The CITIES' WEALTH

PROGRAMS FOR COMMUNITY ECONOMIC CONTROL IN BERKELEY, CALIFORNIA

Written by the Community Ownership Organizing Project
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"The Community Ownership Organizing Project offers technical assistance to local groups on such issues as housing, economic development, utilities and land use. The Project seeks to create specific programs as well as general strategies for community-controlled economic development. The common theme of COOP's work is the redistribution of wealth and power at the community level."

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The CITIES’ WEALTH
PROGRAMS FOR COMMUNITY ECONOMIC CONTROL
IN BERKELEY, CALIFORNIA

Written by the
Community Ownership Organizing Project
Eve Bach Thomas Brom Julia Estrella Lenny Goldberg Ed Kirshner

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FORWARD

In the mid-70's we are witnessing the election of a growing number of activist city and state officials. Many of these new politicians are veterans of the social movements of the 1960's. Others simply reflect the new political awareness surfacing around the country. Both the officials and their politicized communities are evidence of the grass-roots demand for major social and economic change.

One of the most interesting examples of this activist local politics has been in Berkeley, California. For over six years a number of community groups, political activists, and minority communities, have been building a political coalition for the purpose of winning control of the city government. Founded by veterans of the civil rights, anti-war and anti-poverty campaigns, the Coalition elected Ron Dellums to the City Council in 1967. The Coalition now has three of its members on the Council, and another member as the city's elected auditor. Dellums, elected to the U.S. House of Representatives in 1970, largely through Coalition activity, has maintained a close relationship with the organization. The Coalition was also instrumental in electing reform advocates Ken Meade to the State Assembly and Tom Bates to the Alameda County Board of Supervisors. While the group has survived the political changes of the past decade, it still has only minority representation on the nine member Berkeley City Council.

The Berkeley Coalition has run its campaigns on the basis of a well-developed programmatic platform. Between elections, Coalition members have focused on building political support for these programs, which include: city ownership of the private electric utility, progressive local taxes, more decision-making power for neighborhoods, rent control, and city or cooperative-owned banks.

The Community Ownership Organizing Project, author of this study, has worked with the coalition in the development of these alternative programs. COOP is committed to a policy for the reallocation of cities' wealth. They are concerned to find those economic and political policies which will lead to the redistribution of city resources from the wealthy, who have traditionally benefited from municipal policy, to those members of the community who have received little from city government in the past. The COOP group sees city government as a vehicle for implementing progressive programs which will promote basic change.

In The Cities' Wealth: Programs for Community Economic Control in Berkeley, COOP outlines the history and character of political activity in Berkeley. The book describes the specific alternative programs that coalition candi-
dates have supported, as well as other programs and approaches which have been considered by Berkeley candidates and activists. In a sense, it is a programmatic handbook that should prove very useful for activist officials, coalitions, and community groups who are struggling to redistribute the benefits of their own cities’ resources. The Community Ownership Organizing Project and the National Conference on Alternative State and Local Public Policies would appreciate comments and criticisms from activists throughout the country.

Lee Webb, Director
National Conference on
Alternative State and Local Public Policies
INTRODUCTION TO THE 2nd EDITION

Political change comes slowly, even in Berkeley. The second edition of THE CITIES’ WEALTH marks ten years of Coalition politics in the city—a movement of radicals, minorities, students and liberal Democrats working together for popular control of the local economy.

The Coalition’s organization, Berkeley Citizen’s Action, made substantial gains in the November election. Congressman Ron Dellums won re-election by a wide margin to a fourth term, and BCA-supported candidates Tom Bates and John George won seats to the California State Assembly and the Alameda County Board of Supervisors respectively. George will become the first Black supervisor in the county’s history.

The local press has begun talk of a “Dellums machine” in the East Bay, despite the lack of opportunist dealing, pay-offs, and personality campaigns that mark traditional machine politics. The “machine” is in fact a movement, a coalition of people committed to clear programs that meet the needs of poor and working people in the community.

There are surely enough small defeats and frustrations to keep this political movement humble. Once again a major initiative victory that would permit popular control of the city’s controversial industrial park was struck down by the courts. Court cases have also weakened the statewide Campaign Reform Act and the local campaign reform ordinance that was modeled after it. The petty hostility of the city council majority toward any position taken by the progressive members continues to poison the atmosphere of council meetings.

But the three BCA councilmembers and the elected city auditor have learned how to wield the power of a determined minority. In 1976, their strong opposition to two regressive taxes proposed by the City Manager made it politically impossible for the majority to support them. The auditor has built a picture window into the city bureaucracy, revealing much to the community about hiring policies, inefficiency, and the city budget.

Already BCA is organizing for the campaign of spring, 1977, with a mix of initiative measures and candidates for office. After four years of legal delay, the California Supreme Court finally affirmed the right of cities to enact rent control legislation by initiative. The Berkeley Tenants Organizing Committee is drafting a new ordinance that fits the court’s guidelines, and plans to place it on the April ballot. Once again, a sweep of BCA candidates would bring the Coalition majority control of the council, and the ability to enact many of the programs in this book. Hopes for popular control of the city rise again each spring. After all, it’s only been ten years.

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I. KEYS TO THE CITY

The Cities' Wealth: Programs for Community Economic Control in Berkeley, California is a collection of ideas and programs, a compendium of things past and an always unfinished work-in-progress. It is the product of radical political activity in Berkeley dating from the late 1960s. The programs are concrete, policy-oriented, and for the most part grounded in experience. We have compiled this paper with the intention of sharing the Berkeley experience as widely and usefully as possible.

The premise of those who contributed these programs is that the wealth of a city, and the potential political power of city government, can be made to serve the needs of ordinary citizens. The emphasis of many of the programs described is the redistribution of city resources from the wealthy who traditionally benefit from city policy to those members of the community who have received little from city government in the past.

The Cities' Wealth focuses on the techniques of economic and political policy which lead toward controlling and reallocating a city's wealth. Many of the techniques discussed in the paper are common and easily grasped. Others, particularly in the area of economic policy, are often mystified by technicians and experts. We have attempted to simplify those policies so that they can be put to work by people in the community.

The tactics we have outlined are intended to be examples of structural, or non-reformist reform, extending the actual or potential realm of people's power. We have tried to avoid including techniques for conventional political shifts, where one group with similar goals nudges out another for positions at the top, but the structure remains intact.

A. Goals

Although it is difficult to generalize about the values of Berkeley's left community, certain themes and loyalties have been consistent through the years. The first and most basic is identification with the city's poor, ethnic minorities, students, youth and working people. However, in a "liberal" university town with a large white-collar and student population and only light industry, class identifications are often confused. As a result, Berkeley's radical political coalitions have sought to accommodate a wide range of supporters with similar populist and socialist goals.

Commitment to egalitarian ideals has meant efforts to improve the economic position of the city's many renters and small homeowners. That commitment has also been translated into support for free social services to the under-
served poor, the transient, the young, the disabled and the elderly. It has meant
support for affirmative action programs for ethnic minorities and women, and
other programs to rectify past injustices. Finally, it has meant concern with a
long list of environmental problems, from industrial pollution to waste recycling.

B. Strategy

While it is obvious that cities are severely limited in how much they can
effect wider public policy, cities also offer unique opportunities for promoting
basic change. First and foremost, cities are legitimate political entities that have
the power to tax, own property, annex territory, borrow capital at reduced
rates, and own and operate productive enterprises. Those are not insignificant
abilities. Cities are also immediately accountable to the organized pressure of
their residents. They have the potential to be controlled democratically. These
two aspects of city government—legitimate political authority and democratic
control—make them an ideal vehicle for implementing progressive programs.

C. The Community

Contrary to popular myths, Berkeley shares many characteristics with
other small American cities. Residents tend to have incomes either significantly
higher or lower than the city’s average, with disproportionately few in the
middle range. The local population of 120,000 is about 60 percent White,
25 percent Black, 10 percent Asian, and 5 percent Latino. From 12-15 percent
of the city’s work force is officially unemployed; almost 20 percent of the
households are receiving public assistance. The median income is below that of
the rest of the San Francisco Bay Area.

But the city is not poor. While a typical city of its size would be expected
to generate $500 to $750 million of income per year, Berkeley generates more
than $1 billion a year. A major university is located in the city, as well as an
unusually large number of financial institutions, service industries and an assort­
ment of manufacturing companies that attract more commuters than the total
number of workers in the city’s resident labor force.

City government in Berkeley, as elsewhere, has not affected transfers of
wealth and power to relieve the disparities between the large amount of income
produced in the local economy and the low incomes of many city households.
Public revenue comes from regressive taxes; the city bureaucracies are overblown
and under-productive; real estate speculation has put decent housing beyond the
reach of most of the city’s lower and middle income people. Political power in
the city has long been dominated by the business and professional communities.
D. A Brief Chronology

The progressive political activity in Berkeley of the 1970s has its immediate roots in the political movements of the 1960s. The issues of civil rights and opposition to the Viet Nam war produced the university-based Free Speech Movement, the Scheer for Congress campaign, and eventually resulted in a new coalition of students, ethnic minorities and some of the city's liberal Democrats that attempted to gain representation on the city council in 1967. Ron Dellums, endorsed by this coalition, was elected to the council, providing both leadership and access to legitimacy for the developing progressive constituency. Elected Berkeley's congressman in 1970, he has continued to influence the entire decade of coalition politics in the city.

By 1971, the Berkeley Coalition had become the April Coalition, named for the spring city council elections. The Coalition put forward a slate of candidates committed to a platform formulated in open community meetings. It stressed programs rather than personalities during the campaign. The slate tactic also allowed the Coalition to exploit a temporary split between traditional Democrats and Republicans in Berkeley. Three of the four Coalition candidates were elected—Ilona Hancock, a woman with strong support in the student and flatland communities, and Black attorneys D'Army Bailey and Ira Simmons.

With the establishment of a Hancock community office, progressive, politically active Berkeley citizens involved themselves in day-to-day city affairs. Community "experts" on a wide range of issues emerged from everywhere; monomaniacs crept out of the woodwork; amateurs learned to analyze city programs. A volunteer staff developed that researched issues, hounded local bureaucrats, developed information networks, and orchestrated public hearings.

The city council became a forum where Loni Hancock, D'Army Bailey and Ira Simmons could ask the community's embarrassing questions publicly. Other councilmembers could no longer discreetly negotiate all differences in the back room. They were furious. They considered it indecent to be forced to vote publicly on motions that had no chance of passing but revealed much about their allegiance to business interests.

High level city bureaucrats were similarly enraged that their judgment was questioned so publicly and thoroughly. Prior to 1971 they had not even submitted budget documentation to the council. The city manager had grown accustomed to having a free hand.

The excitement of winning the election soon gave way to the somber realization of the limitations of a minority voice. Progressive programs rarely were enacted. As differences in perspective between the three April Coalition councilmembers deepened, Hancock frequently found herself unable to have issues even discussed for lack of a second to her motions.
The split between Hancock and Black councilmembers Bailey and Simmons began to appear shortly after the election and widened with time. While Bailey and Simmons maintained their commitment to programs benefiting the Black poor, their resistance to feminist programs emerged in especially strong contrast to the constituency that elected them. Mistrust between racial groups in Berkeley prevented a working through of the differences.

Meanwhile, the struggle to gain control over the city council continued. Despite the internal divisions, the election of three Coalition candidates in 1971 apparently was taken very seriously by the business community. Bay Area and national corporations contributed $76,000 in 1973 to four “liberal” candidates opposing the Coalition slate, and in the same election contributed $100,000 to defeat a public power initiative. Despite this unprecedented deluge of outside money, April Coalition candidate Ying Lee Kelley was elected.

The new strength quickly enabled Coalition councilmembers to raise and second important policy questions that the majority wished to avoid. In response, the council majority reduced the number of meetings per month by half, holding instead very long meetings that routinely extended into the early morning hours. The exhausted but determined majority conducted much of the city’s business before empty council chambers.

Using Bailey’s disruptive council tactics as an excuse, the business community led a carefully-timed recall campaign against him in the summer of 1973. With the progressive and even minority communities split over his performance and the students out of town, the recall was successful.

Subsequent elections have seen the emergence of a gentlemen’s agreement among the business and professional leaders of the city. Republicans do not run for political office. Democratic corporate liberals run an opposing slate to the Coalition candidates, mirroring the Coalition’s representation of Blacks, Asians, women and students. The tactic has effectively held Coalition candidates to a minority of the nine-member city council.

The 1975 election provided some reassurance that voters learn to support candidates whose programs will benefit them. Loni Hancock, up for re-election, came in first among all council candidates. Her support in the low-income and ethnic minority precincts was strong.

Ying Lee Kelley, whose council term was unexpired, ran for mayor against the corporate liberal Black incumbent. His re-election was considered a certainty, yet Kelley won 47 percent of the votes. Her support came overwhelmingly from the campus area and integrated flatland neighborhoods. The mayor won large majorities in the white affluent precincts and in the Black neighborhoods of the city.
The April Coalition, renamed Berkeley Citizen's Action in 1975, now holds three council seats. Kelley remains on the council, along with Hancock and John Denton, one of the two other electoral victories for BCA in the spring. In a little noticed but extremely important victory, Coalition candidate Florence McDonald was elected as city auditor. She will have access to information that has long been of interest to the community but remained hidden in City Hall. Finally, Coalition support in the fall of 1974 helped re-elect Congressman Ron Dellums and State Assemblymen Ken Meade and John J. Miller, all of whom work for strong progressive measures in representing Berkeley residents.

The Berkeley Citizen's Action councilmembers and the city auditor still have a minority voice in city politics, but it is louder than ever. They have gained a more secure platform from which to expose the values and allegiances of the council majority, and to present realistic alternatives to its programs. Hopefully this will soon lead to progressive control of the city government.
Left to right: John J. Miller, John George, Ron Dellums, Ying Lee Kelley, Loni Hancock
II. POLITICAL POWER AND CITIZEN PARTICIPATION: CONSOLIDATING THE GAINS

The history of progressive, populist, radical and socialist movements in American cities is replete with short term gains. Neighborhoods, working-class and poor people, and middle-class reformers have often organized and mobilized around specific issues and specific elections, and have won a wide variety of victories on the local level. All too often, however, those movements have foundered because of an inability to maintain a majority in power at the city level.

This section addresses the problem of maintaining a political movement and consolidating political gains before having majority political power in the city. That is, how can power bases be developed and what kind of policies and techniques can be proposed which will help sustain a progressive political movement, give it leverage, and help it grow towards a potential majority?

The issue here is not how to organize—local circumstances vary widely, and political organizers have their own assessments of their own communities. We will describe specific Berkeley programs which have been enacted to increase participation and expand political bases.

Increased citizen participation in the processes and institutions of city government has often provided an effective counterweight to traditional centers of influence and power in Berkeley. Citizen involvement at public hearings, meetings of advisory boards, and council meetings often helps expose the positions of those with power, clarifying and in some cases intensifying the conflicts that exist.

However, the forces that mitigate against greater participation are quite powerful. The intricacy and glacial pace of city government makes people feel their involvement in it would be pointless. Consequently, the Berkeley programs encourage such processes as initiative campaigns, where direct results can be achieved and citizens can move into positions where they have a certain degree of power.

The development of legitimacy and position for those who raise questions of redistribution of city resources is an important intermediate step towards gaining majority power. It enables citizens to develop broad support for policies which challenge the status quo.

We discuss in this section two forms of extending the realm of people's power—processes and institutions.
A. Election Reform

Election reform is a means of improving the odds for progressive forces in electoral campaigns—not a substitute for concrete organizing. But while campaign spending limitations and publication of funding sources do not accomplish structural reform, they are important steps in challenging the business and professional community that often controls the financing of local campaigns.

The April Coalition’s early history showed the necessity of election reform in Berkeley. The Coalition discovered in 1973 that even the possibility of progressives taking the reins of city government attracted large sums of money to the opposition from the corporate power structure of the Bay Area and much of California. Companies contributing to the moderate “Berkeley Four” included Standard Oil of California, Sante Fe Railroad, Southern Pacific Land Company, Wells Fargo Bank, the Bechtel Corporation, and Del Monte. The Coalition was outspent that year by a margin of five to one by its corporate liberal opposition. In the same election, supporters of the initiative for public ownership of the electric power company were outspent thirty to one by Pacific Gas and Electric and its corporate friends. While the Coalition understood that no guaranteed results would flow from election reform, it used the initiative process to place a reform measure on the ballot in 1974.

Sensing broad support for campaign reform in Berkeley, the council majority followed suit with an almost identical initiative. Both measures were passed by the voters. Since the council majority’s measure received the greater number of votes, it alone was enacted.

The election reform measure has two parts, one dealing with candidates and one with initiatives. It includes the following provisions:

- candidate spending limitation of $10,000 or 14¢ per registered voter (whichever is less), with an inflation factor and deductions for incumbents and electoral slates;
- a limitation of $7,500 or 10¢ per registered voter on contributions for initiative campaigns;
- prohibition on corporate contributions;
- limitations on how much an individual can give ($250);
- a fair campaign practices commission to adjudicate complaints;
- public disclosure of all contributions of $25 or more.

Pacific Gas and Electric Company appealed the law just prior to the campaign for public power in 1974. A local judge suspended the limitations on initiative campaigns because PG&E’s corporate property was “threatened” by the
coming election. The reform law as it relates to candidates remains as enacted by the voters.

The effect of the law was to narrow the ratio of expenditures between corporate liberal and progressive candidates from five to one down to two to one, and in the public power initiative from thirty to one down to ten to one, even though PG&E was not technically bound by the reform law.

Money, however, is not the only issue in election reform. Spending limitations can also mean increased public mobilization for electoral campaigns. When voters feel they will not be outspent by huge contributions that can buy media time and campaign staff, they have a stronger impetus for participating. The battle becomes one of people against people, and the potential for community involvement is thereby increased.

One word of fair warning: election reform may favor those people who are known in the community for their work, but it also tends to favor any incumbent.

B. Use of the Initiative

The initiative process is particularly strong in California as a result of Progressive reforms in the state early in the century. The April Coalition has relied heavily on initiative campaigns to supplement the minority voice it has on the city council. Progressive initiative ordinances passed in Berkeley in recent years have overturned the utility user tax, approved rent control, established a police review commission, required council approval of police treaties, and called for master plan revision, neighborhood preservation, legalization of marijuana, election campaign reform, and representation for all councilmembers on city boards and commissions.

In several recent cases, however, the elation of a successful initiative campaign was soon replaced by bitter lessons in power politics. For example, a local judge invalidated the rent control ordinance. He reasoned that since there are more renters than landlords in the city, the result of a rent control initiative was a foregone conclusion and thus denied landlords equal protection under the law. The decision is now on appeal before the California Superior Court on other issues.

The people of Berkeley learned a similar political lesson when campaign spending limitations were suspended for Pacific Gas and Electric Company during the second public power initiative campaign in 1974.

Use of the initiative or referendum has also been somewhat limited with regard to taxes. It is legally possible to remove a tax by referendum, but the law is not so clear with regard to levying a tax or mandating specific program expenditures by initiative.
The initiative process has been extremely valuable in clarifying the positions of opposing candidates during council elections, particularly in the 1973 campaign when public power, neighborhood preservation and police control initiatives were on the ballot. Although the corporate liberal candidates often tried to confuse issues during the campaign, their opposition to initiative measures exposed their true political stance.

Because an initiative campaign is such a laborious method for passing city ordinances, past campaigns in Berkeley have focused too narrowly on the collection of petition signatures. Pressure to collect many signatures in a short time discourages solicitation drives among people who might be initially less favorable to the measure. Ignoring these residents, however, can prove self-defeating, leading to electoral loss in neighborhoods not first canvassed for signatures and early educational work.

Realizing these problems, the Coalition placed a successful charter amendment on the ballot in 1974 which reduced the required number of signatures needed to place an initiative on the ballot in a statewide election from 15 percent to 10 percent. General municipal elections require signatures of only 5 percent of the electorate to place an initiative on the ballot.

C. Charter Revision

The Charter Review Committee was appointed by the city council in 1974, mandated to examine the existing city charter from top to bottom and make recommendations to the council. It was a relatively large commission with an authorized strength of 56 members, many of whom anticipated making substantial changes in city government.

The charter review process provided an opportunity to raise fundamental questions about the structure of local politics, opening up the whole matter of how the mechanisms of government work. If members of the Committee had been able to follow through, the process would have permitted the issues of city manager form of government, district representation and town hall or parliamentary government to be seriously considered by the electorate. Appointees of the present council majority, however, successfully prevented any substantive issues from reaching the community.

Coalition forces within the Charter Review Committee formed a sub-group called “Charter Action.” It attempted to involved the broader community in the review process.

Charter Action and the full Committee discussed the following possible changes in the present council-manager form of local government.
1. Power decentralization

Following the tenure of Socialist mayor J. Stitt Wilson in 1913, Berkeley's business and professional interests began a campaign for the city manager form of government that culminated in the City Charter of 1923. For the next 50 years, the city manager held sole power to hire and fire employees, as well as major responsibility for city revenues and expenditures. Prior to 1971, the city manager presented the annual budget to the council for only cursory inspection and approval. The city manager is easily the most powerful office in city government, and has traditionally been filled by a high-salaried professional who is comfortable in business circles.

In recent years the Coalition has tried to reduce the power of the city manager through three successive versions of a reform measure. The council majority refused to place the first and strongest version on the June, 1974 statewide election ballot. The second version was defeated by the voters in November, 1974, and the third passed in April, 1975. The successful measure changed the number of council votes needed to fire the city manager from six to five, and stipulated that the council—not the city manager—had final authority on selection of city department heads. The council is now able to set a probationary period for both the city manager and new department heads, after which a five-vote majority must re-approve the council selections.

2. District elections

The concept of mini-districting developed from an analysis of the history of the at-large elections for the Berkeley city council. With the shift to at-large elections after 1923 came a major trend toward representation by businessmen and professionals from the wealthier sections of the city. The poor, working people, students and women were effectively kept out of office because of the financial and time resources necessary to serve on the council.

The mini-district concept relies on more community involvement in city government than presently exists. One councilmember would be elected from each of 29 mini-districts with equal populations of about 4,000. Six representatives would still be elected at-large for a city council of 35 members. Proponents believe the council would not be unwieldy: Madison, Wisconsin has had 22 district representatives for nearly 40 years.

The mini-district concept would be compatible with strong neighborhood organizations that gain increased power under the system.

3. Neighborhood councils

Members of Charter Action proposed a system of neighborhood councils to encourage the level of citizen participation in government and augment the
mini-district concept. The councils would be involved in city budgeting, policy, personnel and administration as they affect the neighborhoods. Neighborhood council representation on city boards and commissions would also be substantial, possibly as much as half of the members, to further encourage participation in the neighborhood structure.

4. Proportional representation

This system of local government would provide the greatest strength for minority viewpoints, and so is particularly attractive to the progressive Coalition. Any group able to attract one-ninth of the votes (assuming the present nine-member council) would have a representative on the council.

Appointees of the present city council majority saw to it that most of these proposals got no further than the Committee meeting room. But the Charter Review Committee produced excellent research on the political history of the city, some of which was published in a local newspaper. If Charter Review served no other purpose, it reopened discussion about ward or district local government.

D. Neighborhood Control

Neighborhood control and participation is often a slogan without content. While mobilization of people around neighborhood issues is both an important means of involvement and to a certain extent a democratic end in itself, there are some difficult issues involved. Neighborhood control has often meant exclusivity for wealthy neighborhoods. It is unclear which issues are strictly neighborhood ones, and which are truly city-wide.

Neighborhood control in Berkeley has been defined by the Coalition to mean extending the traditional limited sovereignty of wealthy neighborhoods to lower income districts, and attempting to strip all neighborhoods of the power to exclude low income and ethnic minority residents. Without adequate representation on the city council, however, lower income neighborhoods still face the problem of enforcing their demands for power.

Presently, the Savo Island neighborhood has made a unique "double-green light" agreement with the city and Redevelopment Agency concerning land use and development in its area. The agreement is contractual, signed by the representatives of the Redevelopment Agency and the community group. It stipulates that both parties must agree on decisions concerning redevelopment plans, consultants, construction contracts, financing, and administration of the newly-developed projects. Any disagreement must be worked out in negotiations, and both groups must approve before a decision is completed. The agreement has allowed the neighborhood to take a substantial amount of initiative in promoting the type of development it wants—low to moderate income cooperative housing.
The North Berkeley neighborhood is negotiating for a similar agreement concerning vacant land in its area. There are proposals being developed for an initiative to extend this power to other neighborhoods as well.

Representatives of the community must be clearly designated for the "double-green light" agreement to work. The Savo Island neighborhood held elections, but had a functioning community organization before the need arose for formal neighborhood elections. The making of similar neighborhood contracts depends to a certain extent on the good will of the city—there is very little that will force the city into such an agreement, aside from strong community pressure. In the case of Savo Island, the Redevelopment Agency felt it was in its best interests to negotiate a settlement with the community.

The "double-green light" agreement suggests the possibility of collective bargaining agreements between the various neighborhoods and the city on specified issues. These issues would likely involve land use, code enforcement, housing rehabilitation programs, traffic and transportation, community services and new development. The collective bargaining agreement would specify the means by which decisions would be made and implemented.

A significant and sweeping proposal widely discussed in Berkeley is the delegation to the neighborhoods of both program funds and the responsibility for their allocation. Certain percentages of the city budget or of revenue sharing money could be given to local community councils, which would decide how the money should be spent.

One of the main problems here is the extent to which people actually participate in neighborhood affairs. The history of neighborhood participation in Berkeley has often followed a pattern of significant enthusiasm around an issue in the initial phase, followed by rapid disinterest and often negligible results. In order for neighborhood participation to have meaning, the neighborhoods must feel that their participation will have an actual effect on city actions.

The question of neighborhood exclusivity and the redistribution of neighborhood resources to lower income neighborhoods must be dealt with by city-wide policy. For example, city-wide policy can be established that attempts to equalize the construction of new low-income units throughout the city’s neighborhoods, or that sets priorities for park development to those areas needing it most. If money is disbursed to community councils, it should clearly go first to neighborhoods in need—possibly following a formula inversely proportional to neighborhood income.
E. Fair Representation Ordinance

Volunteer staff members of the Hancock and Kelley offices wrote, circulated, and successfully campaigned for an ordinance that requires boards and commissions to be comprised of appointees of each councilmember, one or two appointments per councilmember depending on the commission size. The measure thus insures that city boards and commissions will reflect the same political spectrum as the city council. Before passage of this ordinance, an appointments committee controlled by the majority refused to appoint any candidates recommended by Hancock and Kelley. The problem is a chronic one for political minorities in the city.

The Fair Representation Ordinance allows the gains achieved in city elections to be more widely institutionalized. Members of boards and commissions have the aegis of prestige, honor and official status of elected officials, which can be a tremendous advantage if they are actively involved with community organizations. The burden on councilmembers to be perpetually available authorities on every subject can also be reduced.

To the extent that some of the boards and commissions wield considerable power (the Planning Commission, the Board of Adjustments and recently the Recreation Commission), councilmembers have the opportunity to delegate concrete authority to groups within their constituency that have not been able to win a council seat. For example, in the past two elections the Coalition's Black candidates have been defeated at the polls. The councilmembers have been able to appoint Black and other Third World constituents to the important boards and commissions.

Hancock, Kelley and Denton worked directly with Berkeley Citizen's Action to supply candidates for the boards and commissions. This process has several important benefits. BCA established a policy of recommending 50 percent Third World commissioners, selected by a Third World Caucus. Collective evaluation of the candidates favors better selections, and the BCA organization itself is made stronger through its ability to nominate commissioners. Finally, having three commissioners with similar politics on every board gives BCA councilmembers a strong minority position on each one that can often sway the less unified majority.

F. Community Control of Police

Community efforts to control the city police force have been only partially successful. In 1971, a comprehensive initiative measure that would have decentralized the police department was prepared and circulated by the Intercommunal Committee to Combat Fascism, an inter-racial political group associated with the Black Panther Party.
The proposal called for direct control of the police by locally elected councils in three districts—the Black community, the student area, and the Berkeley hills—and required officers to live in the community they served.

The principles behind this amendment to the city charter included the creation of new centers of popular power, decentralization of government decision-making, and a reduction of the power of state and federal police agencies within the community. The measure offered a class and racial perspective on the police that fundamentally differed from typical liberal reforms.

The political impetus for the measures grew out of the period of the late 1960s when there was substantial conflict and hostility between the Berkeley police and the student, counter-culture, and Black communities. The twin issues of police brutality and adequate police protection for minority communities generated the movement for community control.

During this period the Berkeley Police Department was considered to be one of the most “professional” in the country. It worked closely with the FBI and other federal agencies.

The campaign for community control of the police was one of the most polarizing in the city’s history, with outspoken opposition coming from the university, business and real estate interests, and the conservative daily newspaper. Despite the heavy financing of opponents, over 16,000 persons, or approximately one-third of the voters, supported the initiative.

Strongest support came from the student and counter-culture communities, where the proposal won by a small margin. In the affluent hill section of the city, the initiative lost by nearly five to one, and in predominantly Black West Berkeley it also was defeated by more than three to one. The campaign for community control of police suffered because of the traditional distrust of “White radicals” in the Black community, despite the fact that the proposal itself originated with the Black Panther Party.

Although community control of police failed, the city-wide discussion of police problems and need for change that the measure stimulated contributed to subsequent passage of two police reform initiatives in 1973.

The Police Review Commission, consisting of nine members appointed by the council, was established by one of the initiatives. The Commission was to have access to police records to check citizen complaints. Members were authorized to cross-examine witnesses to make recommendations for needed legislation. Although a majority of its members were appointed by the moderate council majority, the Police Review Commission posed a serious challenge to police department power in the city.
The department reacted immediately to shut off access to police records. Police officers went to court opposing the Commission's right to cross-examine them. To date not a single police officer has testified before the Commission. Commissioners and their investigators do, however, discuss police policy with the Chief of Police. While the Commission has been stymied on individual complaints about officers, it has been an effective citizen's lobby on police practices. The Commission has successfully vetoed department plans to use police dogs on patrol in the city, and to form a special weapons team for use in assault and paramilitary operations.

The second successful community control of police initiative concerned the secret treaties and agreements that the police department had with other law enforcement and military agencies. These were called "mutual aid pacts." The long standing agreements came to the attention of the Berkeley electorate when they were activated to repress the demonstrations of the late 1960's. The initiative required that all such agreements be individually evaluated by the city council. In fact this was not carried out. Despite recommendations and research by the Police Review Commission, the agreements were all approved as a block (with one exception) by the council majority on the last possible day under the ordinance. Police treaties and agreements remain a basically undisrupted and unmonitored power of the police department.

Two other police control initiatives that failed in 1973 would have required city council approval of police weapons, and required officers to be city residents. Each was defeated by a margin of only 2 to 3 percent of the votes.

The Weapons Control Initiative was stimulated by requests of the department to purchase and use the latest military equipment developed against demonstrators, including pepper foggers, helicopters, armored personnel carriers, and submachine guns. The campaign for this initiative became confused and finally faltered because the ordinance included restrictions in the police use of handguns.

G. Use of the City Auditor's Office

Berkeley is the only city in California with an elected auditor. The auditor must sign all checks, and as a result has access to full information on city contracts and spending. Florence McDonald, the successful BCA candidate in 1975, has publicized where the city spends its money, and precisely what benefits result from each department's expenditures.

The auditor's office can also be a place for access to information that will aid citizen monitoring of the budget-making process. An Auditor's Advisory Committee of local residents has worked with McDonald from the time of her nomination.
Encouraging and consolidating citizen participation in local government is only the beginning of community economic control. It provides the votes and the institutional power to enact legislation and enforce redistributive measures. Clearly, citizen participation is not simply intended as therapy for people frustrated with modern bureaucratic control. It is a means to power for the many, and a precursor for the redistributive programs outlined in the sections that follow.
III. REAL ESTATE AND HOUSING

Radical groups in Berkeley have long emphasized housing programs as key to controlling the city's wealth. There are a number of sound strategic reasons for this. By far the largest portion of the city's private land is used for housing. A substantial part of all personal income is spent on housing. Within the urban economy, the accruing capital of the community tends to be concentrated in the increasing values of land and real estate. Finally, housing can be controlled far more easily than other forms of wealth which are moveable and beyond the scope of legal regulation by the city.

But by far the most compelling reason for community housing programs is the abject failure of the private housing market to provide adequate shelter for the great majority of people. Increased financing rates, developer profits, and spiraling land and material costs have awakened most Americans from the dream of a ranch-style house on a quarter acre lot in the suburbs. Less than 15 percent of the nation's families can now afford a new home.

As a result, great numbers of urban dwellers are condemned to permanent tenancy. Even rental space has become expensive and difficult to find, especially in popular areas such as the San Francisco Bay region.

Housing patterns in Berkeley in recent years have been marked by a severe shortage of rental housing accompanied by large rent increases. Over three-fourths of Berkeley's renters earning less than $10,000 per year and almost all of those earning less than $6,000 per year paid more than 25 percent of income for rent in 1970. Housing costs have increased dramatically since then.

The squeeze in rental housing is paralleled by increases in owner-occupied home prices, resulting in middle income White families moving into formerly lower-income Black areas. These patterns may result in a serious alteration in the social and economic characteristics of Berkeley as poorer people are forced to live in neighboring cities.

Community ownership of housing and real estate is the ultimate goal of Coalition housing programs. That goal has been approached through tenant unions, rent control, a neighborhood preservation ordinance, rehabilitation and code enforcement programs, and cooperative ownership conversion. Each of these reforms is intended as an interim step towards cooperative and community-owned housing by limiting property speculation and thus deflating or partially expropriating income property values. Each will be discussed in turn as progressions in a strategy for community control and ownership of housing.
A. Tenant Unions

Berkeley’s tenant union movement began in the late 1960s, paralleling the rise in local real estate speculation and the resulting sharp increases in rents. In 1969-70, the Berkeley Tenants’ Union (BTU) and TORCH organized a city-wide rent strike affecting dozens of local buildings. BTU No. 7 managed 25 apartments under a three-year contract signed in 1970 at the height of tenant militancy in the city. Negotiations for contract renewal broke down in 1973 over the issue of housing repairs, leading to an 18-month strike against one of the most notorious landlords in Berkeley. The BTU ultimately lost in court but maintains ownership control of one-third of their apartments.

The BTU and the Berkeley Tenant’s Organizing Committee (BTOC) were among the most active supporters of the successful rent control initiative, passed in 1973. Although rent control was eventually overturned in the local courts, passage of the initiative was one of the most important organizing victories of the Coalition, involving great numbers of Berkeley residents in a clear issue of economic control. Years of militant tenant organizing proved critical to the success of recent city-enacted code enforcement and housing rehabilitation programs.

The combined efforts of the Berkeley Board of Realtors and the California Real Estate Association have stifled the tenant organizing of the past. But tenant unions remain an important weapon in forcing landlords to make concessions that will ultimately lead to resident control and community ownership of housing.

B. Rent Control

Since 1969, rent control has been adopted by over a hundred New Jersey municipalities, Boston and four other Massachusetts cities, Washington, D.C., and several Alaskan communities.

Rent control is a conventional way of restricting abnormal market increases in rent and providing some protection to tenants. Its reputation has been hurt by the association of New York City’s rent control with deterioration and abandonment of existing housing. However, there has been no clear evidence proving the relationship between rent control and ills attributed to it. A recent study of rent control commissioned by the Massachusetts state legislature indicates that rent control has not caused a decrease in new construction or maintenance. Rent control laws enacted within the last six years generally allow for periodic increases in rent, exempt the initial setting of rent for new construction, and tie rent increases to building maintenance. They move in the direction of community control of housing, but do not achieve it.
The Berkeley rent control charter amendment,\textsuperscript{14} enacted in 1972, is unique in that it was passed by initiative and provides for an elected board. As previously mentioned the law has been tied up in litigation for the past three years. The courts have indicated, however, that California city councils do have the power to adopt rent control.

In a community like Berkeley, where two-thirds of the residents are tenants, rent control could provide important protection from the effects of the city's chronic housing shortage. It would protect the individual tenant from skyrocketing rents and protect the community from severe population restructuring as poorer residents are forced out entirely.

A rent control ordinance should include provisions which allow the system to function in a flexible manner, such as provision of an appeals board empowered to examine records and make decisions on individual cases. Eviction controls which many feel are a necessary part of a successful rent control scheme are preempted by California state law.

By enacting rent control and thereby restricting increases in future rents, a city may actually reduce the present value of a property. This is essentially community expropriation in favor of tenants. Judicial review of rent control ordinances has upheld this power of the city.

Stringent rent control in Berkeley's speculative real estate market would greatly cut the value of rental property. Since other private owners would be unlikely to buy the property in such an unfavorable climate, the city could purchase the property at below market prices or aid tenants in converting the property to cooperative ownership. If rent control were part of a coordinated program that includes a shift away from property taxes, this policy would not cut city tax revenues.

Rent control ordinances are frequently extremely complicated. They are eloquent testimony on how much more difficult it is to control the excesses of speculation and the private market than to directly control housing conditions through community or cooperative ownership.

If local rent control ordinances apply to commercial property as well, electoral allies can be developed from among small business people. In Berkeley almost all small business operators are renters. They are often subject to higher rental increases than residential tenants.

\textbf{C. Neighborhood Control of Land Use}

The Neighborhood Preservation Ordinance,\textsuperscript{15} approved by 60 percent of Berkeley voters in 1973 in response to uncontrolled construction of cheaply-built, over-priced apartments, is a major step towards temporary neighborhood
control of land use. It contains the following elements:

1. Full neighborhood hearings on new construction and "general approval" by neighborhood residents as a precondition for new construction;

2. Provision for inclusion of at least 20 percent low-to-moderate income housing in new developments over four units;

3. Moratorium on demolition of older homes unless such demolition is tied to equivalent new replacement housing or the existing housing is unusable, un-repairable, or hazardous;

4. Revision of the Master Plan with full participation of neighborhoods.

The requirement that low-to-moderate income housing be provided in any development was included to guarantee that new development would not be exclusively for wealthy residents. But proponents also understood that no private, speculative developer would either desire to provide lower priced housing, or be able to afford such inclusion without subsidies. This in conjunction with market conditions has been a major reason for the halt in further demolition and speculative development in Berkeley.

The moratorium on demolition was included for similar reasons. Generally, demolition removes relatively lower priced housing—and often residents themselves—from the community. There are no regulations short of the moratorium that would prevent private developers from substituting upper income housing for existing lower-priced housing.

The effect of this clause in the Neighborhood Preservation Ordinance is to add at least equivalent legal requirements for relocation housing in the private sector that now apply to federally-funded redevelopment projects.

The moratorium also prevents tearing down the old housing stock which may be less profitable to speculators than new construction. This preserves Berkeley's brown-shingle and Victorian housing—primarily an aesthetic consideration, but very important to supporters of the Neighborhood Preservation Ordinance.

A major purpose of the Neighborhood Preservation Ordinance was to give the community interim control of development in the city while the land use master plan was under a two-year revision process.

However, while the Master Plan Revision Commission talked about what people in Berkeley would like, major land use decisions were being made despite the interim controls. This has included the major expansion of two hospitals and construction of several parking lots.

It is also not clear whether the Neighborhood Preservation Ordinance has adequately served the goals of protecting the lower-income housing supply. The
ordinance enables neighborhoods to place a virtual freeze on new construction, thereby raising the value of single-family dwellings which are no longer faced with the possibility of neighboring multi-family buildings. But growth limits in the housing market do not automatically redistribute in favor of lower income people any more than the absence of limits does. Measures such as the Neighborhood Preservation Ordinance must be combined with the explicitly redistributive programs to effect significant changes in the housing market.

D. Housing Rehabilitation

While housing cooperatives are the preferred method for capturing increases of housing value due to city-supported rehabilitation, a city may sometimes need to sponsor programs for those lower-income people who are already homeowners. The city may be called upon to provide market rate loans if a neighborhood is red-lined by private lending institutions, or provide grants or loans at lower-than-market rates to lower-income homeowners.

The sources of capital for such grants and loans will be discussed in Chapter 6. The essential criterion is that total housing costs be tied to the income level and ability-to-pay of the families—no more than 25 percent of adjusted gross income.

A recapture provision can replace interest payments for very low-income residents. When the owner wants to sell, or dies, the loan would be called or the property would revert to the city, which can select new residents or cooperative owners. This is the same principle of reciprocity with the community that should apply to all grants and other low-interest loans.

Rehabilitation programs can also be used as a mechanism to implement cooperative housing conversion and land banking, which would reduce housing payments at the same time it improved the housing stock. Tenants could buy out their landlords to form rehabilitation cooperatives.

It is essential to insure that property owners who make use of low-interest loans under a rehabilitation program cannot raise rents in excess of the amount necessary to finance increased costs, and that the rehabilitation program is not used to aid speculation in housing. This can be accomplished through rent control and rent rollback provisions in conjunction with housing rehabilitation as well as through sale price restrictions.

E. Code Enforcement

A city can use code enforcement to improve housing for low-to-moderate income tenants by combining it with rent restrictions and resale control. A strict code enforcement program must be combined with protection for tenants be-
cause landlords would otherwise immediately pass on the cost of repairs and increased value of the property. Likewise, low-interest loans and grants must be made available to owner-occupants who cannot otherwise afford to repair their houses. Deed restrictions to prevent windfall profits on sales should be a condition of such loans.

The police powers of the city enable it to demand housing repairs of landlords without compensating them for the cost. If the landlord refuses, the city may make the required improvements at public expense, place a lien on the property, and then sell the property—preferably to the tenants. An optimum program combining code enforcement with rent control would produce improvements in the housing stock, lower speculative profits, and protect tenants.

Code enforcement is a first step communities can take to maintain well-kept residences. But as with zoning, it only deals with problems caused by the private housing market. If the community wants true control over housing, it must fundamentally change the absentee ownership form of real estate tenure.

F. Community Ownership of Housing

The private housing market cannot now provide adequate housing to a majority of Berkeley residents at a cost they can afford. As one result, community ownership of housing is becoming a widely acceptable idea.

Non-profit cooperative ownership of housing could be the beginning of a solution to the chronic housing problems of low-to-moderate income people. Housing prices can be lowered because of (1) savings inherent in the cooperative structure, and (2) savings derived from a program built around a partnership between non-profit cooperative housing corporations and the city government.

Such a comprehensive program, formulated by Community Ownership Organizing Project (COOP) and submitted to the city council, is designated to assist low-to-moderate income people who are overwhelmingly renters. Housing provided by this program would remain perpetually available to the low-to-moderate income population.

In most areas, the program would have greatest applicability to the rehabilitation of housing converted from rental to cooperative ownership. It can also be used with equally favorable results in new construction.

1. Cooperative Ownership

People can own their housing cooperatively by means of a non-profit corporation, which would hold one mortgage and retain equity for all the units. Cooperative members would own and control their corporation by purchasing shares—one share per unit, one vote per share.
Because cooperative housing can be 100 percent financed under various local, state or federal programs, the corporation does not need to raise significant capital from its members. Thus, the cost of a share can be nominal—little more than first and last months' payment. Monthly payments would be set to cover the members' share of the common mortgage plus expenses.

By transforming people who would otherwise be tenants into owners, the cooperative makes residents eligible for homeowners' tax advantages. Cooperative owners can deduct property tax and mortgage interest payments for California and federal income tax purposes. More importantly, each cooperative member is eligible for the homeowner's property tax exemption on the first $7,000 of full market value per unit.

For low-income elderly, cooperative ownership offers even greater tax advantages: up to 96 percent rebate of property tax payments from the state or 100 percent property tax exemption. Elderly renters in market housing are ineligible for this relief.

Because mortgage and equity are retained by the corporation rather than by members individually, periodic refinancing of the housing is unnecessary. To transfer ownership, the member who is moving out sells his or her share back to the cooperative for cost (possibly adjusted for inflation). The cooperative corporation then resells the share for the same price to a new member. The 6 percent real estate fee and other transfer charges play no part in this transaction.

Several cooperative housing programs are now operating in Berkeley. The University Students Cooperative Association was founded in 1933 because of the acute need for low-cost room and board. Student housing coops now have 1,200 members in several campus locations.

The Savo Island Project will provide an additional 50 to 75 units of new cooperative-owned townhouses in an integrated neighborhood near the downtown area. Financing for the project, developed from a feasibility study prepared by the Community Ownership Organizing Project, involves the use of revenue sharing money, tax-increment financing and the bonding authority of the Berkeley Redevelopment Agency. The elected board of the Savo Island Project Area Committee plans to further lower housing payments for the low-income coop residents by applying for federal rent subsidies under Section 8 of the 1974 Housing Act.

Despite these programs, most lower-income people continue to rent their homes at market rates, typically paying over 35 percent of their incomes for housing. The current city council majority is not committed to expediting community ownership of the housing stock. The minority that favors it does not yet have the power to implement the programs on a city-wide basis.
2. Cooperatives as a prerequisite for a comprehensive program

By acting as mortgage lender to housing cooperatives, the city government can allow additional price reductions at no cost to itself. Loans can be issued to the housing cooperatives at below market rates using either savings (i.e., pension funds) or the city's borrowing power.

Pension funds are the most promising source for long-term loans. Traditionally invested in long-term, low yield corporate bonds, pension funds can be redirected to local housing with no reduction in return or security.

Incredibly, policies guiding investment of large public pension funds show no local bias. Quite the contrary, the financial management of the funds is indistinguishable from what would be expected of private money except for the low yield. California citizen groups have criticized city, county and state employee pension funds for investments in South Africa and in war-related industries, but generally have ignored the potential value of these funds for local economic development.

Pension funds are actuarially designed as long-term savings accounts, and so fit easily into the requirements of the housing market. The term of a mortgage is likely to be about equal to the work life of future pensioners, or approximately the 30-40 year term typical of publicly assisted mortgages.

3. Low interest loans

In addition to redirecting the benefits of accumulated city accounts, local government can borrow capital for community economic development. The city can raise additional capital by issuing municipal bonds, taking loans from private credit institutions, or borrowing from the public. It can then make lower-than-market interest loans to housing cooperatives using a number of alternative structures.

a. conventional level-payment mortgage loans—These are similar to mortgages available from savings and loans, but at lower interest rates. We do not recommend variable interest rate loans that savings and loan associations are beginning to use.

b. index loans—These can only be made to cooperatives or other non-profit corporations. The loan payments start very low and are adjusted based on the ability to pay of the residents, increasing or decreasing according to a chosen index of wages or prices.

c. deferred interest loans—These are similar to index loans, except that the early payments are deferred until ability to pay increases. This allows people to get a housing project under way with little or no initial debt service.
d. deferred land payments—This method allows the cooperative to pay off the loan for the improvements before making payments on the land purchase. Deferred land payments effectively increase the term of the loan to enable low- and moderate-income people to afford lower initial payments.

e. revolving funds—The city could also provide interim revolving funds to finance housing or projects before permanent financing has been arranged. Interest on this short-term money would be very low to encourage local development.

4. Grants

Besides lending to housing cooperatives, the city can provide outright grants to accommodate people who could not otherwise afford adequate housing.

a. Targeting state and federal grants to housing cooperatives

Community Development Revenue Sharing (CDRS) block grants and Comprehensive Employment and Training Act (CETA) funds that are not specifically intended for housing can be directed to housing cooperatives, land write-downs, public improvements, rehabilitation financing, and labor costs.

Housing grant payments, made under Section 8 of the 1974 Federal Housing Act as rent supplements, can also be directed to the non-profit cooperatives in preference to rental housing. For grants where the cooperative must apply directly to the state or federal government, the city can act as a clearinghouse to prevent counter-productive competition between housing cooperatives, and as advocates for the housing cooperatives. The city can also keep the cooperatives informed of available external grants.

b. Land-banking and real estate reserves

City land assets can provide the basis of a grant program when the land is leased to housing cooperatives at token rents. The housing cooperatives can develop housing on this land, buy the housing that may already be on the land, or rent both housing and land. The city keeps title to the land.

It is very important that the city make the grant by means of token rents rather than by transferring land title. Long-term public control of land use is best accomplished through direct public land ownership. Given a market context, zoning and subdivision controls have been the most common mechanisms of land use control. But they have been used most often to reflect the market rather than to control it, and have been used to discriminate among residents by race, class and income.

Cities and other local governments can increase the amount of publicly-owned land by:

- retaining parcels that are already publicly owned,
— buying land, vacant or with improvements, as it comes on the market,
— taking over abandoned or tax-lien properties when available, and
— receiving land title in return for low-interest rate loans used by coops to
  convert from rental housing.

c. Grants from the general fund

Grants to housing cooperatives from the general fund could support a sub-
sidy fund, or services for low-income cooperative residents.

However, use of the general fund as a proper source of housing grants to
lower-income people depends on successful tax reform. A general fund derived
from progressive tax sources can be used to implement redistributive goals; a
regressively-acquired general fund can, at best, be distributed back to the people
who contributed most of it.

G. Other Reforms in the Housing Market

In addition to the methods for control of housing which have been dis-
cussed, a number of interim programs using conventional types of housing regu-
latory powers have been considered. They can be geared to restricting the
abuses of the private housing market and providing a climate for community
ownership by acting to reduce the value of income property prior to community
acquisition.

1. Condemnation

For broadly-defined public purposes, the city has the right to condemn
and purchase property as long as it compensates the owner. In many cases the
condemnation process results in the city paying more for a property than it
would have brought at market prices. However, condemnation is often the only
alternative when the city wishes to purchase a group of adjacent land parcels.

Most lower income groups have only been subject to the abuses of the
condemnation process, opposing its use for urban renewal and highway construc-
tion. But condemnation can also be a useful tool to gain community control
over the local economy.

2. Zoning and subdivision control

In the early stages of community organizing, zoning issues can pull many
neighborhoods together in opposition to proposals that favor speculative de-
velopment.

With additional political power, however, communities can begin to
control their own development by the use of zoning and subdivision. Market
forces can be opposed in certain areas and encouraged in others to channel benefits of the development process to public rather than private hands. Zoning, however, is primarily a defensive measure that does not really substitute for community planning. If land were owned and controlled by the community, the blunt instrument of zoning would not be necessary.

The concept of zoning is based on the idea of segregating land uses. In recent years, people in neighborhoods throughout Berkeley have demanded that their areas be down-zoned to the lowest possible residential classification. The zoning pattern that is emerging is one of universal low density, where any development with higher densities is treated as a variance. This movement has grown directly from the increased power of low- and moderate-income neighborhoods. They have demanded the same degree of control for themselves long exercised in the wealthier districts.

Zoning can also be used to partially expropriate property value. An area zoned for high density residential use that is subject to real estate speculation can be down-zoned to the lowest possible classifications, effectively reducing the value of the property. The courts have ruled that as long as improvements can be built on the property, such down-zoning does not represent a "taking" by the city that requires compensation.

3. Limits on condominium conversion

Some of the ownership benefits of cooperatives, such as homeowner property and income tax savings, can be realized by high-income tenants through condominiums. Their landlords do not lose; indeed they may make higher profits than if they sold the housing as income property. The private market in Berkeley is now heavily promoting condominiums as a market alternative to rental apartments which landlords cannot sell.

Condominium conversion removes tenants who are unable to afford the high purchase price. Rental units are in effect replaced by homeowner units available only to upper-income residents, because of high initial costs and continuous refinancing. Real estate speculation is often only worsened by condominium conversion.

Berkeley residents have pushed for limitations on these conversions, now widespread in the Northeast, with eviction protection and first options to buy for existing tenants. A resale price restriction might also be applied, which would produce a condominium with similar long-term benefits to the cooperative form.

Each of the housing programs we have mentioned, from tenant union pressure to cooperative housing forms, are intended as levers that will ultimately lead to community control and ownership of housing. Each is only a partial
reform and could be easily circumvented by an aggressive private real estate board and its financial backers. But together the reforms consolidate both political and economic power to help overturn the profit structure of the housing industry.

While housing programs are critical for community economic control, the cost of housing is interrelated with a number of other factors. These include the cost of land, utilities, labor and material, interest on loans, and the tax structure. Each of these affects the ability of a community to produce adequate housing that people can afford. Each is also an important factor in the overall control of the local economy.

Radical coalitions in Berkeley have attempted to implement community control and ownership in a number of these related fields. The primary example for the past ten years has been the campaigns for community ownership of the electric power distribution system of PG&E.
IV. UTILITIES

Community-owned utilities not only provide the important infrastructure of a city at costs well below those of the private market, but also could serve as the point of entry for broad public ownership of productive enterprise. Certain of the utilities, such as water, sewer and garbage collection, are already in widespread public ownership. Several thousand U.S. cities also own their electric power distribution systems. Many also produce their own electricity as well. Municipally-owned telephone and coal gas systems were once common. A handful of cities now own and operate cable television systems. For the most part, costs to the residents for these services are lower than equivalent private utility rates, and the cities earn substantial revenues above in lieu tax payments.

The success of power production could be a stepping stone to other community-owned productive enterprise. The Tennessee Valley Authority originally intended to maintain public ownership of the nitrate and aluminum plants it created and supplied with power near Muscle Shoals, Alabama. Those proposals were gutted by private industry, but the potential still exists in local communities.

The political history of publicly-owned utilities is as important as present economic considerations. Small groups of citizens have fought for public ownership in this area for nearly a century, battling the Insull Power Trust, the Bell system, corrupt regulatory agencies and bought judges. The people lost a lot of those battles, but they also won a few. The surviving systems across the country are living symbols of the successes and benefits of community ownership. They may not always be perfect symbols, but they are irrefutable proof that community ownership works.

A. Public Power

Local publicly-owned electric utilities exist in every state but Montana and Hawaii. The more than 2,000 systems include 1,893 municipally-owned electric utilities, and 109 state, county, or public utility district facilities. In addition, 930 electric cooperatives serve large sections of rural America. Together, public and cooperative electric systems reach 22 percent of the population, or nearly 50 million people.

The economics of public vs. private power are straightforward. Federal Power Commission figures for public and private utilities in 1971 show lower costs per kilowatt-hour (kwh) in virtually every aspect of the public systems' operation. The savings are even more remarkable considering the typically smaller scale at which publicly-owned utilities operate (one-twentieth the size on the average).
Exclusive of retained earnings, local publicly-owned utilities show an average of 30 percent lower costs per kwh delivered than private utilities (see Chart). Public systems spend less on advertising, less for public relations, less for lobbying, less for local political donations, less for accounting and collecting, less for executive salaries, and less for internal bureaucracy.

This efficiency applies to electric power generation as well. The 1971 FPC statistics report that municipal power systems have 10 percent less net electric plant per customer than the investor-owned utilities, but deliver 12.2 percent more kilowatt-hours per customer. Delivering more electricity per customer from less plant is a very good indication of efficient operation.

The second major benefit of public power is local control. Management of community-owned utilities is directly responsible to local residents, not to absentee owners. Basic decisions, such as plant location, rate of expansion, placement of power lines, type of power generation, and electricity rates can be made in public forums. Community-owned systems have no built-in reason for "padding" the rate base, or for setting rates at other than a level consistent with costs and local policies.

The publicly-owned power systems should be expanded into geothermal, solar, methane, wind, and other energy sources. The city of Santa Clara already has a pilot solar energy program. Solar heating units in this area are now nearly competitive in price to natural gas service. In a very short time, community solar utilities could well compete with natural gas service, especially if the price of natural gas is deregulated.
The Berkeley struggle to own its electrical distribution system goes back about ten years. In the mid-sixties, advocates of public power, supported by the recommendation of the then city manager, attempted to commission a feasibility study of public ownership. It was not until 1971, with the issue coming up each year, that the council agreed to commission the study. A relatively conservative engineering firm was chosen, approved by both Pacific Gas and Electric Company and the by then desperate public power advocates.

The feasibility study showed a clear pattern of future profits for the city of Berkeley, even though the projections were based on low utility rates (which have risen ten times faster than projected), and high costs of operation and acquisition of the system. A public power measure \(^{16}\) was put on the ballot during the 1973 municipal election. PG&E and corporate friends spent over $100,000 to defeat it, and also contributed heavily to the slate of corporate liberal candidates for city council which opposed the measure. The ordinance was defeated by a 42 percent to 58 percent vote.

The technical nature of the report enabled opponents of the measure to confuse much of the electorate during the campaign. The same feasibility study was used to “prove” that public power would bankrupt the city and force cutbacks in social programs serving the minority communities. PG&E flyers also emphasized the supposed inability of the city to run an electric distribution system, a claim that ignores the more than 2,000 municipal, district, and cooperatively-owned utilities in the country.

The Committee for Public Power again placed the initiative on the ballot in 1974, \(^{17}\) this time in the wake of election reform and huge PG&E rate increases. The committee was still vastly outspent, but it won 47.5 percent of the vote—a significant increase. For now the issue is dormant, but a regional group called Electricity and Gas for People (E&GP—turn PG&E around) has been continually exposing the profit-hungry activities of the utility. These activities will improve the chances for public power in Berkeley.

B. Cable Television

Community-owned cable television not only can provide extraordinary public services and ultimately contribute generously to the general fund, but also holds the potential for a wide range of city functions. Use of CATV channels by the city government, school system, public health, public works, fire and police departments could easily provide sufficient benefits to warrant any internal subsidies necessary for community equipment pools and programming.

There are presently 14 community-owned cable television systems in the country, the largest in San Bruno, California, on the San Francisco peninsula.
The existing systems are generally in small towns, but generate substantial income for local government.

Despite the potentially high profitability of CATV operations over the life of a system, initial capitalization and apprehension about the technology continue to persuade many cities to grant private franchises rather than undertake the enterprise themselves.

Larger cities have also been reluctant to undertake operation of the system because private cable companies in the urban areas have often lost money. Signal reception in the cities tends to be good, with a large number of broadcast stations to choose from. Urban cable companies realize they must offer new services to attract subscribers, but many simply have not been able to raise the capital to develop two-way communications or other innovative uses of the cable.

Berkeley has been squabbling with its CATV franchise since the day the system began operation in 1971. Bay Cablevision is currently in violation of performance, public service, and cable undergrounding requirements, and has not paid the minimum $40,000 franchise fee to the city for the past two years. For its part, the city refuses to grant subscriber rate increases or official suspension of franchise requirements until the system makes its payments to the general fund. The two parties have been at a standoff for more than a year.

The city could easily sue Bay Cablevision for breach of contract, but the present council majority is not committed to public ownership, and it fears angering the remaining subscribers by throwing the system out of town.

A citizen's CATV Commission was established in 1974 to review the existing contract and make recommendations to the council. There is now considerable support on the commission for eventual community ownership, but no chance of securing the necessary funds from the council majority for a formal feasibility study. Until a detailed financial study of public ownership can be made, city council and commission alike are willing to let Bay Cablevision die a natural death.

Financing for a community-owned system will normally be available through borrowing with city revenue bonds, or directly out of city long-term savings. Minority communities may in addition be eligible for federal funds, such as a MESBIC minority enterprise loan.

C. Telephone Systems

The 1,500 small private and rural cooperative telephone companies in the U.S. offer the best evidence of a continuing financial rationale for community ownership. Operating in a market dominated by AT&T, these small systems generally maintain good service, solid growth, and often substantial return for investors or surpluses for user-owners.
The U.S. once had a great number of municipal telephone systems. Today only nine systems remain—four in Alaska, one in Puerto Rico, and four rural systems in the Midwest. But this does not mean publicly-owned systems are not feasible. Among the Alaska systems are Fairbanks and Anchorage, well-run municipal urban telephone operations. The Puerto Rican system serves the entire island, with nearly 350,000 telephones in San Juan alone. Municipal telephone systems are still prevalent in the western provinces of Canada.

With the exception of urban nightmares like New York City, wiring a community with switching equipment and routing calls beyond local borders is a relatively simple matter. There is no compelling reason to duplicate AT&T's corporate structure, or its employment, service, and financial practices on the local level.

Local systems, public or private, have the option of purchasing low-cost equipment from the Asian markets at a considerable savings from AT&T-administered Western Electric prices. Community systems might also subscribe to alternative long-distance relay systems now emerging from the specialized carrier industry.

The possible acquisition of the local telephone system in Berkeley has been suggested in all past Coalition platforms. However, no serious efforts have been made to commission a feasibility study or catalyze public support.

There have been relatively few condemnations of public utility facilities in the U.S., and none in the telephone industry. But the California State Constitution, and those of several other states, include "communications" as a legitimate municipal responsibility. Condemnation proceedings would approximate those used against private power companies, involving either the State Public Utilities Commission or the courts.

D. Combined Communication Services

The services currently being offered by competing firms in the telecommunications field are the most diverse ever. Whole urban systems could be built with low-cost Asian equipment, customized interconnection, specialized carrier service via microwave and coaxial cables, and complementary CATV networking. An aggressive, farsighted community could finance such a total communications resource through tax-exempt bonds, and own it for posterity. Such systems would not only produce local jobs and retain community revenue, but also would broaden the scope and definition of the terms "utility" and "public service."

On a more immediate level, cities can own and operate radio, broadcast television and newspaper operations. For example, New York City currently operates a radio station, WNYC. These have been discussed but not formally proposed as part of the Coalition program in Berkeley.
Community ownership of utilities opens the door to public enterprise in a wide range of industries. The economic rationale for public utilities still applies—lower than market cost of capital, internal efficiency, tax benefits, and most of all, no stockholders to drain off the surplus. But there is a social rationale for expanded public enterprise as well. There are many real unmet public needs for goods and services in the community that private business will not provide. Public enterprise could use internal savings to subsidize production that otherwise would not yield sufficient profit to interest private investors.

Public enterprise should not, however, be used as the dumping ground for private market failures. Railway systems are great examples of corporations drained dry by their owners, who then toss the hulks to the public. As part of the bargain, public enterprise can then be blamed for the ensuing problems.

Most public enterprise should be designated to at least break even. Community corporations can produce public savings as a surplus without apology.

The Berkeley coalitions have been primarily interested in expanding the democratically controlled sector of the economy, not necessarily only by means of community ownership. The Consumers Cooperative of Berkeley enjoys wide community support, providing a range of consumer services unheard of in most other U.S. cities. Production, distribution and craft cooperatives abound, ranging from pharmacies to food conspiracies. In each case there is a dramatic increase in the amount of democratic control over the growth, direction, and pace of work.

Most cities are already deeply involved in a wide variety of enterprises. They operate parking garages, transportation systems, garbage collection, water and sewer service, public utilities, port facilities, marinas, taxis and airports.

Charter cities in California have extraordinary powers to engage in productive enterprise. Nearby Oakland owns and operates a profitable sports complex, a commercial containerized shipping port, and the international airport. Berkeley owns and operates a marina and several summer camps.

The public enterprises discussed in this section are primarily new services that cities and cooperatives have not often attempted. They are plainly speculative proposals, but they hold great promise as revenue-producing businesses for the public.

A. Banking

Banks in low-income areas or in many cities do not reinvest in their own
communities, thus draining capital from those communities for investment and profits elsewhere. The city can develop a community bank, with a Board of Directors representing broad segments of the community and policies which redirect savings back into the businesses and neighborhoods of the city. The bank can invest deposits of the city government as well as provide short-term liquid funds to the community as a primary source of development capital.

The bank could set up a credit union, encourage a local savings program, and earmark its investment funds for community development corporations, cooperatives, small businesses, and city enterprise. Direct city enterprise could be initiated by a department of the city government, or by a community development corporation set up to carry out the investment function.

The bank can also serve as the funnel for money raised by the city for cooperative, Community Development Corporation, or public enterprises. This money can be raised through bonds, special taxes, fees, grants, or revenue-producing enterprises. The bank can also make loans which go far beyond the original amount of the deposits as well as generate multiplier effects throughout the local economy.

An economic development corporation (EDC), run by the city and community representatives, could be combined with the municipal bank. It is important to make the distinction between business-oriented development corporations and community-oriented economic development. The function of the EDC would be to analyze the local economy, plan where potentialities for development exist, balance this development with the local environment and the need for employment, and invest in public and community enterprises. It can also be an important source of risk capital.

A city-run bank or development corporation can be a very important way of combining CDRS and CETA funds, Small Business Administration and Economic Development Administration money, and other federal grants for investment in community enterprises. Under the present system, much of this money is widely distributed in many fragmented programs. Very rarely is a concerted effort made to put together a package that combines economic development, public employment, and use of small business loans. A bank or a community development corporation that is able to harness the federal funds as they come in, put them together and rechannel them to the local area would be an extremely important mechanism for redistribution. It is this economic development and planning capacity that we are attempting to encourage throughout the community.

Depending on state regulation, the city could establish a mortgage bank as well as a commercial bank. This would allow significant changes in such common policies as redlining that segregates housing by income and race. The bank could use some of the techniques enumerated earlier, such as index loans, low-interest conventionally structured loans, and deferred interest loans.
B. Commercial Enterprise

1. Consumers Cooperative of Berkeley

The city of Berkeley has one of the largest and oldest networks of cooperative services in the country. Consumers Cooperative of Berkeley, Inc., began in 1938, a joint venture of local buying clubs that had formed during the depression and the Finnish Brotherhood. The Finnish community assumed leadership of the cooperative during its early years.

Consumers Co-op now has three supermarkets in Berkeley, accounting for fully one-third of the food purchases in the city. Associated cooperative enterprises include a gas station and garage, a health food store, three bakeries, a garden shop, a hardware store, a wilderness shop, three pharmacies, a credit union, travel service, group legal service, an arts and crafts store, and a new group health plan. Separate corporations associated with the Co-op are Books Unlimited, Twin Pines Savings and Loan, the East Bay Funeral Society, and Mutual Service Insurance.

The Consumers Co-op has opened branch supermarkets in El Cerrito, Oakland, San Francisco, Walnut Creek, Castro Valley, and Corte Madera. It has a long association with the Palo Alto Cooperative and a regional wholesaling coop dating back to 1935.

The Co-op supermarkets have developed a great number of consumer services that have often led to similar changes in commercial stores. The Co-op first began unit pricing, "lifeline" low-cost basic food supplies, cost-saving recipes, and home economists on duty at all stores. The supermarkets have specialty food sections for ethnic communities, and supervised child care.

Pushed by its own membership and supermarket "center councils," the Co-op has made a series of strong policy decisions favoring consumers and union workers. It purchases United Farm Worker produce, has banned all aerosol cans from its shelves as ecologically hazardous, and is currently making attempts to deal directly with farmworker production cooperatives in California’s San Joaquin Valley.

More than 40,000 Berkeley residents are owner-members of the Consumers Cooperative. By purchasing one or more $5.00 shares, members receive cash rebates at the end of the year for purchases made at any cooperative store. Elected Co-op officers and council members at each of the three centers encourage citizen participation in determining store policy. The Co-op is the largest example of democratically controlled enterprise in the city.

2. City-sponsored cooperatives

Berkeley could use its investment capacity to control, through membership
and operation, commercial shops and districts in the city. Its policies could halt over-development and congestion in some neighborhoods and redirect the development in others. The city might help with the financing of existing cooperatives, and encourage the Berkeley Co-op to expand into more low-income neighborhoods. The city might also encourage a coordinated wholesale distribution system from the larger cooperatives to those on the neighborhood level.

Farmers’ markets and leasing of space for individual sellers of food and craft products can both counteract rising prices due to monopoly pricing and also give a small return to the city in the form of licenses and/or leases on previously unused city space. The city can also provide facilities for small food buying cooperatives to use, and can establish and work with cooperatives in the purchase of a wide variety of consumer goods.

In conjunction with cooperatives and “food conspiracies,” the city or a major cooperative could provide an outlet for food stamps. The Berkeley Co-op now provides an outlet through its credit union, a building adjacent to one of the major Co-op supermarkets.

3. Cooperative health care services

Americans work about one month out of every year to pay for health care and health facilities. For a city the size of Berkeley, these payments—whether in the form of insurance payments, doctor and hospital bills, or taxes which are in turn channeled to doctors and hospitals—represent significant capital outflow. Nominally the payments already go to non-profit institutions, but in reality the inflated costs and fees represent very high profits. The return to the community in terms of care of the sick and prevention of disease is low when compared with the high price.

A community-owned and operated Health Maintenance Organization (HMO), in addition to its intended benefits, can also be seen as a capital investment in the community. Retention of health payments by the community can rectify the inhumane, maldistributed health care that seems to be inevitable otherwise. A community-owned HMO would also be eligible for state and federal health care grants, attracting needed capital to the city.

The Co-op Health Care Study, sponsored by Consumers’ Cooperative of Berkeley, recently completed a feasibility report of a community-owned HMO. The proposed plan would provide pre-paid care at neighborhood-based primary care centers. Home care would be encouraged, but hospitalization would be available at existing facilities.

The most significant difference between the Co-op HMO and conventional pre-paid plans (such as the Kaiser Health Plan, to which 40 percent of Berkeley Co-op members subscribe) is consumer control of the cooperative health plan.
Members would elect the board of directors and district councils. Active participation by the public, which now occurs at the other Co-op enterprises in Berkeley, would be encouraged.

The feasibility report suggested that cooperative ownership and control can also help solve many problems associated with conventional health plans. These include over-hospitalization, over-use of technological diagnostics and therapeutic procedures, over-prescription of drugs, reliance on physicians for routine procedures that could be performed by nurses or paraprofessionals, the passive role of patients in their own care, and depersonalized health care. The proposal also recommends compulsory arbitration of grievances between patients and doctors, and exploration of alternative healing forms.

If the Cooperative HMO receives federal approval, it will begin soliciting members in 1976.

C. Recycling Services

The economics of recycling seem to be favorable for returning a positive profit and employing new workers. If recycling is combined with garbage pickup and economic incentives for source separation (i.e., higher garbage bills for unseparated garbage), it can work successfully for metals and glass. The market for paper is more unstable. Markets will vary with local conditions; agreements with companies to purchase recycled materials should be closely examined and developed first.

The Berkeley Recycling Center, Ananda Marga Recycling Center, and Third World Recycling Site all operate in the city.

D. Insurance

Since insurance is essentially the business of socializing risk, the city itself could assume an insurance function. Berkeley has been self-insured for the past five years, anyway, from the day private companies terminated their policies when street demonstrations were most aggressive.

The city has a large enough population base to attract capital from premiums and pay claims. The insurance business is both profitable and a major source of investment capital that the city could recycle within the community. The full range of insurance services could be provided, including home, auto, personal, business, fire, professional and property title insurance.

E. Real Estate Services

City councilmember John Denton and realtor Arlene Slaughter proposed
ten years ago that the city provide rental and sales listing services and associated real estate brokerage services at cost to the community. The University of California now operates a multiple-listing service that covers about one-third of the student housing. The proposed community service would be city-wide, covering most real estate sales and rentals, as well as related services.

In addition, there are possibilities for some kind of municipal real estate evaluation, including inspection, termite eradication, and various associated services—title search, title insurance, holding insurance and property tax trust funds. This service might be especially useful to buyers and sellers of lower-priced housing, since the private real estate firms charge a great deal of money for only perfunctory service to low-income residents.

The main job of matching buyers with sellers is provided through the multiple listings, which could be either used directly, replaced or supplemented with a city listing service.

Real estate services could be quite profitable for the city, even at much reduced prices from the private market. Real estate and brokerage fees are now commonly 6 percent of the price of a house—extremely high for the minimal cost of the service.

The city could at the very least save the fees it now pays to private real estate firms as rental fees for property the city leases from private landlords.

The private brokerage firms also encourage income and racial segregation in housing. A city brokerage service would have control of policy, enabling significant changes in this pattern.

F. Tourism and Youth Hostels

Downtown hotels often fall into disrepair and become unprofitable to operate. The city can convert these to youth hostels or cheap tourist accommodations, and revitalize downtown areas.

A system of youth hostels similar to those in Europe should prove profitable for the city, and be of great service to the large number of travelers who come through Berkeley. Attempts have been made by the council to provide these accommodations during the summer, but this has been done reluctantly because of the counter-culture lifestyle of the travelers.

G. Expanded Public Services

Local governments already have the capacity to do many different kinds of work. These services can be sold to the public, either at cost as a non-subsidized help for community-owned enterprise, or as a potential source of city revenue. The services might include job training and placement, legal aid, com-
puter services, printing, billing, construction, property maintenance, and management and accounting. Each city operation could be set according to the most efficient level, taking advantage of economies of scale where appropriate.

For services where smaller scale operations are more efficient, the city could reverse the process, purchasing from small decentralized community-owned enterprises. A few services have on occasion been contracted out previously by the city of Berkeley.

1. Introducing the criterion of self-support for certain services

When upper-income people were in comfortable control of city government, they provided themselves with some very attractive services which were subsidized out of the general fund. With a change in power, these services need to be put on a self-supporting basis. Included in the concept of self-support is an internal subsidy for lower income residents.

One example is the summer camps operated for families and children in the city. Berkeley now charges fees that come closer to self-support than in past years. But the camps are still partially supported out of the general fund.

2. Carpool and fleet services

The fleet of cars owned and maintained by the city of Berkeley could be rented to individuals, community groups, or small businesses in the city. Prices could range from cost to competitive market fees, depending on the renter (certain community groups and fledgling coops might be eligible for the services at cost).

Advance scheduling would allow the city to use its car fleet on weekends as well as during work days, and keep a fleet of the most efficient size.

The school district, which has a large fleet of buses, now provides charter bus services to non-profit organizations at cost. Even without a margin of profit, this service is beneficial to the school district financially because it can carry overhead and capitalize equipment more efficiently. The advantages to the non-profit groups are lower prices than they could find from private charter companies.

3. Urban gardening

In the flatlands of South and West Berkeley, there are over 60 acres of vacant and abandoned land, covered with briars, strewn with rubbish and infested with rats. If used properly, this land could provide food for nearly 8,000 people.

In May 1975, the city council voted to allow citizens to use vacant city-owned land for gardening, and members of the Organic Farmers of Berkeley have begun to prepare four lots for planting, The harvest from the land will be used to feed needy people in the city.

Organic Farmers of Berkeley intend to hold "plant-ins" on land owned by the East Bay Municipal Utilities District, Pacific Gas and Electric, Bay Area Rapid
Transit and the federal and state governments. Food from this land could supply a significant part of the fresh fruit and vegetable requirements of the city’s low-income residents.

While gardening and farming would constitute new city services, the city already provides rototilling services, tree-trimming, and nursery stock. These and other available community resources could easily be used by gardeners on public land. The leaf mold, shredded tree trimmings and sewer sludge collected by the city’s Parks Department could be used for fertilizer and garden mulch. University of California Extension already provides soil testing, plant disease, and insect management services. The city’s CETA workers could be used to prepare ground for planting, as they have done on land near the West Berkeley Health Center. Community health workers now tend the garden during lunch hour and after closing. Organic Farmers of Berkeley is attempting to coordinate the existing community resources into an effective urban gardening program.
VI. CAPITAL: REVENUE AND CREDIT

The problems encountered by proposals for public ownership of land, housing, utilities and revenue-producing enterprises all return to the same point—control of capital. If commercial banks were the only source of development capital, widespread community ownership would remain just a distant possibility. But cities have the power to raise capital and borrow money, and to control the wealth within municipal boundaries. As long as those devices are available for use by people elected by the voters, community ownership and control of enterprise is a feasible alternative to continued corporate dominance of the economy.

One of the first barriers to overcome is the popular mythology that cities are nearly bankrupt, that they have few financial alternatives at their disposal, and that control of all capital is in the hands of outsiders—the banks, the corporations, the county, state and federal governments. The fact is that there are possibilities—admittedly often limited by law—for a city to capture and rechannel its own wealth in a progressive manner.

The first step in breaking down the myth of bankruptcy is to take stock of the real assets of the community. Berkeley’s 120,000 residents and economic institutions generate over $1 billion dollars in annual income from all sources. The city has the largest university in the state of California, and substantial real estate, financial, and industrial assets. Lower income residents suffer directly from the unwillingness of the city to follow policies that would use this wealth in a progressive or redistributive way.

Central to the alternative uses of municipal finances is the implicit banking function of the city government. Ideally the city can use its existing assets to internally finance public and community enterprise, which can then circulate the resulting revenues within the community.

We should make clear that many of the mechanisms described in this section do not necessarily have intrinsic merit, in the sense of being automatically redistributive or automatically increasing the capital available for community use. In fact, many of them are used routinely by those now in power to maintain the city as the instrument of the wealthy and privileged. We raise these devices here as examples of the ways in which communities which are interested in controlling and redistributing their own wealth can harness some of the already existing financial capacities of the city.

Only a bare 10 percent of Berkeley’s $50 million in annual revenue comes directly from local corporations. One-fourth of the city’s income derives from
the property tax, one-fourth from federal, state and county aid, one-fourth from the sales tax, and one-fourth from fees for service. Despite the long-standing belief that the property and sales tax have reached their limits as a source of city revenue, Berkeley joins most other cities in balking at progressive tax levies.

Berkeley is now faced with a budget squeeze common to many other cities. The property tax base is relatively fixed—the city has no more land to annex. Berkeley is bordered by the wealthy residential tax enclave of Kensington on one side, and the industrial tax enclave of Emeryville on the other. Within city boundaries, the University of California and extensive state and private charitable property is tax exempt. This restricted tax base, combined with an unusually wide variety of city services, has produced one of the highest city tax rates in the state of California.

Banks, insurance companies and corporations have been busy in the California legislature having themselves exempted from any potential taxes. They pushed through a constitutional amendment that prevents cities from levying non-property taxes on banks, insurance companies, finance companies or personal income. The property tax was thereby narrowed to a tax on land, houses, offices and factories. The corporate headquarters of insurance companies are not subject to any property taxes whatsoever. Finally, there has been a gradual equalization of property tax assessment on business with that on residential property, an erosion of earlier tax policy favoring homeowners that was recently made official in the Petris-Knox Act.

Originally, the city taxed the Pacific Gas and Electric Company and the Pacific Telephone Company. However, the California Supreme Court ruled that the telephone company state franchise, under the California Public Utilities Code, applies also to the streets of California cities. Therefore, the telephone company discontinued annual franchise payments to the city and currently pays only a small annual business license. PG&E continues to pay taxes on its capital equipment and real estate within the city, but at state assessed rates well under actual value. The local cable television franchise agreed to pay the city a minimum of $40,000 a year against 8 percent of its revenue from subscriber fees, but the company has defaulted on its payments for the past two years.

Current Berkeley revenue policies follow a nationwide trend toward indirect, fragmented taxes that are both generally regressive and difficult to perceive by the public. Sales taxes, excise taxes, and gasoline taxes all hurt low-income people most, but do not overly antagonize powerful business and real estate interests. Indirect taxes are levied to avoid taxpayer resistance.

The tax and revenue sources proposed by the Coalition were recommended both for the size of their potential contribution to city funds and for their redistributive effect on the city economy. A municipal income tax has been the first choice of Berkeley progressives as a revenue source for many years.
Second choice would be a capital gains tax on property transfers. But since these may not be politically possible to levy, we have listed a number of alternative taxes that are also progressively structured.

Because virtually all of these taxes affect business and real estate interests, their passage will require broad public understanding and support. Many of the taxes will also be challenged in the courts if they are levied. But versions of these taxes—from the municipal income tax to the property transfer and transient occupancy taxes—presently are in effect in American cities. The taxes can be levied, with sufficient leadership and community support.

A. Taxation

1. Progressive income tax on businesses, corporations, commuters and residents

A progressive city income tax would increase the tax base by taxing income of residents, and incomes made in the city by commuters who use city services but don’t pay for them. It would tax business income, which the property tax does not. It also falls less heavily on those with fixed incomes, and revises itself with inflation.

Councilwoman Hancock proposed a test-case income tax\textsuperscript{18} which never received much discussion at the council level. The tax was designed to be tested in the courts, since California state law forbids a municipal income tax. The legal issues would pit the sovereignty of charter cities against the power of the state legislature. The Hancock proposal was referred to the city financial staff, where it received favorable comment, and was then condemned by the council majority to a “committee” on revenue and taxation that has never met.

A municipal income tax is only desirable for purposes of redistribution if it includes certain principles of taxation. These include:

a. the ability of the city to levy at its own progressive rates;

b. the ability of the city to set its own tax base, exemptions, deductions, adjustments, and definition of taxable income;

c. the ability of the city to tax the incomes of commuters as well as residents;

d. the ability of the city to tax business and corporate income.

The Hancock proposal attempted to meet these criteria. For ease in administration, the city would distribute a “short form” based on the state income
tax return to each resident and wage-earner. Inequities such as capital gains deductions can be corrected at the local level by a provision adding the specified line back into the tax computation.

The municipal income tax can generate substantial revenues even with full exemptions for households earning up to $10,000 per year. Initial rates can be low, ranging from .25 percent to 1 percent of taxable income. The Berkeley proposal set low rates for the purpose of establishing the legality of the tax and testing public response, after which rates could be readjusted to distribute the burden fairly.

Tax formulas are available which can estimate the percentage of income generated by a branch of a company which operates both within and outside of the city.

The city income tax should be tied to a reduction or elimination of the city government's share of local property taxes. Replacing the property tax with income taxes, however, can only be partially accomplished at the city level. The property taxes paid by Berkeley residents are also determined by an autonomous school district, the county, and a multitude of special districts ranging from transportation and junior college to mosquito abatement. The city has no control over the tax rates set by these districts.

Even if it could be accomplished, there are other significant problems with complete substitution of a city income tax for property taxes. Such substitution will provide windfall profits to landlords and will hurt some tenants if there are no provisions for rent rollbacks. The Berkeley proposal was made while rent control provisions were in effect, which would have provided for rent rollbacks with the tax reductions. Without rollback provisions, cities will find the income tax politically unpopular.

For small and medium-sized cities within metropolitan areas, a municipal income tax may work best on a regional basis. This is desirable so that businesses will not be tempted to move to avoid the tax, and so commuters will not be doubly taxed.

Also, despite the formulas, it is difficult for city taxing authorities to police branch office businesses that account their profits elsewhere.

In Berkeley, the income tax will work especially well since the city has a commuter population much higher than the regional level. Even with the assumption that 50 percent of all income falls under exemptions, there is still a taxing base of $500 million in Berkeley. An average 1 percent tax would produce $5 million, and an average 2 percent tax would produce enough to totally eliminate the city's portion of the property tax.
2. Progressive capital gains tax on property transfers

The capital gains tax can simultaneously secure new revenues for city programs from the wealthy and reduce the impact of real estate speculation, which causes continuous increases in housing prices. The tax base consists of the difference between the sale price and purchase price of all real property, minus expenditures on improvements. Exemptions can be built in, protecting small homeowners and allowing for increases in the general price level. The tax should be directed at the larger property owners and the capital gains income made from speculation. It is simple to administer, can net substantial revenues and is not passed on to renters. A nominal tax in Berkeley would net almost $1 million in revenues a year. The tax should be tied to a specific program such as housing rehabilitation or land banking for political and educational, as well as economic reasons.

A simpler version of the capital gains tax is a property transfer tax that has a large exemption. This would not be as progressive and does not meet certain of the capital gains criteria. But it is a simple formula—the sale price with an exemption of $30,000, or the median price of a house in the community—and might be easier to pass and uphold in the courts than a capital gains tax.

California cities could structure a capital gains tax, ordinarily looked at as an income tax, as a property transfer tax. This tactic might avoid many of the legal questions with regard to state pre-emption that would follow passage of an income tax.

The city of Berkeley once had a property transfer tax. It was voted out in 1967 by a referendum sponsored by real estate interests. The tax was based on a straight percentage of the real estate sale price without features written in to make it progressive.

3. Progressive business fees

When Coalition candidates first took office, the Berkeley business license tax was regressive and quite small. Businesses were taxed per employee, with the amount diminishing as the number of employees increased. The city was taking in only $350,000 annually from business license fees. The council agreed that business license taxes should be doubled, based on the same fee schedule. However, the staff of Coalition council members recommended making the tax non-regressive, by applying it in a straight-line method per employee. Revenues from the tax were subsequently doubled without significant harm to small businesses, and with substantially more coming in from large businesses. Even at this higher rate, the business tax was generally considered a nuisance tax that did not affect business decisions to stay in the community. It is an insignificant percentage of the operating expenses of most local businesses.
Because the municipal income tax was blocked by legal restrictions, the Coalition councilmembers attempted to pass a gross receipts tax as an alternative, which involved taking a percentage of gross receipts of all businesses operating in the city. This tax can be applied to professionals, such as University of California professors who make substantial income from consulting fees.

One major loophole in the business license tax is that banks and insurance companies are exempt by state law from any local business taxes.

4. Front-face tax

A front-face tax would tax the square footage of street frontage, rather than using the linear foot assessment basis. This would tax high-rise developments in the downtown districts by keying assessment to the total square footage of the building face. In Berkeley, this tax was included by Hancock and Kelley in their 1974-75 budget proposal but was rejected by the council majority. It is especially favorable in Berkeley, where the front faces of banks (exempt from business license taxes by state law) are large, and where there is widespread resistance to further high-rise development in the downtown area.

5. Luxury taxes

The general concept here should be to tax those activities which tend to be used by wealthier people, or by out-of-towners who get the benefit of city expenditures.

a. Hotel room tax. This tax raises revenue from people in transit who use city facilities. It should be levied as a percentage of room charges rather than a flat, per-room fee. The city can set up graduated percentage schedules or exemptions depending on the cost of the hotel, to encourage the availability of low rates. The progressive restructuring of this tax, proposed by Hancock and Kelley in 1974, has not been accepted by the council majority.

b. Surcharge on yacht berthing fees and Marina real estate rentals. Wealthy people using the city-owned Marina should be charged what the market will bear for yachting berths. The tax can essentially be used as a pricing mechanism for profit maximization by the city, raising the fees until there are vacancies. Tying the tax to some related function, such as subsidizing boats available on a cooperative basis, maintenance of public facilities, or transit to the Marina, may be necessary because of bond and tidewater use restrictions. Tax-tying may also be useful to emphasize the redistributive nature of the fees.

Marina real estate leases are consistently under market value in Berkeley compared to surrounding communities. City revenues should be maximized through either fees, taxes, or by renegotiating the leases. All city leases should be on the overage basis, or renegotiated regularly. This increased revenue source has
been mentioned in every Coalition platform and budget proposal. It has been consistently rejected by the city council.

c. Sports and entertainment tax. An entertainment tax should be levied on those events that serve either an out-of-town public or that generally serve a wealthy audience. Movies and some sports activities are an unlikely choice since these tend to be working people's entertainment.

In 1974, Berkeley enacted a sports events tax\textsuperscript{19}, such as on Oakland Raider games that were played in the University of California stadium. The city of Berkeley is completely congested on game days, having all of its streets and parking lots used essentially by out-of-towners. A legal challenge to the law by the Oakland Raiders was upheld in the courts, overturning the council action.

d. Conservation fees. Conservation fees are based on the concept of taxing polluting industries in the city. The industries involved would be taxed or pay fees structured to create a financial incentive for them to stop the pollution.

Another concept that pertains to electric utilities is a combination conservation fee and lifetime tax rebate. This would involve a progressive utility tax applied to utility rates so that the more electricity used, the higher the tax. The collected tax would then be applied as a rebate to those using less electricity.

This is not a utility users tax, which is based on a straight percent of the electric bill and is highly regressive. City voters repealed a utility user's tax by initiative in 1971. The conservation fee is an alternative to restructured rates possible at the local level with community-owned power. The fee could be administered either at the city, regional, or state level.

e. Employee severance tax. The threat of community restructuring and wealth redistribution may cause some private corporations to make relocation plans. Other absentee corporate owners with branch plants in the city may decide to relocate for internal corporate reasons. Traditionally, cities have received no compensation for the social implications of these business relocations.

An employee severance tax would be similar to the application of a demolition fee or relocation charge in the housing market. If businesses leave the community, they must pay for the impact of that loss to the local economy.

The tax should be levied on an accrual basis over the years, so that companies cannot run out from under it at the time of relocation. The accrual fund would be used to help develop or find new jobs for employees. As the fund grows, the capital can also be used for community development loans.

The Coalition has included this idea in past platforms but it has not been formally proposed to the city council.
B. Fee Schedules

1. Fees from tax-exempt institutions

Fee schedules on tax-exempt institutions are very important to Berkeley because so much city land is owned by the University of California, religious and non-profit charitable schools, and hospitals.

Since many of these institutions are independent corporations beyond the reach of normal city taxing powers, the Coalition has suggested obtaining revenues from these corporations where they require city services. This involves increased sewer charges in Berkeley, but could also be applied to water and garbage in other cities. These fees have been proposed by Hancock and Kelley but rejected by the council majority.

2. Fee for service schedules

Certain kinds of services that are paid for on a fee-for-service basis can have differentials applied that roughly correspond to income. Since the lower-income community is closer to the municipal dump than the higher-income community in Berkeley, when the fee is adjusted for the length of the trip, it becomes roughly progressive. While these fees already have a small differential, Hancock has proposed to the council that the differences be increased. Reiterated each year since 1971, the proposals have not been accepted by the council majority.

A “use-correspondence” might also be applied to the fees, such as the number of toilets per house or sewer service charges with some basic exemption for family size. This, too, would be roughly progressive. It has not been officially proposed in Berkeley.

3. Automatic inflation increment

Fee schedules that have a progressive incidence would be periodically revised to adjust for inflation so that city services can be adequately supported. Otherwise, the burden of support is thrown to the general fund, which in Berkeley’s case is derived from regressive sources.

Loni Hancock introduced a policy to this effect which was passed by the city council in 1971, but was not implemented. The Hancock-Kelley budget proposal for 1974-75 included a three-year adjustment (25 percent increases) of business licenses, permits, fines and penalties, and an average 25 percent increase applied to make the refuse collection and sewer service fees more progressive. Hancock and Kelley also suggested that parking meter and off-street parking fees be adjusted, although not by a straight inflation factor. Only the parking adjustments were accepted by the council majority.
4. Surcharges on earmarked fees

Sometimes the city is legally restricted in setting prices and allocating revenues that service revenue bond debt. Instead of increasing fees, a surtax can be levied to be used for general purposes. Surcharges on Marina berthing fees have been proposed in Berkeley many times but have not yet been implemented.

5. Self-support for non-essential services

Some cities own very attractive services such as summer camps—usually a holdover from the day when wealthy residents openly controlled city functions and provided subsidized services for themselves. The goal here is to move toward making such services self-supporting. Included in the concept of self-support would be internal subsidies for lower income families. City camps for families and children are the best example of these services in Berkeley, although they are not now on a self-supporting basis.

C. Existing Sources of Loan Funds

Even supposedly impoverished cities usually have savings in the form of budget balance (carryover), reserve, accrual and pension funds. These might be used as the initial capital of a revolving loan fund, or might be used for a mortgage insurance program similar to FHA, where the loans are secured from private lenders. The usefulness of these funds has been raised in Berkeley in connection with a housing program proposal made by the Community Ownership Organizing Project and submitted to the city by Hancock and Kelley.

1. Carryover and balance funds

Balances—that is, money carried over from year to year—are by their nature suited for providing short-term loans for one-time capital expenditures. Such loans could be made to rehabilitation and construction developers, for example, to cover costs before the housing obtains new permanent financing from the city or other sources.

2. Accrual and reserve funds

Reserve and accrual funds represent accounts set aside by the city to pay for specific capital improvement projects or future equipment purchases. The money is accumulated from year to year, prior to its use. During this otherwise stagnant period, reserve and accrual funds might support medium term loans. These might appropriately be made to housing cooperatives as early-year loans which are needed to cover expenses in the period before adequate income is produced.
3. Pension and retirement funds

Pension funds are the most promising source for long term loans. Traditionally invested in low-yield corporate stocks and bonds, pension funds can be redirected to local economic development with no reduction in return or security.

The size of this capital reservoir on the state and local level is staggering. The California Public Employees Retirement system, which includes state employees and local employees outside the major cities and counties, has almost 7 billion dollars in assets. The San Francisco City and County employees retirement systems have over $700 million in assets; the Oakland City employees retirement systems have over $50 million. The Berkeley City employees retirement systems have about $7 million in assets.

Councilmembers Hancock and Kelley have continuously pushed for the use of the city’s pension funds as a source of loans for housing programs. The council majority finally set aside $500,000 for housing rehabilitation two years ago, but it has yet to use any appreciable amount of these funds.

D. Municipal Credit and Guarantees

Cities have the legal means to raise capital that community groups do not. As a result, the combination of city powers and community groups should be a major focus of progressive programs. Such partnerships combine the political intent of community groups with the institutionalized power of the cities and government agencies to raise capital on the money markets and use city reserves. Much of the high cost of borrowing capital is related to individual risk. Cities can effectively socialize the risk of the many kinds of loans by setting up guarantee funds. This should result in both access to capital and lower interest rates for community groups.

1. Tax-exempt bonds

The bond market functions as a mutually beneficial relationship between cities and wealthy investors. Municipal bonds are sold at lower interest rates than private bonds (the ratio of interest rates is about 2:3), allowing cities to realize a savings. Investors, meanwhile, do not have to pay income tax on the interest from the bonds, which means that the very wealthy have an incentive to buy the bonds as tax shelters. Although this arrangement was designed to provide tax breaks for the wealthy on a national level, the bonds can also be used for redistributive purposes within the city.

Recently, the tightness of capital markets and the problems in New York
have meant that municipal bonds are not receiving as favorable a rate of interest as traditionally associated with them. General obligation bonds are an exception to this, since they are securely backed by property tax money. However, unless repayment comes from a revenue source other than the property tax, the bonds have regressive effects. In California, the bonds also require approval by two-thirds of the electorate. Given frequent and well-justified resistance to increased taxes, it is very difficult to pass a new bond issue, even if it is offered for redistributive programs. The following types of bonds do not burden taxpayers directly through the property tax and therefore do not require a two-thirds vote, and in certain cases require no vote.

a. Revenue bonds. The revenue bond is repaid by the income from productive enterprise. It has no tie to the general taxing base of the city. It generally requires no election, although this depends on use of the money raised and state law.

The creative use of revenue bonds can give the city relative freedom to invest in profit-making enterprises. This is a common practice with respect to port and industrial park development, marina development, parking garages and structures, toll bridges and highways, sporting arenas and fee-supported utilities, where there is some guarantee of a secure flow of revenue. Often the bonds are used for quite traditional—and automobile oriented—investments. There are many other possibilities for the use of revenue bonds. The problem is that the major commercial banks buy and broker these bonds. It is not clear the extent to which a relatively radical departure in their use will be acceptable to these banks.

In general, however, the investing community has been eager to have cities expand their use of revenue bonds. Bond brokers, for instance, have been among the most encouraging representatives of the financial community with regard to proposals for city-financed cable television.

Enabling legislation in California now allows revenue bonds to be used for housing construction and rehabilitation of existing housing. Charter cities have not only their implied home-rule powers, but also state-enabling legislation that specifically allows them to finance housing. The legislature has also recently established state guarantees for the issuance of these bonds and related mortgages, effectively placing some of the state's credit behind local housing finance programs. In the 1975 election, BCA candidates included this technique in the housing/employment program they proposed for Berkeley.

b. Lease-back arrangements. The lease-back is usually regarded as a form of revenue bond, but is really guaranteed by city taxes. The city, or public agency,
writes a contract to pay long-term lease payments on a facility, such as a garage or a cable television system. The lease payment is guaranteed by the general revenues of the city, which is basically tax money. This is a contractual arrangement that continues for the term of the bond, and is paid every year at the amount of the debt service for the bond. Issuance of these bonds does not require an election in California. They are considered much more secure than revenue bonds, and can actually be used for certain facilities that are not revenue producing. For example, it is conceivable to build a new school or city hall using a lease-back arrangement. This arrangement has only been discussed in general by members of the Coalition and has not yet been part of any formal proposal.

c. Non-profit corporation bonds. These are essentially revenue bonds used for an income-producing enterprise that is technically owned by a private, non-profit corporation set up by a public agency. This technique has been used for a city-owned parking garage and commercial building in Berkeley, but has not been proposed as a part of any community-related program.

d. Industrial development bonds. These are another alternative for funding city-owned enterprise. They are a form of revenue bond that can be used to directly benefit private businesses but are limited in the amount of capital that can be raised.

e. Assessment district bonds. These are a form of local area property tax bond, used conventionally for streets, sewer drainage and water systems. The property-owners who directly benefit from an improvement are assessed a special tax rate to pay for that improvement. These can generally be issued without a vote by a public agency unless there is 50 percent opposition by the property owners. So far, there have been no specific proposals in Berkeley that make use of this technique.

2. Tax increment district financing

The tax increment district allows property taxes on the increases in assessed value in a redevelopment district to be returned to the redevelopment agency to pay off loans and bonds. In effect, district improvements are financed by the increased tax revenues generated in the district.

In Berkeley, tax increment financing is currently included in the official proposal to finance low-to-moderate income cooperative housing for the Savo Island Project. The Savo Island housing may also be considered as relocation housing for the industrial park development, and as such may use tax increment funds from the industrial park.

The potential benefit of this complicated financing arrangement is that cooperative housing for lower income people can be financed out of industrial
property taxes, as well as the taxes on the housing itself. As a result, housing costs will be much lower than they would otherwise be in the housing market. Incomes will be accommodated.

Possible uses of tax increment financing include land write-downs and improvements, housing rehabilitation, relocation, transit facilities, park development, and other public and community facilities. In California tax increment revenues might also be used for services related to the district and its purposes, such as drug rehabilitation programs.

3. Tax-exempt bank loans

As with bonds, the interest paid on bank loans by local government is exempt from income taxes. If the city borrows and then lends the money to non-profit corporations (including cooperatives) within the city, it is essentially passing on its lower interest rates. This can support such functions as housing rehabilitation, and has been proposed in conjunction with rehabilitation programs in Berkeley, Oakland, and San Francisco. Instead of issuing bonds on the open market, cities negotiate the loans with a bank. Because much of the technical aspects of bond issuance can be avoided, tax-exempt bank loans should have a lower interest rate than municipal bond issues. Cities should be wary, however, of high administrative costs charged by the banks.

4. Local tax-exempt savings bond program

Small denomination bonds can be issued and sold locally to city residents. The interest would be circulated locally, and the city would not be dependent upon a large financial institution to buy the bonds.

This program does not reach very low-income people, but it brings tax exemption within the reach of moderate-income community residents. It also moves a city in the direction of a city banking function.

Such a savings bond program would be particularly useful in Berkeley because of the very high savings account deposits in the city. It is one way of capturing the use of individual and small business capital for use by the local community.

5. Deposit leverage

The city can demand desired activities from banks holding its deposits, both on a policy and financial level. As a condition for continued deposit of its funds, the city can demand policy changes ranging from affirmative action on minority hiring and the halt of “red-lining” practices to basic standards for corporate investment. Cities can also call for the use of funds for rehabilitation loans or loans to small community businesses in exchange for continued deposits.
The City of Berkeley and the Berkeley School District have an annual cash flow of approximately $100 million, which could translate into significant influence over the recipient banks. Even more important for the economic development of the city, the annual cash flow and the existing $10-15 million in long-term deposits could provide the necessary capital for starting a community bank.

6. Credit Union

Berkeley has a municipal credit union for public employees, and a credit union associated with the Consumers' Cooperative of Berkeley. The city itself could look toward establishing a community-wide credit union as an initial step in building a full banking function.

7. Public assets

Loan guarantees can be developed by public cash deposited in the bank. These assets can be leveraged on approximately a one to five ratio for long-term borrowing on mortgages, real estate, and bonds. As deposits approach $1 million or more, the leverage can be increased up to ten times.

Furthermore, guarantees are often only necessary for the top 20 to 25 percent of the mortgage or bonds. This can increase the leverage effect even further.

For example, $1 million in public bank deposits might guarantee a loan of $10 million. The $10 million might cover only the top 20 to 25 percent of the bonds or mortgages. This may allow a bond issue of $50 million. So for $1 million, leverage could increase capital 50 times. Of course, the interest on this money must still be paid at the going rate.

In addition to cash assets, the city also might own substantial property that can be put up as collateral for loans.

Cash deposits for guarantees and leveraging using Community Development Revenue Sharing funds are included as part of housing rehabilitation programs which are moving towards implementation in Berkeley, Oakland, and San Francisco.

E. Budget Reform

The city of Berkeley controls a $50 million annual budget. Coalition councilmembers have not only been critical of the regressivity of the tax sources of this money, but also have attempted to correct expenditures which reinforce rather than rectify income disparities among residents. For its trouble, the Coalition learned that direct control of the city budget cannot be gained by a minority of the council.

However, Coalition councilmembers have exposed budgetary atrocities and
excesses, and have gained occasional concessions from the majority. There has been some progress since 1971, when councilmembers had to fight to receive line item budget documents. For instance, budget priorities skewed in favor of police hardware and automobile-related facilities have been successfully challenged. The following techniques have been used by progressive councilmembers and their volunteer staffs to influence the city budget:

1. Citizen audit of the departmental requests

The Coalition began its efforts at budget reform with a complete counter-budget in 1971, virtually a line item alternative to the city manager's recommended budget. Although the council did not accept most of the recommended changes (other than those items which helped the majority forestall a property tax increase and initiate a few social programs), the citizens' work gave the city bureaucracy a much needed jolt.

For the past two years, the council majority has presented its budget package at the eleventh hour, passing it without prior public discussion. This year, members of the council majority have felt the need to set up their own citizens budget committee. However, they have resisted efforts to establish such a citizens group as an official committee which would represent all councilmembers.

Increased access to the budget process through the new Coalition-supported city auditor will be possible during the next four years. Members of the auditor's advisory committee are hoping to obtain information about city contracts in order to plug some of the capital flow leaks. For instance, the city could renegotiate the contract with PG&E for all gas and electric service, rather than continuing the present system of having a separate meter for virtually every traffic and street light, each recording the highest rate for electricity.

A council majority of progressives could go well beyond these reforms. The city budget could be analyzed by program rather than by line item, and begin from "ground zero" rather than with justification required only for budget increases. The entire budget of a department could be evaluated according to cost-effectiveness criteria. Distributional impact analysis, comparable to environmental impact analyses, needs to be performed on city programs. Neighborhood budgeting, or decentralizing major sections of the city budget, is also a concept that has been proposed in Berkeley.

2. Salary ratio enforcement

Salaries often present a difficult problem for city finance, particularly in administrations that have strong union backing and are (as they should be) pro-union. Decent and increasing salaries for working people are absolutely necessary
for any progressive administration. The problem is how to keep the wage bill from getting out of hand in terms of the total limitations on city finances.

All problems of wage levels and working conditions for city workers begin from the fundamental economic antagonism between city government and its employees. City councilmembers, no matter how progressive or "radical" in intent, tend to assume a management position with regard to the municipal unions. Short of worker control of the city, solutions must be worked out through direct consultation with those workers, who should be among the constituency of progressive councilmembers.

The salary ratio enforcement concept means the city can set as its objective a maximum ratio of three to one between the salaries of the highest paid and the lowest paid city staff. It can move in that direction in a variety of ways: greater increases at lower levels, no increases at upper levels, maximum salaries which no one can pass, and equal dollar increases for all so that the bottom moves up more rapidly as a percentage of the top.

Following the lead of progressive councilmembers, in 1972 the full council agreed to give city workers salary increases in equal amounts rather than in percentage increments based on current salaries. When the council majority realized what it had done, it immediately called a special meeting, early on a Saturday morning, to reverse the decision. More recently, some salary increases in equal dollar amounts have been granted.

3. Use of earmarked external funds for general fund operating expenses

State and federal funds that must be spent for specified services should not be spent for programs that run counter to local priorities. For example, gas tax money could be used for street lighting or bike lanes rather than street widening.

It is also possible to use parking lot revenues which must be spent on parking-related functions to pay for police or other city services associated with the lots and garages in lieu of general fund sources. Increased parking revenues in Berkeley are otherwise channeled into faster debt service by revenue bond regulations.

A certain pro-rated percentage of Marina revenues could also be channeled into the general fund to pay for street and utility maintenance related to the Marina, or the money could be used to help provide transit access to the facilities. All Marina revenues are now earmarked for activities, development or debt service associated with the Marina.

F. State and Federal Grants

Berkeley is not unique in seeking and receiving federal and state sources of capital. Block grants, in particular, can be spent creatively, and should be con-
trolled by representatives of the affected communities.

To advise on allocation of its Community Development Revenue Sharing Funds, the Berkeley City Council set up a citizens' advisory board. The CDRS Board in Berkeley consisted of representatives of the previous Model Cities Board, delegates from neighborhood organizations (chosen by the neighborhood), representatives from social service and other community issue groups, and representatives from certain boards and commissions. They requested, but were denied, a double-green light agreement with the council. Lacking that agreement, public control over revenue-sharing funds was limited to ineffective neighborhood pressure for using the money to benefit lower income communities rather than expand the city hall bureaucracy.
VII. THE CITY AS EMPLOYER

The election of three city council members and the city auditor has forced Berkeley progressives to realize that gaining control over city government will thrust them into the role of manager and employer. If the programs we have described are implemented, new jobs will be generated in housing, utilities and other community enterprises. But, in addition, Berkeley progressives will inherit responsibility for the city's bureaucracy.

A. Support for Public Employees

Elected radicals, like all other city councilmembers, must sit on the boss side of the bargaining table with city employees. The council must balance demands for salary and benefit increases with limited city revenues. This can be an unnerving experience for people whose political stance has traditionally included unquestioning support of labor unions.

Goaded by the organized demands of city workers, a critical budget squeeze, and citizen demands for a less costly and more responsive bureaucracy, progressive Berkeley councilmembers have been cautiously moving toward a city labor policy that is both supportive of employees and independent of protective craft unions.

At the same time, the BCA Coalition realizes that it is extremely important to maintain a fundamental alliance with public employees. Government workers are presently subject to widespread public anger for supposed featherbedding, fat salaries, undeserved job security and generous pensions. They are being held up by the nation's press as the primary factor in the fiscal crisis of the cities.

And yet public employees, along with migrant workers, are without benefit of the 1935 National Labor Relations Act. Only 14 states have comprehensive laws authorizing broadscope collective bargaining for both state and local government employees. Fourteen other states offer limited negotiation or consultation in some form to some public employees, but not to others. Eight additional states offer bargaining rights just to teachers. In the remaining states, public employees have no legislated right to bargain. And in virtually all states, the right of public employees to strike is severely limited.

Good retirement systems and job security have traditionally been tradeoffs that governments offered—and employees accepted—in exchange for wages and salaries lower than those prevailing for comparable work in the private sector. The trade-offs were made primarily because local government found it easier to grant benefits to their employees that had no immediate impact on the taxpayer.
But that contract is breaking down. Public employees are finding that their real incomes are declining, their pension funds have been poorly invested in low-yield bonds, and their vaunted job security has disappeared with the onset of critical urban financial crises. At the same time, a society whose entire work force has had restricted productivity is in the process of applying selective pressure to public employees. Until public employees have gained bargaining procedures, the right to strike, and an adequate grievance procedure, they should not be singled out for structural reforms that have long been resisted by more established trade unions. The following proposals for changes in city employee policies are presented with this caveat.

**B. Wage Differentials**

Left coalitions in Berkeley have stressed long-range solutions—retention and expansion of the city’s wealth—to enable a progressive city council to pay its employees properly and provide necessary social services. Aside from Coalition proposals for progressive taxation, however, this long-range position ignores the immediate gap between city revenues and projected expenses.

A reordering of city employees’ wage structure has come to represent the Coalition’s short-range approach to the interrelated problems of the budget crunch, high inflation and the general assault on public employees. In the period before innovative city enterprises capture and expand city wealth significantly, the real wages of lower paid city workers can be maintained and improved by a policy that would narrow the pay differential between higher and lower paid city staff.

The traditional wage increase negotiated by Berkeley city unions called for a straight percentage increase for all employees from the lowest to the highest paid. Public support for these wage increases, especially among progressive residents, was based on support for the lower paid employees. The fact that the highly-paid employees at managerial and professional level positions benefited from this support for labor was not a critical issue so long as the city seemed able to support the costs.

In any event, city unions did not challenge such across-the-board increases until this year. Many of the unions have, furthermore, neglected the job of organizing people in the lowest paid categories. They have achieved the most growth among higher paid and professional workers. Thus, the impetus to restructure wage categories has not originated from the unions representing city employees.

Berkeley’s left Coalition has been understandably wary of this issue, afraid of undermining trade unions now under attack from the business community.
But the Coalition realized that the credibility of progressive councilmembers will be continuously challenged if they effectively place the needs of low-income city employees in direct competition with the needs of low-income residents. As a result, Councilmembers Hancock and Kelley proposed that pay increases be given in equal absolute amounts rather than as across-the-board percentage increases. The measure was rejected in 1973.

In 1975, however, the unions themselves proposed and won a combination of absolute amount and percentage wage increases. According to one local labor official, the push for this more equitable formula came from lower paid workers recently included in the unions.

C. The City Bureaucracy

Not only must expenditures for salaries be reallocated, but the hierarchical bureaucracy also needs reorganization. Long-range political and efficiency considerations demand that more collective forms of decision-making be adopted. In-fighting at the upper levels and alienating work conditions at the lower levels are among the non-productive characteristics of highly stratified bureaucracies that defy improvement without structural change. The streamlining of bureaucratic functions and reassignment of the city’s work force must occur if new programs are to be implemented without aggravating the problem of a swollen bureaucracy. Active support is needed from the employees who will have the job of making the programs work on a day-to-day basis. Employees unwilling to work will be a liability.

But in a hierarchical setting, city employees at almost all levels must insist on retaining the high level of security typical of civil service. They realistically fear that if lay-offs were to be regulated by any standard other than the prescribed one of seniority, decisions of who goes and who stays would reflect favoritism for employees who are ingratiating and who accommodate their superiors.

There are obviously no quick and easy solutions that will instantaneously produce a wholly dedicated city staff. While hierarchical work relationships are responsible for much non-productive work behavior, collective decision-making imposed from above by a well-meaning city council can only add a baroque twist to the problems.

D. Changing the City Manager Form of Government

The April Coalition and BCA platforms have consistently opposed the city manager form of municipal government. The official myth that the city manager
Differences "scientific" and "objective" administration is belied by the performance of successive city managers in Berkeley.

Part of the city manager's role has been to create the appearance that the council majority rejects redistributive programs for technical considerations rather than political disagreement. As the top figure of the bureaucratic pyramid, the city manager also marshalls support for council programs among the city staff. The department heads and their assistants reflect his outlook.

E. New Jobs

Many of the new jobs generated will be in cooperative and other forms of community ownership separate from the city bureaucracy. To the extent that public financing and support is provided to these enterprises, the city will be able to mandate employment policies. From the outset, ethnic, racial and gender balance can be implemented. Wage differentials between highest and lowest paid employees can be reduced. Work schedules can be arranged to meet employee needs; a division of labor can be designed that allows employees to understand how their work fits into some final product and take pride in their contribution. Finally, lines of control can be developed stressing cooperation rather than competition.

Designing new organizational structures will initially absorb time and attention, and must be viewed as an investment in future productivity. Fortunately, there has already been extensive experimentation with collective work relationships by a variety of Berkeley organizations and enterprises, including food stores, restaurants, retail stores, a radio station, a newspaper and community services. Out of these attempts to structure equitable and productive non-hierarchical work relationships, there exists a pool of experience that new community enterprises can draw on.

F. The Auditor's Department

The impact of Florence McDonald on the Auditor's Department demonstrates that interaction between a progressive "boss" and city employees can produce significant change. Immediately after taking office in 1975, McDonald requested a salary cut of more than $8,000 to make her salary equivalent to that of the next highest paid worker in her department.

Within the first month, McDonald had significantly improved working conditions by eliminating make-work tasks and irritating regulations that were designed for employee control rather than productivity. She also allowed flexibility in work arrangements, permitting a new mother to work part-time, for instance.
Subsequently, Berkeley’s new auditor initiated department reorganization that will allow employees to gain an idea of the department’s work as a whole and understand how their work fits in. To fill a vacant supervisorial position, McDonald suggested that interested employees could learn new tasks and assume increased responsibility on the job to become eligible for the promotion.

Employees in turn have responded by sharing information with their new department head. This is not a trivial consideration, since the previous auditor refused to provide an orderly transition of authority, and two of her top assistants retired within three months of McDonald’s taking office. Many members of the new auditor’s staff have helped redefine procedures, and otherwise assumed the initiative that public employees are supposed to lack.

McDonald has also implemented changes that reach beyond her own department. She has provided basic humane changes in the city’s wage garnishment system, a state-required process by which the city collects debts owed to private creditors by city employees. McDonald has eliminated humiliating procedures and reduced the amounts garnished. Under the previous auditor, more money was removed from employees’ checks than was legally required because the clerks were using an obsolete formula. McDonald has also provided employees with information on how to avoid garnishment entirely.

As great as McDonald’s impact has been, significant reorganization of the city bureaucracy clearly must await a council committed to non-hierarchical structure, and replacement of the city manager form of local government. In the interim, however, it is necessary to enact reforms that will prepare ground for the more comprehensive changes. The following three programs are among the most important supported by the progressive council minority.

G. Interim Programs

1. Affirmative Action requirements

The city of Berkeley’s Affirmative Action program seeks to include ethnic minorities and women at all municipal job levels in the same proportion they represent in the city population. To achieve this objective, hiring policies favored qualified applicants from groups who were effectively barred from particular job categories in the past.

A recent court decision has immobilized the program by disallowing the preferences. During the time that the program was in effect, however, selective inroads were made. The historic exclusion of Black men from professional and management level positions has been reversed. Unfortunately, women of all races have not gained comparably from the program.

The most immediate effect of an affirmative action program is that a few
people will get jobs that they would previously have been unfairly denied. More importantly from the city’s point of view, acceptance of a formula requiring a representative city bureaucracy institutionalizes fairness criteria. It provides a necessary pre-condition for the more sweeping changes needed to restructure the bureaucracy.

It is obvious that affirmative action by itself does not accomplish this restructuring. Decreasing the power of high level bureaucrats will evoke racially and sexually integrated resistance when those positions have only recently been occupied by members of minority groups and/or women. Loyalty to the hierarchical organization can be expected to cross ethnic, racial and gender lines if affirmative action has been successfully implemented in the higher levels of the bureaucracy.

Fortunately, support for democratizing the bureaucracy will also come from all quarters. Increased relative pay, status, and authority of people in the lower levels of the hierarchy will also cut across racial, ethnic and gender divisions. No matter how top heavy the bureaucracy, there are necessarily more people at the bottom of the bureaucratic pyramid than there are at the top.

The recent school strike in Berkeley has shown that effective affirmative action policies provide an environment where racial difference becomes a neutral factor in a struggle over bureaucratic structure and working conditions. A school administration whose highest positions are filled by Third World people proposed to meet a budget deficit by reducing teacher salaries and fringe benefits, and by increasing class sizes. The teaching staff, more than a third of whom are Third World people, responded with a strike demanding that the deficit be made up instead by reducing administrative costs. The strike was more than 90 percent effective before the teachers agreed to return to work pending a study of the school budget.

The more successful the affirmative action program is in creating a representative employee profile at all levels of the city staff, the more likely that the conflict over basic restructuring will focus on the critical issue of eliminating disparities of power and wealth, rather than on racial and sexual divisions. Strong affirmative action policies can prevent a clouding of the important issues. Political power is not possible for progressive coalitions without the unified and active support and cooperation of diverse communities with generally common economic interests.

2. Residency requirements

The April Coalition attempted to set city residency requirements for police by an initiative measure in 1973. The proposal would have required police to
live in the part of the city they served. The measure failed by a 48 percent to 52 percent vote.

Without those requirements, 80 percent of the city’s police and 86 percent of its firemen live in nearby suburbs. When surveyed for reasons, many indicated a distaste for the integrated school system and radical image of Berkeley.

Generally the courts have upheld residency requirements for police and firemen, while they have split on the legality of residency requirements for other employees which may interfere with the constitutional “right to travel.” Some states, including California, have recently banned residency requirements for all public employees.

The residency requirement is very important to restructuring and stimulating the local economy. City employees who also live in Berkeley will spend more money in the city, will have a local residence, and will ultimately contribute more to the local circulation of dollars.

If the city has a coordinated full employment program, clear economic benefits for the community result from a residency requirement. First preference for all jobs would go to residents of the city. Clear political benefits would also result, as patronage is spread to virtually the entire city. The danger here is encouragement of a ‘beggar your neighbor’ policy, which would adversely affect low- and middle-income Oakland and Richmond residents.

3. Job restructuring

In 1971 Loni Hancock introduced a proposal to the city council which would have provided city employees the option of working part-time for pro-rated pay and fringe benefits. Part-time employees would have been able to work part of each day, several days per week, or six months on and six months off. The program included opportunities for job sharing, enabling two people to hold one position, splitting hours and work loads according to their needs.

This policy would have helped to increase the number of employment opportunities, and reinforce opportunities for the handicapped, the elderly, students and other marginal members of the labor force. Preliminary experience indicates that productivity increases when part-time work options are provided, although it is unclear whether or not the higher productivity would continue if shorter hours were a more prevalent pattern.

The proposed Berkeley program would have applied to all categories of city work except those exempted by a special monitoring committee. The program, however, would affect a maximum of 20 percent of all city jobs in order to protect those not wishing to work on a part-time basis. This provision was included to protect minority and single-parent heads of families who require the income from full-time employment.
The city council has endorsed the program in principle, but it is not committed to a program or enforcement of the options. Implementation of job restructuring is at the discretion of department heads, who have on the whole ignored the council principles.

Resistance to job restructuring has been especially strong from higher level bureaucrats. They have not only withheld the option from employees, but also routinely require that job applicants' work experience be full-time in order to meet city qualifications.
VIII. TRANSPORTATION

Local community control and ownership of transportation facilities could offer the public the opportunity to decide how to distribute transportation costs and benefits. As with housing, utilities, health care, banking and other necessary urban functions, private control of transportation has traditionally required lower income people to pay more than they can afford, while their basic needs go unmet.

Transportation in Berkeley is currently a typical illustration of combined public and private ownership. Transportation profits, which result from wide dependence on the automobile, are the private property of automobile, fuel and related companies. The support system (highways, traffic control, for example) for the automobile and the unprofitable supplementary modes of transportation (mass transit, for example) are public responsibilities. This split has not only prevented equitable allocation of total transportation costs and benefits, but also has reinforced the attractiveness of the private automobile to the public by shielding its true costs.

There are countless hidden costs associated with the private car—the “free” parking offered by a supermarket, the local property tax rate reflecting the tax-exempt 40 to 60 percent of the city’s surface area devoted to automobile-related uses, half the local police department budget that is ordinarily spent on automobile-related functions, the deaths from respiratory ailments attributable to automobile exhaust, and the carnage from accidents. These costs are paid even by people who cannot afford the thousands of dollars yearly that it costs to buy, fuel, insure, repair and maintain a car. Yet the city’s pattern of development virtually requires people to have cars for mobility.

In Berkeley, as in much of the Bay Area and California, public transportation has deteriorated seriously in the last 50 years. Berkeley residents in the 1920s could travel by train and ferry to San Francisco in less time than it now takes using the new billion dollar rapid transit system that does not even operate at night or on weekends.

It isn’t likely that public transit facilities can be revived to previous levels of service through the application of local programs. Responsibilities for transportation function, like the trips that people make, are not local. The Bay Area Rapid Transit district consists of three counties. The district that operates the buses in Berkeley is comprised of two counties. Highways are planned by the state and by a nine-county regional agency.

Despite the institutional impediments to local control over the transportation function, transportation issues in Berkeley have evoked consistent and active grassroots participation. Beginning in the early 1970s, neighborhoods began resisting further street development. Efforts of the city staff to have two
east-west city streets widened from two lanes to six have been permanently shelved. Two-lane neighborhood city streets that had been converted for one-way traffic to accommodate increased traffic volumes were reconverted to two-way traffic following a series of street demonstrations.

Indeed, one of the few budget reforms initially proposed by Loni Hancock to be accepted by the city council majority redirected the local share of highway trust funds from road improvements to street lights and maintenance.

A. The Neighborhood Traffic Study

The city’s major response to the popular demand for reduced traffic has been the Neighborhood Traffic Study. This official city project involved people from every neighborhood in the city in meetings where they proposed traffic controls—traffic barriers and diverters, stop signs and a few traffic lights—for intersections in their own neighborhoods. The goal has been to discourage traffic within residential neighborhoods by diverting “through” traffic onto arterial streets.

The resulting plan, implemented in the summer of 1975, has been a vivid illustration of the limitations of a regulatory response to structural problems. Traffic on some streets has slowed, motorists have rerouted some of their trips, and the elderly and children can now cross certain streets with a sense of security. There is no sign, however, that traffic has decreased. To be sure, during the time that the Neighborhood Traffic Study has been under way, the council majority has approved use permits for several hundred new off-street parking spaces that will generate thousands of additional automobile trips each day.

B. The Coordinated Transit Study

Conceived as a complement to the Neighborhood Traffic Study, the Coordinated Transit Study was organized by the city staff to define improvements in public transit facilities within Berkeley. Theoretically, transit accessibility would be improved as automobile disincentives were introduced and people would make trips within the city by bus rather than by car.

This study group, involving five government agencies in addition to the city, is proposing a grid pattern of bus service with dramatically improved headways. Its proposed plan would allow people to travel from any point in the city to any other using just two buses, with only short waits for the buses even in non-peak hours. Currently bus service is designed primarily to link selected points in Berkeley with downtown Oakland.

The Transit Study also provides for the special needs of the disabled and elderly—groups that require door-to-door transportation service. It calls for a dial-a-ride service to meet these special needs, using a fleet of vehicles equipped to carry wheelchairs.
Although the study has not yet been completed, it appears unlikely that the system of improvements will be implemented in the near future. Financing the additional costs raises questions that are only partly within the powers of the city to answer. Clearly the strong political support within the city in favor of a shift from the private automobile to public transit is diluted at the regional level. While the main contribution of the Transit Study may turn out to be pressure on regional transit agencies for more locally responsive service, those reforms hardly qualify as structural. The fragmentation of authority and funds for transit in the Berkeley setting seems to prevent any immediate significant movement towards community control of the transportation function.

C. Economic Disincentives to the Automobile

Taxes that discourage automobile travel and simultaneously provide for cheaper, or preferably free, transit trips can be an important step in an over-all transportation program. The examples that follow were proposed in conjunction with Berkeley’s Coordinated Transit Study. These taxes should be applied only where quick and convenient public transit becomes available to substitute for the automobile. The revenue they generate should be used to finance public transit, but should not be viewed as its major source of support. The primary goal of these taxes is to discourage people from making trips by car.

1. Tax on off-street parking with in lieu fare payment

This tax would apply to public and private owners of off-street parking lots. In Berkeley, almost all off-street parking is provided by merchants, employers, and professionals as subsidies for the auto travel of their respective patrons, employees and clients. The parking is ordinarily provided at little or no cost, sometimes by means of a validation system. The largest employers in Berkeley—the city itself and the university—currently provide these spaces for their highest paid employees.

A tax on off-street parking spaces should be designed to provide the same subsidy for patrons, employees and clients who take the bus. The owner of the parking facility would pay the tax based on the number of spaces, with the money going to a transit fund.

In lieu of the tax payments, the owner could purchase bus tokens for distribution to customers or employees. The result would be free fares for those who travel by bus.

This tax should also anticipate the gradual conversion of parking lots to other purposes. The city might develop a program that would allow for the land
retrieved from parking to be included in a public land banking or open space system.

2. Tying parking meter rates to transit fares

As in most other places, the cost of an hour's metered on-street parking in Berkeley is much less than round trip bus fare. Equalizing these two charges would tend to increase use of public transit, possibly driving down fares. At the same time, the increased parking fees would not be a great added burden on people who continue to drive.
The most apparent success gained by progressive participation on the City Council is city funding of community-based service organizations. From 1969 to the present, councilmembers Hancock, Kelley, Denton, and Supervisor Tom Bates at the county level have won some funding for a broad range of alternative health and service organizations that serve the city’s low-income, counterculture, minority, women, disabled and transient clients.

Coalition support for these services has been based on the need to bring the level and quality of services available to poor and minority people closer to that available to wealthier residents. Direct public subsidy is necessary to deliver these services—if they were lucrative sources of professional fees, the services would have been provided by the private sector long ago.

Coalition success in securing funding for community-based services, however, has been more apparent than real. Each year the Coalition councilmembers have tied adequate support for social services to specific revenue-creating programs, and each year the connecting link has been broken by the council majority. The progressive minority has been able to goad the council into providing support for popular community services, but the majority refuses to cut into local business profits or high administrative salaries to adequately fund the programs.

Faced with this intransigence, the Coalition councilmembers have backed up their funding proposals with specific budget-trimming recommendations. Initially, councilmember Hancock raided the large unallocated reserve and emergency funds of the city manager and the department heads. Then she attacked the less apparent discretionary caches, such as annual budget balances. Hancock, Kelley and Denton later caught budget “errors”, including projected revenues that did not account for inflation, and bureaucratic waste found within the city departments. While the council majority has not acted on all of these suggestions, it has acceded to enough of them to ensure partial funding of the community services without an increase in property taxes.

Unfortunately, budget sleuthing to provide funds for community services is only a short range strategy. Each example of waste in the city budget can only be raided once. Furthermore, the council majority has substituted general directives to cut departmental budgets for specific cuts proposed by the Coalition councilmembers. Department heads have ordinarily responded by cutting services to the public rather than trimming their overhead budgets. Clearly, the time is approaching when community service organizations, their clients, the council and city residents must confront the uncomfortable fact that service
programs for the poor must be tied to revenue sources. The slack in the city budget that allowed Berkeley citizens to avoid this economic truism is fast disappearing.

The staffs of many of the community service organizations have been quick to grasp the inadequacy of the city’s funding. Services are frequently provided by volunteers working together with a handful of staff members who are paid poverty-level salaries. Without the massive subsidy represented by this almost free labor, few of the community services could have been started or maintained. This survival requirement has an ironic twist; the poorer a group of people, the more difficult for them to provide this internal subsidy. Not surprisingly, minority communities can least afford to work without pay.

A. Available Services

Despite the inadequacy of council support, community-based social services have flourished in number, variety and quality over the past few years.

The Berkeley Free Clinic, organized during the Telegraph Avenue riots of 1968, was a forerunner and in many respects a prototype of the groups that now serve the needs of thousands of low income Berkeley residents and young travelers every year. The clinic was founded by young people who were alienated from conventional public health facilities. Community people worked with sympathetic professionals to organize an environment that would be accepting, supportive and competent to deal with the health problems of the counter-cultural clients. The initial crisis orientation of the clinic has given way to broader concerns for meeting day-to-day health needs.

Since 1968, members of other sub-cultures in Berkeley have similarly organized services to respond to the specific needs of their communities. In addition to alternative health services, organizations have sprung up to assist people with economic, social, legal and physical needs. Black, Asian, Latino, feminist, disabled and elderly groups have provided a broad range of services, often on shoestring budgets.

A number of the agencies realized they could easily fall into squabbling with one another for the crumbs. To avoid this, they formed a coalition during the 1974 budget hearings called the Community Services United (which now also includes organizations that do not request city funds). Community Services United presented a joint funding proposal to the council, and persuaded the majority to budget almost 50% more for alternative community services than the city manager had recommended.

In the summer of 1975, Black community organizations applying for grants from the city similarly decided to approach the council as a bloc. The
groups are now incorporated as United Coalition for Project Upgrade, with the
director of the Bay Area Association of Household Technicians as president.
To avoid further competition between service groups for city funds, Com­
munity Services United and Project Upgrade presented a joint funding proposal
to the city council in 1975.
In addition to Community Services United and Project Upgrade, there are
informal networks of Asian and Latino organizations. Berkeley's Asian-American
community has organized special community services to meet needs that conven­
tional health, educational, employment, and welfare groups have not been able to
provide. Traditional agencies could not deliver services effectively because they
were often unable to communicate in the language and were insensitive to the
cultural differences of the city's Chinese, Japanese, Filipino, Korean and Samoan
residents.
The number of Latino service organizations has also grown following the
founding of Casa de la Raza, a bi-lingual, bi-cultural school that operated in the
Berkeley School System from 1971 to 1973. A coalition among some of the
school-related programs has been established.
These groups, and others, have developed a wide range of services for
themselves. People can receive health care, shelter and food, residential care,
counselling and advocacy assistance, programs for children and for the elderly,
employment and training from other people who share their background,
language and values. Specific services range from dental care to apprenticeships
in accounting, sound staging, theatre and feminist law. Included are halfway
houses, free hot meals, immigration counselling, interpreting services, tenant
workshops, recreation programs for ex-offenders and their families, facilities for
legal self-help, development of bi-lingual teaching materials, social security assis­
tance, and wheelchair repairs.

B. Gaps in Publicly Provided Services
The variety and number of Berkeley's alternative services is an indication
of the gaps that exist in the services provided by public agencies. The Centro de
Salud would not have developed if outpatient care had been available to the
city's Latinos that was adequate to their needs, respectful of their sensibilities,
and affordable. With only a minority of the council to advocate their needs, dif­
ferent groups in the community have been able to gain some public resources to
partially match their own efforts, but they have not been strong enough to force
the city departments to meet their special needs as a matter of course.
The prospect of progressive control of the council raises the possibility of
incorporating the strengths of the community services into public agencies. For
example, the council might set a policy for the city to provide the services now offered by the Bay Area Coalition of Koreans, which helps provide interpreter service at court hearings. Municipal government is in a position, as a group that depends on contributions is not, to connect such a program to a secure and equitable source of financial support. As part of a public program, these services would be continuously maintained. In community groups, on the other hand, the continuation of a program often depends on the availability and interest of a few very dedicated people.

C. Institutionalizing the Strengths of CSO's

Community service organizations can provide alternative models for service delivery. As community services are absorbed into a public framework, it is critical that their advantages be reinforced. While specifics vary from service to service, and from subculture to subculture, the services have demonstrated the usefulness of several work patterns.

1. Services provided by non-professionals

In general the community service organizations have demonstrated that lengthy training and official credentials of professional service givers are less necessary, and that a shared background with clients is more necessary than conventionally acknowledged. Many of the programs train their own staff so that even the most mystified of skills—such as simple medical procedures—can be provided by medics or practitioners working under the supervision of professionals.

Within official city services there are already examples of positions created in which community people without lengthy training provide routine services that ordinarily are in the domain of professionals. Several administrators in the Berkeley Health Department, for example, have hired nurse practitioners, community health workers and non-nurse examiners.

Embracing non-professionals not only allows for greater similarity between providers and clients, but also allows for clients to become providers. Job ladders can be developed that allow older community people to become practitioners where expense and other considerations might have precluded professional training earlier in their lives. Services are also more likely to be provided in an atmosphere free of professional dogma and ignorance.

2. Decentralized facilities

The scattered locations and control of relatively homogeneous facilities
seem to have provided environments where people can receive assistance comfortably. The flexibility and responsiveness of the small organizations to changing needs have allowed adaptation to community changes as they occur. Integrating the community based services into a public program should preserve the highly decentralized operation and control that has delivered services with so little administrative overhead cost.

3. The activist orientation of services

Unlike many traditional agencies, many of the community service organizations have stressed the link between individual problems and broader social pathologies. Beyond providing support for lifestyles that may differ from that of the dominant culture, many of the services share the goal of changing the social environment rather than encouraging its passive acceptance. For example, Bay Area Women Against Rape, an organization funded for several years by the city, has pressured police departments throughout the Bay Area to change their procedures in dealing with rape victims. BAWAR’s program included vigorous complaints about insensitive police treatment, as well as counselling and support for the women.

D. Wage Parity

The prospects of progressive control of the council, and public institutionalization of the alternative social services, would signal an end to the subsidizing of the programs by staff members. No longer would the director and staff of city clinics receive high professional salaries while the director and staff of the Women’s Health Collective remain virtually unpaid. A single set of standards that also would bring highest and lowest paid job categories closer together would govern both clinics.

Coalition commitment to equal pay for equal work can be implemented, once the council reconnects services to equitably derived sources of income. Social services are a single aspect of a comprehensive city redistributive program.
X. CONCLUSION

The programs we have discussed are directed towards increasing community control over the local economy and rectifying existing disparities between the city’s wealthy and poor people. To be sure, Berkeley or any other city is not sufficiently strong or autonomous to overcome all the inequities that result from public and private decisions made at the global, national, state or even regional levels. The proposals included here speak to that reality. They try to answer the more limited question of how existing local powers might be used for redistributive impact.

Since the founding of a progressive electoral coalition in Berkeley ten years ago, the group’s economic program has focused consistently on the basics of community survival. Housing, land use, utility ownership, employment, tax policies, and control of capital are all issues that clearly separate the interests of poor and working people from the interests of the wealthy. Each involves institutions that are open to democratic community control. And most importantly, these issues provide opportunities for major structural changes in the local economy.

Few in the Coalition would view the goals of past campaigns—rent control, neighborhood preservation, community control of police, or public ownership of the utility system—as “solutions” to fundamental problems in the national economy. But while there is no magic in specific reforms, carefully chosen programs can pry larger and larger cracks in the system. These local reform measures help meet the needs of poor and working people, and at the same time point the way to still better ways of distributing wealth and power.

Few of these basic structural changes, however, are imminent in Berkeley. The progressive coalition in the city no longer has any illusions about easy victories.

Successful initiative campaigns, such as rent control and campaign spending limitations, were immediately challenged in the courts and at least partially undermined. The corporate liberals on the city council sabotaged other initiatives passed by the voters, refusing to publicize and control police mutual aid agreements, for instance. The city attorney, appointed by the city manager, also refuses to pursue obvious legal violations—such as the failure of the cable television operator to pay the franchise fee or meet contract requirements—that might offend the business community.

The biennial city elections themselves have become guessing games for many voters, as all contenders masquerade in “progressive” garb while corporate money finances intentionally confusing media campaigns. The corporate liberal slates attempt to look and sound like Coalition candidates until the votes are
counted. The deliberately engendered voter frustration that results is a mark of
the cynical tactics now being used by business and professional interests to avoid
significant changes in the city.

But there have also been significant Coalition successes in recent years. The
rent control and neighborhood preservation ordinances helped to halt the
construction of speculative apartment complexes threatening the basically sound
and attractive housing in the city. The Police Review Commission has prevented
the Berkeley Police Department from developing a number of paramilitary
programs, and continues to oversee its operation. Pressure from Coalition coun-
cilmembers helped secure city funding for non-departmental social service pro-
grams. Newly elected city auditor Florence McDonald has instituted a number of
job structure changes within her department that could significantly affect the
city bureaucracy. The Fair Representation Ordinance assures Coalition voices on
virtually all city boards and commissions.

Still, the defeats have had their effect. The Coalition itself has changed
over the past six years. The high-blown rhetoric of the first platform in 1969 has
largely been discarded for simple descriptions of local concerns. Many of the
impossible dreams and easy solutions have been shaken out, leaving a program
that is both direct in its redistributational intent and practical.

The Coalition is also more realistic about differences among its members.
Third World representatives, women and students are now guaranteed power
within the organization. For the first time the Coalition has successfully main-
tained itself in the period between elections and has begun to make working
alliances with a broad range of community organizations.

The Coalition is growing up politically. After six years, it has realized that
a set of programs and a slate of candidates is not sufficient to gain power in the
city. Winning the necessary votes in April means organizing outside the traditional student and flatland strongholds of Coalition support.

Because of life-style, race and class-differences in the city, that organizing
is very difficult. But the present left Coalition is committed to the task, driven
by a common desire to redistribute wealth and privilege symbolized by the large
hill residences clearly visible from the Berkeley flatlands. Economic redistribu-
tion will become a political necessity in the city, as in the larger economy, as the
majority of people decide that their needs can and should be met.
FOOTNOTES

1 Campaign Reform Act 6.4.1974
2 Utility User’s Tax Repeal 4.6.1971
3 Marijuana Initiative 4.17.1973
4 Initiative Reform 6.4.1974
5 Charter Review Committee 6.4.1974
6 Powers of the Cty. Mgr. 4.15.1975
7 Savo Is. Double Green Lgt.
8 Fair Rep. Ordinance 4.15.1975
9 Comm. Control of Police 4.6.1971
10 PRC Initiative 4.17.1973
11 Mutual Aid Pacts 4.17.1973
12 Police Weapons 4.17.1973
13 Police Residency Req. 4.17.1973
14 Rent Control Ord. 6.2.1972
15 Neighborhood Pres. Ord. 4.17.1973
16 1st Public Power Init. 4.17.1973
17 2nd Public Power Init. 11.5.1974
18 Progressive Income Tax
19 Sports Events Tax ('74)
20 Job Restructuring ('71)

*Footnoted material available from the National Conference Center, 1901 Que Street, N.W., Washington, D.C. 20009.
ACKNOWLEDGMENTS

The Cities' Wealth has been compiled and edited by the Community Ownership Organizing Project, and designed by Diane Coleman.

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The National Conference on Alternative State and Local Public Policies was founded in Madison, Wisconsin, June 1975. It is a major meeting place and forum for elected and appointed officials, community organizations, political activists and technically trained experts interested in alternative politics and programs at the state and local level. Discussions and workshops within the National Conference include questions of political strategy. However, concentration is on the specific nuts and bolts of programmatic alternatives. Subjects considered include land use, tax reform, consumer protection, agricultural policy, minority employment, public power, community and state-owned enterprises, control of natural resources, women's issues, public employees, and many others.

The National Conference has its headquarters in Washington D.C., at the Institute for Policy Studies. Besides holding regional and topical conferences, and an annual national conference in June, the national office maintains a Clearing House of Alternative Legislation. The National Conference publishes a quarterly newsletter, an Alternative Legislation Series, and a Public Policy Pamphlet Series. A Public Policy Reader is prepared for the annual national conference and is also available from the national office. Finally, the national office coordinates a series of task forces composed of local officials, planners and informed citizens who are drafting model legislation.

The National Conference was organized to be of service to state and local public officials, as well as others who are interested in alternative programs. Your communications can be of great help in furthering the work and extending the influence of the Conference. Please send information, new names, and suggestions to:

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