

## **SAN JOSE BECOMES THE CAPITAL OF SILICON VALLEY**

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

### **Silicon Valley Comes to San Jose**

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

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

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

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

Others see Stanford University and its college of engineering as the key, with Santa Clara University and San Jose State University as supplements. If any one institution was crucial to the birth of Silicon Valley, it surely was Stanford, but a host of other factors also played a part. Tim John Sturgeon, a

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

A key trio of Fairchild refugees—Robert Noyce, Gordon Moore, and Andy Grove—founded Intel in Mountain View in 1968. Within a year they made a splash in the industry with innovative new memory chips, but

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

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

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

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

Through the growth years of Silicon Valley, San Jose’s

traditional census definitions, San Jose, like many other Sunbelt cities, has never been as “central” to its



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

The new immigrants changed the face of parts of San Jose, as Asian enterprises sprung up

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

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

Mayor Ron James, a transitional figure between the city’s old-guard business elite and its emerging new majority, fought some of the changes and adapted to others, but he decided not to run for re-election in 1971. James’ heir apparent was Norm Mineta, who, after his appointment, had easily won election to the council in 1969 and who James had made his vice mayor. Political insiders also expected rambunctiously conservative Councilwoman Virginia Shaffer, a leader of the homeowners’ revolt, to run, but she surprised the city by announcing that sh

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

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

District elections and other reforms might never have succeeded, however, if not for the watershed confrontations between the city's old guard and a new generation of leaders in 1973 and 1974. Thomas Fletcher, the noted professional who succeeded Dutch Hamann as city manager in 1969, resigned in 1972, largely for personal reasons, although wrangling with the entrenched bureaucracy left by Hamann may also have been a stimulus. In choosing his successor, the council was under pressure from the old guard to pick Ron James, the former mayor who was then president of the Chamber of Commerce. The council's four-vote liberal majority, led by James' former protégé Norm Mineta, opted instead for Ted Tedesco, a respected professional who was then city manager of Boulder, Colorado. On the day of their decision, Mayor Mineta was called to the office of Joe Ridder, publisher of the *Mercury News*, who demanded that the council hire ex

city council to control growth, they circulated a petition and put an initiative measure on the ballot prohibiting new zoning for homes where schools were overcrowded. Their campaign in favor of what was labeled Measure B was purely grassroots, with no money for anything but flyers delivered door-to-door by volunteers. The opposition, almost entirely funded by home builders, outspent them 10 to 1 and also enjoyed the vigorous support of the *Mercury News*. The critics of growth won a narrow victory, however, having succeeded in connecting growth to peopl

may achieve this goal, but they also decrease participation because far fewer people turn out to vote solely on local matters, and they are expensive because the cost of holding the election isn't shared with state government. To save money, San Jose amended its charter to make its elections concurrent with state and national elect

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

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

While city hall busied itself with all these machinations, a quiet revolution was getting underway in the community a bribe y hall failh

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

Meanwhile, a new political force was emerging in the city: neighborhood groups. During the years of rapid growth, hundreds of thousands of new residents had settled in San Jose. But the growth that brought them to San Jose had stretched city services thinly and infrastructure construction, including schools and highways, had not kept up with growth. The new arrivals, many of whom were well educated, middle class professionals, worried about police and fire response times in the sprawling city, having their kids on double-session in schools housed in temporary buildings, and about traffic congestion and lack of nearby parks. They expressed their discontents politically. In 1973, they forced growth control on the city with Measure B; in 1974, they were crucial to the election of Mayor Janet Gray Hayes and a controlled growth council. But they also organized neighborhood groups around issues. In new parts of town, they organized because of what they viewed as inadequate services, while older neighborhoods got together because they felt neglected and their services had declined. By 1978, San Jose boasted 118 neighborhood and homeowner groups—one for every 5000 residents, ane639wn7ora59. got /(r

During the campaign a broad and formidable coalition in support of district elections emerged, including minority community groups, neighborhood activists, environmentalists, unions, women's groups, many elected officials and much of the city's Democratic party leadership. Opponents were fewer in number, but included members of the city's old guard, the Chamber of Commerce, and the city's powerful builders and developers, who provided most of the funds for the anti-districting campaign.

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

The shift in power to the new San Jose was further insured in 1977 when the family-dominated Ridder Corporation merged with the Knight newspaper chain and management of the *Mercury News* changed. The highly biased news coverage of the old *Mercury* under its imperious publisher, Joe Ridder, was replaced by far more objective and professional reporting and editorials that were no longer reactionary—some even thought they were liberal. The newspaper's enthusiasm for growth was considerably tempered and its responsiveness to the city's old guard was reserved, as illustrated when the city manager organized a "march on the Mercury News" by the city's business elite to lobby the

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

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



that alliance into a stable majority that resulted in very few losses during his two terms of office. But

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

McEnery’s greater legacy, however, was in the redevelopment of downtown San Jose. The city created a re

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

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

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

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



28.9 percent for Hammer. Lewis, unfairly labeled pro-growth by the Hammer campaign, and unable to match her rivals in citywide support and fundraising, won 21.7 percent. In the November run-off,

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

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

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

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