having positioned itself to capture these postwar capital flows, San Leandro enjoyed a two-decade boom envied by its East Bay civic rivals. Between 1948 and 1957 the city added 15,000 industrial jobs and over \$130 million in capital investment in property and facilities. Caterpillar Tractor, Chrysler and Dodge parts and assembly divisions, Frieden Calculators, General Foods, Pacific Can Co., Peterson Tractor and Equipment Co., California Packing Corporation, Kaiser-Frazer Aircraft, and Crown-Zellerbach all had new or expanded factories or processing plants in San Leandro by the end of the 1950s. In just five years, between 1951 and 1956, the city's assessed property valuation nearly tripled, from just over \$31 million to just over \$85 million; by the early 1960s industry in San Leandro paid more than one-third of the cost of city government. When the *Wall Street Journal* hailed San Leandro as a national model of small-scale industrial success in 1966, the paper crowed that the city had "managed to get all the benefits of lavish public spending while putting a surprisingly small bite on the local taxpayers." San Leandrans had created a working-class city with middle-class amenities: the industrial garden.²²

As the 1948 election had demonstrated, however, San Leandro's business community was constrained by an active, tax-conscious group of homeowners and neighborhood associations. Beginning in 1949, the Chamber grafted onto its already elaborate, MOAP-like campaign to attract industry a parallel program designed to convince homeowners of "their stake in terms of personal benefits and in the continued growth and expansion of industrial and business firms in San Leandro." With declarations like "San Leandro industry helps pay your taxes!" and "San Leandro industry puts money in everyone's pocket!" a series of Chamber pamphlets and advertisements blanketed the city in the late forties and early fifties. Addressed to homeowners, this super-charged booster literature translated the city's industrial strategy into easy bites of colloquial economic wisdom. San Leandro's homeowners did not subscribe to anti-industry, redistributive politics of a radical stripe, but the Chamber nevertheless understood that the sorts of nitty-gritty concerns residents did have about taxes, city services, and quality of life amenities could lead them to oppose certain kinds of industrial development in the future, especially so-called "smokestack" growth. Here was the antidote: constant messages that industry was on the homeowners' side, keeping taxes low, schools good, and jobs local.²³

San Leandro's public officials navigated the city according to the logic encouraged by postwar American growth economics: expand the pie and everyone's piece is bigger. The city avoided the potential pitfalls of its low-tax development strategy—underfunded schools and poor city services—with two conservative fiscal tactics based on an inflationary property market. First, with the exception of the 1947 bonds for sewer facilities, between the early fifties and mid seventies the city never went into bonded debt, adopting instead a "pay-as-you-go" philosophy. With no debt payments, the city could dedicate tax revenues solely to schools, fire and police, and other basic municipal responsibilities. Second, as the value of existing property in the city increased, and as new property was added through annexation and capital investment in plants and factories, the city could lower its tax rate annually without decreasing its overall revenue. These tactics worked well for thirty years because of the spatial context in which they were deployed. The total amount of property tax paid by both individual homeowners and industries remained stable or increased slightly, but because the city in turn reduced the property tax *rate* every year—and did so with a consistency unmatched by any other comparable city in the region or state—San Leandro property holders and industry enjoyed a comparative advantage over those in nearby cities. Cutting the tax rate was both an economic incentive to attract industry and a socio-political tactic designed to incorporate local homeowners into an ideological and political consensus about the benefits of growth.²⁴

Here's A Thought On Community

Economy . . .

San Leandro Industry Helps Pay Your Taxes!

Now, don't take offense . . . we know that every penny of your tax bill comes right out of your pocket. But did you ever stop to think that your tax bill would be much, much higher without San Leandro's industrial areas to help carry the load? Their tax payments to city, county and school district make it possible for local government to offer you the services you want at much less than they would ordinarily cost.

You can easily check this important industrial benefit by comparing tax rates over the past ten years, the period in which San Leandro's industrial community has grown from a handful of firms to 284. From \$1.98 a decade ago, the city tax rate has dropped to \$1.27 through ten consecutive reductions. Yet city services have been expanded!

INDUSTRY HELPS YOUR SCHOOLS

Our rapidly increasing population could have brought on acute educational problem to the community, but San Leandro has been able to meet the situation without resorting to such emergency measures as double sessions, cramped classrooms and elimination of desirable extra-curricular activities. This has been possible because school taxes on industrial plants and properties have greatly increased income available to the San Leandro Unified School District.

INDUSTRY HELPS YOUR CITY

Industry's contributions are not confined to property taxes. These firms also pay city sales and use taxes, and will result in San Leandro sales tax revenues this year of \$1,200,000—a sum far greater than for other cities of similar size and population. Fifty percent of this money is ear-marked for ex-

pansion of such worthwhile services as recreation, parks, modernization of the city's sanitary system and construction of the Big L library center and branch libraries approved recently by voters.

INDUSTRY HELPS YOUR COUNTY

Advantages of industrial growth are also reflected in tax savings at the county level. While most California counties have been unable to avoid steadily rising tax rates since World War II, the Alameda County basic tax rate is just about what it was ten years ago (\$1.93 for 1947-48; \$1.98 today). The county tax rate would have been reduced during this time, except for the state legislature's establishment of welfare and pension funds which require county participation.

These "budget benefits" offer one more proof that industry is indeed a good and profitable neighbor to all of San Leandro.

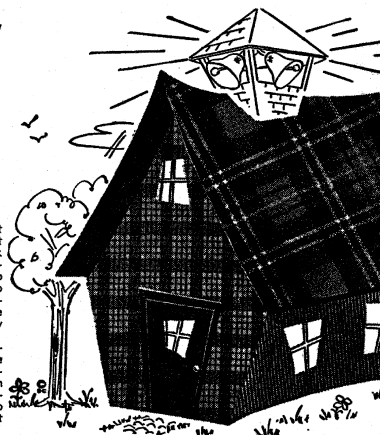
SAN LEANDRO IS GOOD FOR INDUSTRY • INDUSTRY IS GOOD FOR SAN LEANDRO

SAN LEANDRO CHAMBER OF COMMERCE

858 EAST 14th STREET — LOCKHAVEN 9-5656

(This advertisement placed in cooperation with San Leandro City Council and Alameda County Board of Supervisors is second in a series designed to aid San Leandrans in understanding better the importance of industry to the city.)

Figure 3.1. In the 1940s the San Leandro Chamber of Commerce hoped to convince homeowners of the benefits of industrial growth. Industry would bear a large part of the tax burden, the chamber stressed, making homeownership in San Leandro profitable by reducing the strain on the "family budget."



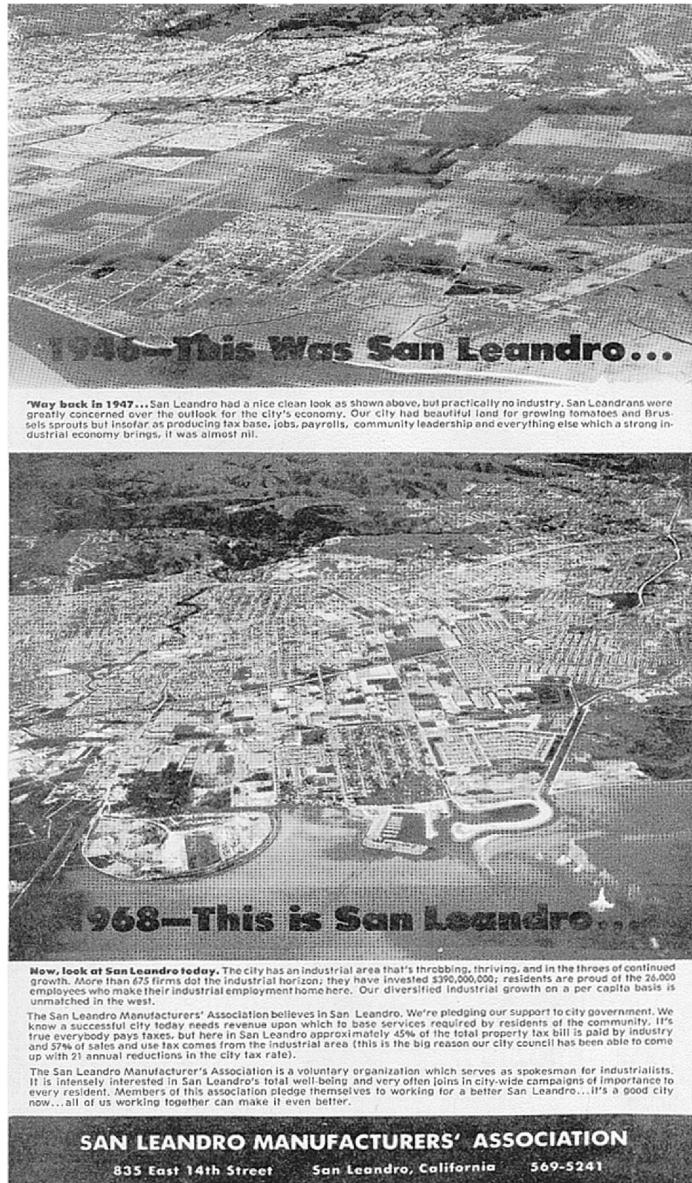


Figure 3.2. San Leandro expanded enormously in the postwar decades, enlarging both its physical boundaries and its industrial districts. In twenty years, San Leandro homeowners and public officials transformed the “city of sunshine and flowers” into the “city of industry.” This advertisement, sponsored by the San Leandro Manufacturers’ Association, emphasized how homeowners benefited from the city’s rapid industrialization.

That ideological consensus, and the material benefits that underlay it, provided a powerful incentive for prospective San Leandro residents. Through much of the 1950s, the city grew by expanding its geographic boundaries to incorporate nearby residential and industrial developments. In the intricate local homeowner politics characteristic of suburban city building in this era, San Leandro officials pitched their city to homeowners associations representing outlying tract developments with names like Mulford Gardens, Fairmont Terrace, Hesperian Gardens, and Hillcrest Knoll. George Thompson explained during the 1949 campaign to convince Foothill Manor residents to annex themselves to San Leandro that they could “enjoy local city government, by becoming a part of San Leandro, without an additional cash cost to the family budget.” City Manager Wes McClure made elaborate presentations to group after group of homeowners, highlighting the city’s low tax rate, good schools, and reliable services. Through annexation, San Leandro doubled in size during the 1950s, extending the philosophy and benefits of homeowner populism deeper and deeper into southern Alameda County. By the end of the 1960s the city’s population stood at just over 68,000—more than half a dozen outlying communities had annexed to San Leandro during the previous decade and a half.²⁵

San Leandro was touted in both local and national planning and development circles in the 1960s as a “model municipality.” It modeled to the nation a combination of fiscal conservatism and racial exclusivity that made the city’s property markets and industry the envy of Bay Area cities. “Since 1947 some 600 companies have moved to town,” gushed the *Wall Street Journal* in its effusive 1966 article celebrating San Leandro, “adding some \$200 million in property to the tax roles.” Articulating a cornerstone of postwar U.S. ideology, the *Journal* even argued that the city was successful because “it hasn’t been forced to absorb a heavy influx of minority groups and unskilled workers.” In a cultural construction of far-reaching implications, the *Journal* presented racial diversity as self-evidently bad for business. In San Leandro, industry paid the taxes, the federal government guaranteed mortgages, and racial exclusivity confined this industrial garden to whites only. With homeowner populism elevated to a civic creed, San Leandrans had made the California industrial garden a national model.²⁶

Milpitas: “The Neighborhood Where Democracy Lives”

Public officials and homeowners in other East Bay cities hoped to duplicate San Leandro’s achievements. In Milpitas, a brand-new suburb in 1955 of several thousand residents on the northern edge of Santa Clara

County near San Jose, local civic founders held up San Leandro as a model of industrial and residential growth. But Milpitas homeowners and city-builders produced a set of social and political relationships distinct from those in San Leandro. Milpitas shared with San Leandro a local political culture shaped by issues of property. Segregation, however, was contested from the beginning. The emerging racial geographies of postwar Oakland and San Jose intersected in Milpitas. A crossroads suburban community where African American, white/Anglo, and ethnic Mexican communities lived and worked in close proximity, Milpitas never practiced racial segregation in the manner of San Leandro. Instead, local residents, especially United Automobile Workers (UAW) activists, pushed for racial democracy and integration, linked to a liberalism centered on consumption and homeownership. While not totally defeated, their efforts were ultimately contained, a process that sheds light on the extent of the suburban East Bay's investment in segregation and the enormous efforts required to fight it.²⁷

The story began in 1954, when city-builders incorporated Milpitas at the urging of the Ford Motor Company. Ford executives wanted industrial property owned by the Western Pacific Railroad along the Oakland Highway as a site to build their newest West Coast manufacturing plant to replace their aging one in Richmond. Eager to do business with a small, undeveloped community rather than nearby San Jose, Ford encouraged local leaders to incorporate as a chartered city before the larger, expansion-minded neighbor to the south could annex the Western Pacific property. By enlarging West Coast production with automated, state-of-the-art factories that offered direct access to California's booming automobile market, Ford and the other major automakers hoped to reduce costs and tap the state's extraordinary postwar growth and consumer might. Eager to acquire the Ford plant and the generous tax base that it promised, five civic activists—a real estate developer, a rancher, a restaurateur, the owner of a mobile home park, and a newspaper publisher—pushed for the incorporation election that created Milpitas. This marriage of Milpitas and Ford produced what one city planning report called “an arrested community meets the twentieth century,” an instant industrial city set against an agricultural past. It was also, as its founders well knew, an inflationary market in local industrial and residential property with a guaranteed tax base and four thousand new jobs.²⁸

A local observer of the Milpitas transition warned, however, “that there would be a problem in absorbing Negroes.” Ford's cramped and outdated Richmond factory north of Oakland employed two thousand workers, 25 percent of whom were African American. These workers lived in the black communities along the bayshore flatlands of Richmond, South Berkeley, and West Oakland. Housing open to black occupancy in

suburban communities south of San Leandro in this era was scarce. There were some African American homeowners in the older Fairview section of Hayward and in the unincorporated, industrial community of Russell City, enclaves designated by local real estate brokers for black residency. Housing in the latter dated to well before the war, had poor running water, and remained in a constant state of disrepair. Ethnic Mexicans, too, found their residential options limited to marginal land and older housing stock. The existence of *colonias*, prewar residential communities of Mexican immigrants and Mexican Americans scattered throughout the East Bay corridor, meant that a greater variety of housing options was available to the large Mexican-origin communities in Alameda and Santa Clara counties. But *colonias*, especially in unincorporated districts, experienced problems endemic to aging working-class neighborhoods across the nation: absentee landlords, few, if any, services or amenities (including sidewalks and paved streets), overcrowding, and constant threats of removal and redevelopment.²⁹

This deplorable housing situation in the early 1950s prompted action from the union at Ford. The UAW's Richmond Local 560 was small by UAW standards but boasted a strong African American leadership corps and a left-liberal orientation. Ben Gross, chairman of Local 560's Housing Committee and a leader of the black caucus within the union, anticipated the housing shortage in Milpitas, a shortage he perceived as temporary for white workers but more permanent for black employees. Determined not to reproduce "ghetto" life in the suburbs, Gross and William Oliver, national director of the Fair Practices and Anti-Discrimination Department of the UAW, conceived a plan for a private, interracial, cooperative housing development, named Sunnyhills, to be located three miles from the new Ford plant. Absent such a development, "those brothers and sisters who work side by side with us in our plants," Gross wrote in the union newsletter, would "be forced to live in the least desirable areas, in the slums and ghettos."³⁰

The forces driving suburban development in the East Bay, especially the real estate industry, would make every effort to crush this incipient integration. Before a single new home could be built on Sunnyhills property, the UAW was challenged by local developers who hoped to define the area's racial geography. Gross, Oliver, and, from afar, Walter Reuther engaged in what Oliver called "a great struggle" with the San Lorenzo Homes Company, developer of an all-white adjacent housing tract. San Lorenzo Homes had become one of the dominant housing developers in the East Bay by building racially restricted developments during and immediately after the war. Its flagship community was San Lorenzo, a racially restricted postwar suburb of five thousand homes and seventeen thousand residents sitting on unincorporated land just south of San

Leandro. With an immense investment in the whiteness of East Bay housing markets, San Lorenzo Homes worked tenaciously to prevent the construction of Sunnyhills. Using its contacts and influence with government agencies, San Lorenzo tried to block county permits for the UAW's interracial project. They intervened at Wells Fargo Bank to prevent a loan allowing the union's developer to purchase the land. And they denied Sunnyhills access to drainage facilities that the company controlled at a nearby site. The developer was also able to compel from the county a sanitation ordinance that forced housing prices at Sunnyhills up by 25 percent. Having stalled the UAW's efforts with these backroom pressures, San Lorenzo Homes came forward with a public offer to finance a "Negroes-only" housing tract behind the Ford plant—literally on the other side of the railroad tracks. San Lorenzo was determined to force segregation onto the landscape in the form of what Gross called a "high wall of prejudice, bigotry, and intolerance."³¹

Local 560 responded with a boycott of San Lorenzo Homes and intense public efforts, assisted by the American Friends Service Committee (AFSC), to win the support of the County Board of Supervisors. In this campaign, Gross and Oliver drew on the emerging statewide coalition of racial liberals that C. L. Dellums and Tarea Hall Pittman were working to cement. Oliver convinced the then-state attorney general, and later governor, Pat Brown, to intervene on behalf of the union. This won the union a hearing with the county. In that 1955 appearance, union representatives were joined by spokespeople from the AFSC, the San Jose Council for Civic Unity, the San Jose Council of Churches, and the local Democratic Party. Persuaded by the arguments of those groups, and by a letter-writing campaign among AFL and CIO locals organized by Oliver, the board approved the project. Meanwhile, enough white members resolutely observed the union's grassroots boycott of San Lorenzo Homes that sales of those lots dropped to almost nil. In a stunning turn of events, a frustrated San Lorenzo Homes offered the union sixty-three completed but unsold homes and seventy-three vacant engineered lots. The union accepted, and in late 1955, almost a year after the Ford plant had begun turning out automobiles, Sunnyhills opened as an interracial cooperative, its homes priced at a modest \$10,500 (nothing down for veterans, \$50 per month; \$850 down for nonveterans, \$53 per month).³²

San Lorenzo's efforts to defeat Sunnyhills underscores the deep investment of the real estate industry in segregation. In the 1950s, before changes in federal housing policy and the Civil Rights Act of 1968, desegregation threatened the financial foundation of home building, because FHA and VA programs had virtually eliminated lending for mixed-race developments. Further, the universally accepted rationalization for segregation—that mixed-race communities depressed property

values—circulated within the industry as an unchallenged truism. “That the entry of Non-Caucasian into districts where distinctly Caucasian residents live tends to depress real estate values,” a prominent real estate textbook writer and member of the National Association of Real Estate Boards (NAREB) wrote in *Real Estate Subdivisions*, “is agreed to by practically all real estate subdividers and students of city life and growth.” That this statement was false in all of its particulars did not inhibit the NAREB from asserting the claim as proven fact. In addition to its investment in segregation, behind San Lorenzo’s opposition to Sunnyhills lay the real estate industry’s constant quest for market control. The rhetoric of “free” markets espoused by groups like the NAREB belied their real objective: *industry* control over where particular groups of people lived, a key element in the manipulation of markets to maximize profits. Sunnyhills threatened the industry’s use of segregation to generate the highest possible returns on land and its control over local housing markets, drawing San Lorenzo’s vehement objection.³³

Its victory over San Lorenzo Homes complete, the UAW promoted Sunnyhills as the Bay Area’s “neighborhood where democracy lives,” welcoming buyers of all backgrounds into “a truly enlightened development with equal opportunity for all.” The visual rhetoric of Sunnyhills featured multiracial groups of children and mixed-race public spaces, in striking contrast to the racially homogenous white images that were ubiquitous in 1950s’ real estate advertisements and promotion. In this context, something as simple as a black man and a white man in friendly conversation over a lawnmower represented a subversive rendering of suburban ritual. This kind of iconography, in which the consumption values of the American Dream were linked to “community democracy” and racial harmony, provided an alternative to the dominant segregationist vision promoted by suburban developers like San Lorenzo Homes, in which “democracy” and consumption stood for the right of property owners to limit residency to whites. Local 560 and the UAW International had captured in the mid-1950s the kind of faith in racially mixed spaces and democratic patterns of consumption that progressives in California had begun to push. As Oliver explained to reporters in 1956, “[w]e feel this development will give our union and other people across the nation a chance to uphold our philosophy that people who work together can live together and play together.”³⁴

Sunnyhills challenged questions of race and property at the core of U.S. social policy in the 1950s and resolved them in a laborite homeowner populism that would have profound implications for the city’s future. The Ford workers—African American, white, and a few ethnic Mexican—who filled up the modest “garden-set” ranch-style homes of Sunnyhills in the late 1950s were determined to prove that multiracial residential developments did not adversely affect property values or produce “social

tension” but actually nurtured a sense of community mission. The core group of Local 560 activists integrated the local Methodist Church and helped to build Weller Grammar School into a model of multiracial education and parent involvement. But racial democracy was only one element of Local 560’s vision. The union built its new hall in the middle of the Sunnyhills development and opened it regularly for community gatherings, fund-raisers, town meetings, political speeches, traveling civil rights figures, and the Sunnyhills Community Breakfast on the first Sunday of every month. Gross and a handful of other Ford workers founded the local Democratic Club, the city’s most influential political group for forty years, and threw themselves into civic affairs and a wide range of activities, including political office. To all of these endeavors, Local 560’s core group, and Gross in particular, brought a political orientation that emphasized the responsibilities of workers and homeowners to their community and the small-d, average-person democracy possible in a community the size of Milpitas (27,000 in 1970). An extraordinarily optimistic vision, the UAW’s housing development and commitment to Milpitas represented the apotheosis of the California CIO generation’s belief in and efforts to desegregate both work and neighborhood.³⁵

For all of its promise of suburban racial democracy, however, Sunnyhills did not become the wedge for open housing in the East Bay that union activists hoped. By 1962 Sunnyhills had a 15 percent African American occupancy rate, but it never climbed much higher, even as Ford’s workforce grew. Further, adjoining real estate developers remained unswayed. A few tracts in Milpitas practiced open selling, but through the 1960s almost no black workers found housing outside of the union-sponsored development. East Palo Alto, an unincorporated area on the edge of upper-middle-class Palo Alto across the bay, became one of the only places where working-class African Americans could find housing. Only about half of Ford’s African American employees in 1955 were skilled workers who earned wages near the top of the UAW scale. Among these were the core group of union activists led by Gross, many of whom lived in Sunnyhills. An equal number of Ford’s black workers, however, labored in less-favored low-wage jobs, enjoyed much lower seniority, and could not afford even the modestly priced homes in Local 560’s development. Confined to the region’s most marginal and restricted housing, these workers lived in East Palo Alto, West Oakland, and Russell City, or continued to commute by car pool from Richmond. In a nation in which less than 1 percent of new housing built between 1935 and 1952 went to nonwhite families, Sunnyhills was, as the union boasted, a unique, much-needed beacon of hope and a compelling liberal vision of the transformative possibilities of open housing. But it could not by itself remap the racial segregation produced in the East Bay in the 1950s.³⁶

Throughout the nation, real estate interests, public officials, and homeowners developed in the postwar decades a set of legal practices that enforced racial segregation and a set of discursive strategies that encouraged public discussion to proceed as if this was not the case. Because FHA and VA mortgage programs *defined* black and mixed-race communities as unable to participate until the early 1960s—the UAW formed a cooperative and avoided most, though not all, complications with FHA financing—suburban homebuyers came to believe that their communities should be entirely white. The East Bay city-building process demonstrates how deliberate and intentional this segregation was. Once embedded in local housing markets, however, the structure of segregation was enclosed within a language of private rights and free markets deployed throughout the real estate industry to cover patterns of racial exclusion in buying and selling. Market discourses thus functioned to encourage suburbanites to think of their housing decisions as racially innocent, involving only issues of property value and property rights. In this way, over time both the structure of housing markets and the public discourse about them worked to divorce individual white decisions from their actual consequences in the perpetuation of social inequality and white privilege.³⁷

Whereas San Leandro's civic boosters had constructed the "balanced industrial landscape" envisioned in the Metropolitan Oakland Area Program, Milpitas remained for decades dependent entirely on Ford. With only a single major employer, the Milpitas City Council and city manager enjoyed little flexibility in setting the property tax rate. Lacking other sizable industrial employers, and encumbered with residential developments targeted at moderate-income Ford workers, property valuation did not increase in Milpitas at the same extraordinary rate as in San Leandro, making it doubly difficult for the city to reduce taxes and compete with its East Bay neighbors for new investment. Compounding these factors, Western Pacific Railroad owned most of the industrial land in Milpitas but after winning the Ford plant in the early 1950s proved unable to attract another major employer. Public officials in Milpitas complained in the late 1950s and early 1960s that Western Pacific had done little to boost the city's employment and tax base and that the city's reliance on Ford was dangerous and untenable in the long run. Dependent on two powerful corporate entities, Ford and Western Pacific, with their own economic agendas and facing their own economic pressures, Milpitas homeowner populists enjoyed less leverage than their counterparts in San Leandro.³⁸

Nevertheless, like their compatriots in San Leandro, Milpitas residents forged their politics in the cauldron of property tax disputes. An attempted annexation by San Jose was the defining event in solidifying the

city's homeowner populism. In 1960 a group of homeowners calling themselves "Citizens for Milpitas" fought San Jose's efforts to absorb the smaller city and acquire the highly valued Ford plant for its tax base. San Jose had since the early 1950s been annexing outlying industrial and residential properties, much as the smaller San Leandro had done. Citizens for Milpitas opposed annexation to San Jose on two grounds: that it would increase property taxes on homeowners and that it would threaten local control by placing municipal government in the hands of people who had never lived in Milpitas. Calling annexation "taxation without representation," opponents painted San Jose, in great California tradition, as a greedy "octopus" whose outreaching tentacles engorged the central head. At packed meetings in schools, local housing developments, and the UAW hall, representatives of Citizens for Milpitas laid out in detail the per capita tax base of each city, arguing that with a small population and the Ford factory, Milpitas homeowners enjoyed a tax burden considerably smaller than that in San Jose, a larger, older city with declining infrastructure, lower industrial valuation per capita, and larger numbers of low-income residents. This combination of direct economic appeals and populist iconography—the octopus was how nineteenth-century California progressives had famously represented railroad monopolies—reinforced the small property holder's faith on which Milpitas developments like Sunnyhills had been founded. When they turned annexation back by a margin of more than three to one, Milpitas residents celebrated. Their sense of themselves as homeowners, and of Milpitas as *their* little piece of controlled civic space, had been confirmed.³⁹

Ben Gross and a number of other UAW activists emerged from the 1960 annexation fight as the city's most outspoken advocates of low taxes and the rights of homeowners. As pioneers of Milpitas's residential housing tracts, Gross and his colleagues had long fashioned their democratic rhetoric in terms of property, taxes, and homeowner amenities. Indeed, the translation of the UAW's labor liberalism into homeowner populism may have been a more lasting contribution to Milpitas's political culture than Local 560's racial liberalism. During the 1960 annexation battle, Local 560's newspaper, *Plant Slants*, was filled with weekly appeals to defeat the "octopus" San Jose in order to keep property taxes low and avoid consolidation with "a large modern community with tax and financial pains." Local 560's Democratic Club went door-to-door that year registering new voters with the double intent of electing John F. Kennedy president and defeating annexation. Local 560 consistently supported liberal social programs at the federal level, and health, welfare, and unemployment insurance at the state level (major spending programs all), but in local politics the union, encouraged by the structure of property taxes, placed community-centered financial interests in the foreground.

In this emerging political geography, Local 560 and the Milpitas Democratic Club saw San Jose, with its host of “financial pains,” as an enemy of their working-class city. As the local newspaper put it in 1964, “it *pays* to live in Milpitas.”⁴⁰

Two years after turning back San Jose’s annexation bid, Gross ran for city council with a slate of neighborhood activists, veterans of Citizens for Milpitas, who called for lower taxes, more industry, the elimination of blight, and collective bargaining rights for city employees. Gross won a seat and four years later, in 1966, was elected mayor, a position he held through the early part of the succeeding decade. Local news stories celebrated his role in solidifying the homeowner populism called forth in the 1960 annexation battle. Gross was seen as a dedicated homeowner and community activist who had been crucial in standing up to San Jose to maintain the independence of Milpitas property owners. Integrationists in the tradition of the progressive wing of the UAW, Gross and other Sunnyhills activists embodied the promise of postwar racial liberalism. They had helped to make their neighborhood a standard of open housing, and Gross himself had carved a place in local politics. But the resistance to the kind of world Gross and his UAW colleagues imagined was deep in the suburban East Bay. For all of Gross’s activism, the industrial garden in which Sunnyhills had been forged remained an exception to broader regional patterns of racial inequality. As Ford and Milpitas both grew during the 1960s, new subdivisions encircled Sunnyhills and filled former farms and orchards with all-white neighborhoods. Isolated and contained, the Sunnyhills liberal experiment looked by the end of that decade more and more like an island in a much larger sea.⁴¹

Fremont and the Dilemmas of Growth

City building in San Leandro and Milpitas yielded two versions of the suburban industrial garden. A third, competing version emerged in Fremont, southern Alameda County’s largest suburban community and eventual home of northern California’s biggest automobile plant, a six-thousand-employee General Motors factory that opened in 1965. Incorporated a decade earlier, in 1956, Fremont became the county’s most elaborately planned city. Its founders, an eclectic group of political entrepreneurs and landholders, envisioned a coordinated series of neighborhoods linked by broad boulevards and ample green space. Industry would, as in San Leandro and Milpitas, provide the tax base and support city services. But Fremont’s homeowners and city-builders expressed neither the progrowth, industry-friendly, tax-savvy élan of San Leandro, nor the working-class, homeownership everyman ideology of Milpitas autoworkers.

Fremont's founders decried "runaway growth," kept local developers in close check, and designed a community that for many years was affordable only for the region's managerial and professional classes. The results stirred controversy. Imagined as a planned community of controlled growth, Fremont's very success became in the 1960s a source of political discord, as the city's middle-class homeowners faced challenges from both developers and working-class activists. "We're going to wind up with the most beautiful ghost town in the west," a frustrated developer told the local newspaper.⁴²

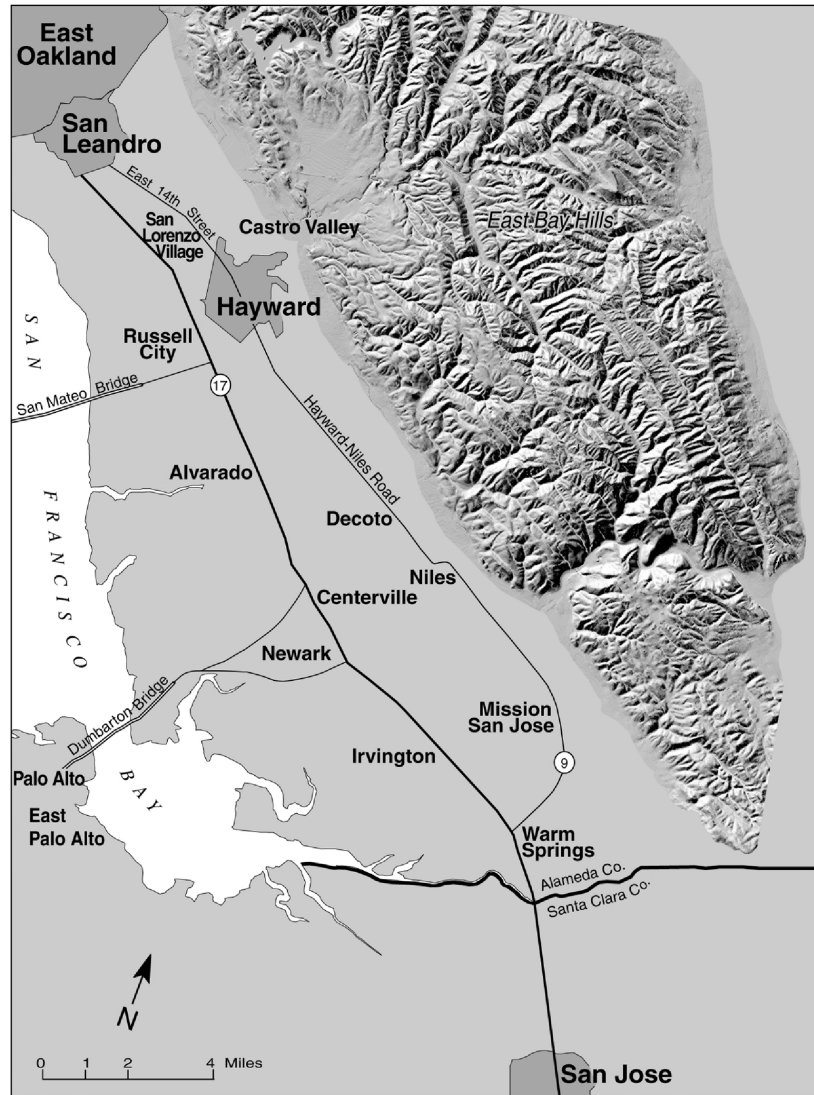
In between San Leandro and Milpitas lay all of the remaining unincorporated, undeveloped land in Alameda County west of the hills, what was known as "South County" (map 3.1). Impelled by the zero-sum logic of intercity competition, city builders there scrambled to divide up hundreds of square miles of farmland and rolling hills, a bonanza of potential factory and home sites, in a series of annexation and incorporation contests in the 1950s. In the suburban city-building environment of that decade, popular doctrine held that all available, potentially profitable land would eventually be incorporated. Property left unclaimed by one city would be annexed by a competing neighbor. The resulting land rush, one of the most ferocious anywhere in postwar California, produced in a few short years three altogether new cities—Newark, Union City, and the sprawling Fremont—and an enlarged, reinvigorated older city, Hayward. In all, between 1951 and 1957, competitive incorporation and annexation converted Alameda County's prewar agricultural hinterland into a collection of cities bigger than Los Angeles (map 3.2). As in San Leandro and Milpitas, these contests turned on fundamental questions of class, racial geography, and competing visions of the rights and responsibilities of property owners.⁴³

Fremont's development offers a window on this process of land competition in South County and a view of the class contradictions latent within suburban city building. Two factors in the early 1950s gave rise to the incorporation movement in what became Fremont: disaffection with the County Planning Commission and Hayward's aggressive annexation. Homeowners, small businesses, and a handful of civic activists from five rural communities had grown impatient with the County Planning Commission's lack of a concrete vision for the unincorporated land between Hayward and the Santa Clara County line—tens of thousands of acres. Local gripes and individual complaints found a formal champion in the *Township Register*, the editor of which explained in 1952 that "this township wants its master plan and wants it in a hurry—before shacks overrun our industrial land, before factories are jammed against our homes." At the same time, Hayward's southward extension worried landowners in Washington Township, the county unit containing all five communities,

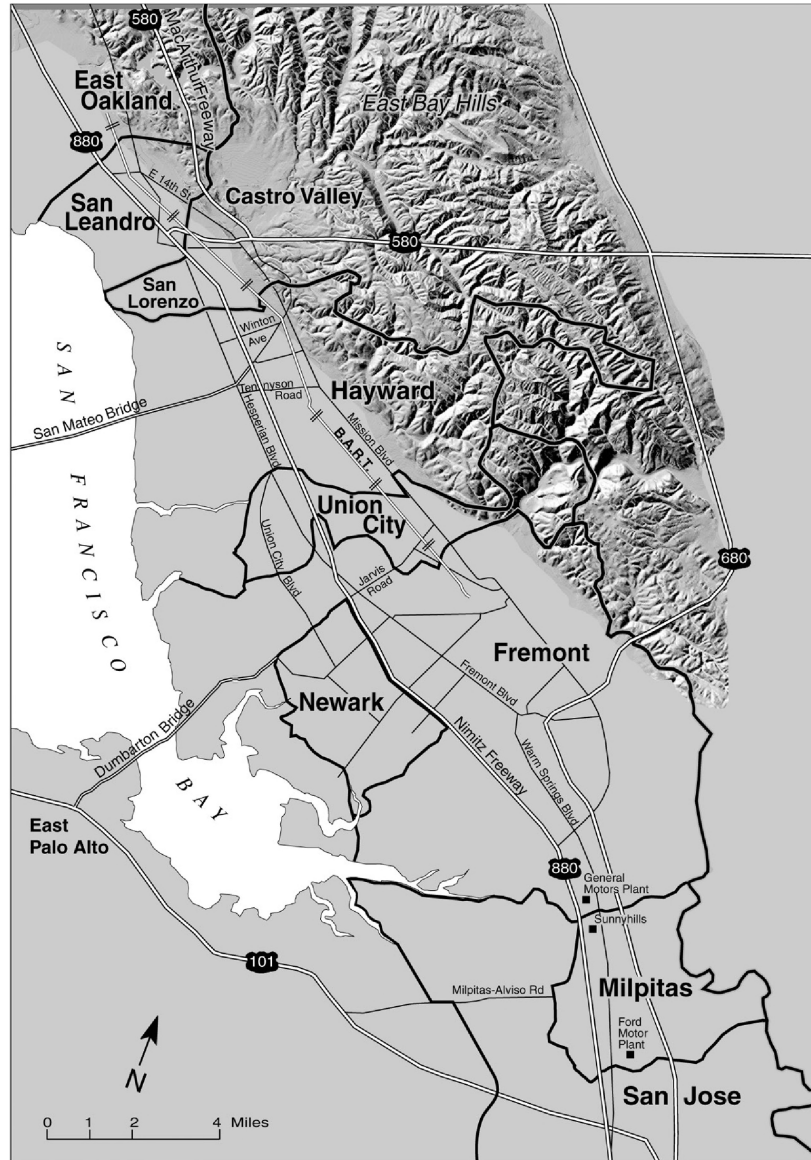
who saw in that city's expansion a threat to local autonomy and a siphoning of tax revenue to serve population centers in the northern part of the county. Between 1951 and 1956 Hayward had doubled its land area, from five to ten square miles, and seemed poised to reach even farther into South County. Wary of Hayward and frustrated with the planning commission, the Chambers of Commerce of the five communities organized local homeowners, landowners, and businesses into an incorporation movement. By 1955 the Fremont Citizens' Committee had neatly encapsulated their philosophy in a question printed on their campaign flyers: "Home rule? Or high taxes dictated by non-residents?" Proponents of incorporation cast themselves as modern day American revolutionaries who sought to protect their communities from unjust taxation by establishing "home rule." It was to be, literally, the rule of the *home*.⁴⁴

Homeowner politics in Fremont combined an emphasis on low taxes with disdain for "runaway growth," a potent political mix. A small group of petty bourgeois entrepreneurs and professionals managed Fremont's incorporation campaign. Local ranchers were prominent in the effort, as were small businessmen (the chairman of the Committee for the Incorporation of Fremont, Wally Pond, was a local druggist), but the various incorporation committees included judges, insurance agents, orchardists, newspaper editors, and engineers. Some among the founders had clear speculative economic interests in incorporation—a few ranchers and orchardists, for instance, could expect to receive high prices for land once the city was established—but the majority identified themselves as "homeowners" or "taxpayers" and articulated vague and idealistic notions of what was "best for the community." Still, incorporation finally came down to a more specific issue—taxes. "We want to see you aren't taxed one cent more than you need to be," a representative of the Alameda County Taxpayers Association told Wally Pond and the Committee for the Incorporation of Fremont.⁴⁵

"Home rule" meant more than lower taxes to Fremont's populist insurgents. It also meant control of development and a "balanced" suburban landscape. When the County Planning Commission offered to rezone "1,500 acres of swamp and sugar beets" to accommodate an industrial park, the *Register* editorialized that such obeisance to industry "destroys the balance of the area" by setting up "industrial islands . . . whether the neighbors like it or not." Only incorporation, and home rule, could keep the County Planning Commission's mistakes from ruining South County, the editors warned. Fremont's incorporation would return the "balanced" concept of a city, one where homes, factories and stores, parks (and farms, for a time at least) all have equal place." The MOAP architects could not have said it better. This combination of a desire for low taxes and a conservationist view of local development, forged into the small-property-holder



Map 3.1. Alameda County in the late 1940s. Between Oakland and San Jose, only San Leandro and Hayward existed as corporate cities. This vast landscape of unincorporated farmland, orchards, and cattle ranches would in two decades become suburbanized “South County.” The place names indicate existing towns, which themselves were part of townships, the county’s primary unit of administration. Cartography Lab, University of Wisconsin.



Map 3.2. Suburban Alameda County in the 1960s. The dark lines indicate new municipal boundaries. Between 1945 and 1958 all of the available unincorporated land between Oakland and San Jose, west of the hills, was incorporated into existing or altogether new cities. Only San Lorenzo and Castro Valley, bedroom communities with no industry, resisted this process. Altogether, it was an extraordinary land rush with few equals in California. Cartography Lab, University of Wisconsin.

faith of homeowner populism, became the founding philosophy of Fremont. The township's residents voted overwhelmingly in favor of incorporation in January 1956.⁴⁶

Fremont's political founders were determined that the city would grow slowly without the usual deference to developers. With ample green space, solid housing, and just enough industry, properly separated from residential districts, to supply the tax base, Fremont would become a model garden city. Its planning commission, composed of avowed slow-growth champions from among the proponents of incorporation, envisioned a community of "planned unit developments," coherent neighborhoods with homes built around parks, schools, and community centers. Planned unit developments had emerged in the 1950s as the national planning profession's answer to suburban sprawl, promising greenbelts and pedestrian-friendly geography. To secure their vision, Fremont's founders produced a much-celebrated and relatively novel "general plan" for the city. Urban planning experimentation found an ideal home in Fremont, which after incorporation embraced an enormous ninety-six square miles (almost twice the size of San Francisco), making it California's third largest city behind Los Angeles and San Diego. Nearly 40 percent of that was bay, marshland, and salt ponds, but the remaining 60 percent included vast stretches of farmland, orchards, ranches, vacant fields, and rolling hills. In 1955 only twenty thousand people lived in this expansive area. Fremont had sequestered one hundred square miles of property within a jurisdiction controlled by low-tax, slow-growth advocates determined to place firm reins on development. It was a planner's paradise.⁴⁷

But rather than uniting the new community, Fremont's "general plan" sparked political fires and set the founding group of civic activists against local developers. Based on the prescriptions of the plan, Fremont's planning commission denied dozens of building permit requests by developers and turned down four large housing subdivisions. The commission's strict adherence to what many assumed was a theoretical document incensed the development community, but the general plan was but one thorn in the side of the city's builders. The commission enforced three other controversial policies that raised the costs of building in Fremont. First, they increased the city's minimum housing lot size from five thousand to six thousand square feet. Second, they required developers to cede to the city a percentage of every developed property to ensure sufficiently wide streets—like many Sunbelt cities, Fremont planned for extra-wide boulevards to ease traffic congestion. Third, when a speculative developer charged the local school district twelve thousand dollars per acre for a school site after paying only four thousand, the commission adopted even stricter guidelines on building permits and required "fair prices" on all public property transactions. Accustomed to civic cooperation, if not

kowtowing, zoning loopholes, and generous profit margins, local developers grew perplexed by and hostile to the general plan and the planning commission. The conversion of property into profit, of land into capital, would proceed in Fremont under the strictest rules that homeowner populists and city-builders had achieved in the San Francisco Bay area.⁴⁸

These strategies kept developers at one arm's length and working-class residents at another. Over the course of the 1960s the general plan alienated both groups. Initial opposition came from developers. "Proplan" and "antiplan" coalitions formed for each local election between 1958 and 1962. Proplan forces won decisively in 1960 and 1962, after which they controlled the city council for more than a decade. The leading opponent of the plan was Jack Brooks, a local builder whose company was responsible for housing one-fifth of the city's residents. Rumblings of discontent could also be heard, however, in older working-class districts along the new city's fringes. In Niles, a community of working families on the far northern edge of Fremont a few blocks from the Pacific States Steel plant in Union City, Mexican American residents and the United Steelworkers local opposed the plan, believing that it and the commission's decisions in the late 1950s had ignored improvements in these existing neighborhoods in favor of directing resources and civic amenities to the newer, more central commercial and middle-class residential subdivisions. Support for the plan, and the conservative approach of the planning commission, was strongest among homeowners in two new housing tracts near the center of Fremont, Mission Ranch and Glenmoore Gardens. Here residents often spoke of the commission and the city council as defenders of "the people" against cynical developers and other landholders who sought to manipulate property "for their own special welfare." These spatial and class fissures—which seemed to bring developers into an odd alliance with blue-collar families living in older housing stock—went unresolved for more than a decade.⁴⁹

Undeterred by criticism, plan advocates claimed that the city's stringent zoning and careful planning had made possible Fremont's selection in late 1960 as the site of a new General Motors production plant. In December of that year, GM promised the massive facility to Fremont, jilting its cross-bay rival, Sunnyvale. Local planners had long known that the city would require an industrial tax base. The original 1956 general plan estimated that an industrial payroll of sixteen thousand workers was necessary for a city the size of Fremont, with a projected population of one hundred thousand. A year later, the *News Register* warned that only "intelligent planning" and "the importation of industry, to provide jobs and balance the assessment roll with factories" would safeguard the city's future. When GM announced its decision to build a state-of-the-art production plant employing more than four thousand workers in the southern



Figure 3.3. The largest automobile plant in Northern California, operated by General Motors, opened in 1964 thirty miles south of Oakland in Fremont. The vast stretches of open farmland and orchards would within a decade be covered with new housing subdivisions, part of the spectacular growth of suburban California in the 1960s. Courtesy of the *Oakland Tribune*.

industrial zone of the city, plan loyalists could rightly point to their rational approach to growth as reason for the coup. The Southern Pacific Railroad Company, which owned the land and sold it to GM, benefited enormously when Fremont incorporated and the planning commission zoned hundreds of acres of property along SP tracks, former farmland, for heavy industry.⁵⁰

Civic leaders had made Fremont an attractive investment for GM's strategy of national decentralization. The auto company had operated a small factory in East Oakland on MacArthur Boulevard since the 1930s. Without space for expansion, and burdened with an aging and outdated production regime, GM Oakland closed in favor of the new Fremont facility, sending jobs and tax revenue south to the suburbs. When the plant was dedicated in early 1964, its payroll exceeded twenty-four million dollars. Governor Pat Brown, the president of General Motors, Fremont's mayor, and a throng of local political figures, boosters, and business-people celebrated the opening of the plant with the kind of civic fanfare,

speeches, luncheons, and photo opportunities reserved in this era for rocket launches. The gist of the festivities: General Motors guaranteed Fremont's future. A short two years later, the plant employed 5,400 workers with a payroll of forty-two million dollars and a line of cars that included Buicks, Oldsmobiles, Pontiacs, Chevelles, and GMC trucks. The city's mayor buoyantly declared: "There's no question about it. Fremont has arrived."⁵¹

Fremont's "arrival," however, produced a spatial landscape in which the idealized proximities and class harmony of the industrial garden went unrealized. Rapid property speculation within the vast new city drove land and housing prices up, as did strict enforcement of the general plan. Developers built enormous subdivisions and sold thousands of homes to a narrow range of middle-class families. Residents of these tracts, especially Glenmore Gardens and Mission Ranch, where homes sold for between \$19,000 and \$29,000, formed the backbone of the "proplan" coalition. In the general plan's prescriptions for ample green space, parks, and controls on growth and development, these homeowners found their values reflected and protected. But as the city's population increased through the 1960s (from 43,000 to just over 100,000 in 1970) and the General Motors workforce grew apace (from about 4,000 in 1964 to 6,100 in 1969), observers and critics noted that surprisingly few workers seemed to live in the city. Commuting from East Oakland, San Jose, Milpitas, East Palo Alto, Santa Clara, Redwood City, Hayward, and other communities within the Bay Area, GM workers streamed in and out of the plant's massive parking lot at each shift change. "We're creating a beautiful city where most of our workers cannot afford to live," Jack Brooks told the *Fremont News Register* in 1967. By 1970, out of a total population of just over one hundred thousand, not even four hundred African Americans lived in the city; the median income (\$11,933) was higher than in any other city in Alameda County and almost twice that in Oakland; and the median housing price was the highest in the county.⁵²

The shortage of working-class housing had long been an issue in Fremont. In 1957 Kroehler Furniture, a firm moving to Fremont from Pittsburgh, Pennsylvania, wrote to the Chamber of Commerce complaining about the lack of affordable housing. Kroehler employees could not afford homes retailing for more than eleven thousand dollars, an extremely low ceiling in Fremont. A survey conducted by the Associated Homebuilders of the East Bay in 1964 criticized the general plan for forcing up the costs of building and thus the price of homes. One quarter of the developers surveyed indicated that the lack of affordable housing for workers was the city's principal problem. A report to the city manager in 1967 by the president of the Fremont City Employees Association claimed that 62 percent of Fremont city employees could not afford to purchase a

home in the city. A subsequent study by the *Fremont News Register* confirmed that the least expensive houses in Fremont in 1967 were priced at twenty thousand dollars, with mortgage payments out of the reach of workers making less than ten thousand dollars a year. "The fact is," Jack Brooks explained, "this city has no real correlation between housing and industrial development."⁵³

The unlikely alliance between working-class activists and property developers in Fremont took its most public form in 1966. That year, a "Committee for Change" ran candidates against two incumbent "proplan" councilmembers. Billed as an "economy slate," the challengers argued that Fremont "must aggressively seek industrial development" and "cut the tax rate for the homeowner." The insurgents claimed that under the "proplan" administration, the costs of city services had increased, but the slow growth philosophy of the council had chased industry away and kept developers handcuffed. Teamster Dave Latham, running as a "working man," joined the chorus of criticism, telling the incumbent mayor that "industry has constantly turned its back on Fremont." Veteran "proplan" spokespersons, and Fremont founders, countered that the "builder-subdivider political slate," if elected, would bring uncontrolled industrial and residential development to the city, exactly what the general plan had been designed to prevent. In the end, one incumbent won and the other was defeated. The proplan council majority held, setting the stage for additional rounds of attacks by both developers and homeowners in subsequent years. But the election had showcased the narrow range of civic debate—and the centrality of taxes and development to local political discourse—while demonstrating how fierce the conflicts could be within that consensus.⁵⁴

The complaints of workers like Dave Latham and developers like Jack Brooks exaggerated the city's stagnation, but Fremont's critics did not lack evidence that the bloom on the industrial garden had begun to wilt. Fremont more than doubled both its population and its production workforce between 1960 and 1970. During that decade the city remained decidedly working class, with over half of its residents employed in trades, clerical work, and as operatives or laborers. Nevertheless, in relation to other East Bay cities, especially San Leandro, Fremont was a more expensive place to live and had fewer industrial jobs and industrial establishments. With a median income somewhere in the middle among Alameda County suburbs in 1960, by 1970 the median and average incomes in Fremont were higher than in any other East Bay city save the professional suburban enclave of Castro Valley. Housing prices, too, were higher. By 1970 families paid more for homes in Fremont than in any other East Bay city. Moreover, while the city had grown, it lagged behind the region's model industrial community, San Leandro, by a

considerable margin. Despite its notable success in acquiring the General Motors facility, Fremont in 1972 still had one-third the total number of production plants of San Leandro and about half the number of production jobs. All of this in a city with a population one and a half times that of San Leandro. Finally, Fremont's relative lack of industrial property translated into higher property taxes for homeowners. By the early 1970s Fremont homeowners were paying local property taxes at a rate 40 percent higher than in San Leandro. Indeed, in 1970 Fremont's total combined tax burden was higher than Oakland's, a negative advertisement for the industrial garden suburb if there ever was one.⁵⁵

Emerging New Region

By the middle of the 1960s, the suburban East Bay corridor from Oakland to San Jose looked like what the Metropolitan Oakland Area Program had envisioned. Homes, factories, and other workplaces had proliferated. Working-class families, managers, and professionals enjoyed the advantages of homeownership and the amenities of suburban living—if not always in the same neighborhoods, at least in close proximity. Property values had increased with the new investment and population. Much of the MOAP's vision for the East Bay had been realized. The 1964 christening of the General Motors plant in Fremont confirmed the strength of the East Bay's industrial capacity and the longevity of the MOAP model two decades after the end of the war. But as coherent as the various spaces of the East Bay landscape could appear, the emerging new region was in reality a set of distinct property and employment markets, tax bases, and zones of affluence, segregated by race and divided by municipal political boundaries. Less visible to the casual observer, especially whites, these geographies produced steep differences in the distribution of economic development's local benefits. They produced development and underdevelopment.

In the rise of the East Bay's industrial suburban corridor in the 1950s and 1960s was a trajectory of metropolitan development that the MOAP had foreseen but hoped to counter—decentralization. The city-level industrial and fiscal policies of San Leandro, Milpitas, Fremont, and Hayward, among others, realized the MOAP's vision of suburban industrialization but set in motion processes that would in time undermine Oakland's own growth and financial viability. The spatial and political integrity of cities proved crucial here. Municipal boundaries were not merely arbitrary markers in a hazy metropolitan "sprawl." They represented important forms of publicly controlled space. Neighborhood associations and Chambers of Commerce could mobilize city governments

to lower property taxes, to compete with nearby cities for industrial investment, to erect racial residential barriers, and to plan industrial parks and neatly groomed boulevards—in short, to pursue policies that compromised Oakland's economic stability. In the 1950s and 1960s, Oakland's suburbs did all of these things and would over time shift a disproportionate share of the costs of postwar capitalism to Oakland. The competitive reality of the urban system in the United States, in which cities are locked within the capitalist marketplace, placed limits on the degree of metropolitan coordination. Oakland remained the administrative center of the East Bay, but whatever benefits in job growth accrued to the city as a result could not keep pace with the extraordinary growth in jobs and, especially, taxable property value in its southern suburban periphery.

The emergent classes at the center of this story, city-builders and suburban homeowners of moderate income, invested not simply in new towns and homes but in a cultural-economic compact of national historical significance. The terms of suburban development in the East Bay asked residents to equate economic growth, high property values, low property taxes, and racial segregation with upward mobility. In that compact, homeowners found not just the wealth embodied in home equity but an expression of the value and security embodied in property as a marker of class and racial status. The industrial garden in Alameda County thus rooted in place—indeed, literally in the *space* that city boundaries created—an ideological and political interest bound up in property markets. Homeowners in the suburban East Bay, like their counterparts throughout California and the nation, would act on that interest throughout the postwar decades to limit the financial burdens imposed on their property and to guard against threats—real, imagined, and manipulated—to the value of their property. In doing so, they participated in a regional and ultimately national redistribution of public resources and public responsibility. In simplest terms, the property tax base moved to the suburbs, indeed certain suburbs, while the greater proportion of social problems, and financial responsibility for them, remained in the central city. Suburbanization thus turned on the role of property and development in distributing a social surplus and social debt—the costs and benefits of capitalist economic growth.

Segregation was naturalized among white policymakers as a common-sense dimension of healthy property markets. At the level of federal policy, racial segregation was not understood as an end in itself. Rather, separation of residential districts by race was constructed as necessary to certain kinds of property markets: beginning in the 1930s housing legislation was always conceived as a program of economic stimulus. Equally important, despite the vast, even epochal, subsidies that the federal government poured into the housing market between the 1930s and the

1960s—primarily through the FHA and the VA, but also through tax abatement, interstate highway construction, education legislation, and other programs as well—housing was portrayed throughout the period as a classic free market, untouched by the hand of government. This structural and ideological rationalization of segregation encouraged whites and Anglos in the East Bay—as it did millions of Americans during the postwar decades—to argue that their actions were not *racist*, even as their individual choices and advantages represented, in sum, a version of apartheid with deleterious long-term consequences. The rhetoric of city building in the postwar years also encouraged homeowners to see property taxes as a division of social responsibility in which one’s “fair share” was calculated according to local common-sense understandings, including the extent to which tax revenues were under the control of local authorities and subsidized by local industry. In this context, East Bay suburbanites began to develop in these years a neopopulist understanding of themselves and their interests. In subsequent years, this version of populism would be mobilized politically in ways that would perpetuate social inequality.⁵⁶

This chapter has told two overlapping stories, each extraordinarily important to the postwar narrative of Oakland and the East Bay. In the first, suburban entrepreneurs created new investment markets with the assistance of the federal state. The spatial political economies of places like San Leandro, Fremont, and Milpitas were constructed to attract capital and growth—in the form of homeowners, industry, commerce, and the like. In the first two postwar decades, these places offered privileges and advantages to an array of groups, but especially to middle-class, white homeowners. Postwar suburbanization was driven by this development process, not by people “fleeing” Oakland. This East Bay story reaches beyond California to a national dynamic of the second half of the twentieth century: in the frantic competition for private capital investment, cities, trapped in the capitalist marketplace, entered into a savage rivalry with each other, the end result of which was the development of some places and the underdevelopment of others. Second, the postwar suburban compact among the federal state, city-builders, and homeowners lay the groundwork for the emergence of a political identity rooted in homeownership. This identity, and the ideological work done on its behalf, would emerge as a profound force in East Bay and California politics in the 1960s and 1970s. In those decades, that identity would become increasingly parochial and would be mobilized to preserve the suburban “good life” from a range of democratic challenges by excluded groups. Both of these stories take us back to Oakland, because the history and evolution of property markets ensure that as people and capital create places, those places in turn shape the possibilities and opportunities of other places.⁵⁷

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