Mr. Bernard Berkowitz, HLM
Interview conducted with Tye Libby on January 14, 2011

Can you give an overview of how you have seen the economic development profession evolve/change over the course of your career?

If we go back to the 1940s and 1950s, and perhaps earlier, economic development was primarily industrial development. It was heavily oriented toward marketing, towards the use of industrial revenue bonds as incentives, and towards maintaining and enlarging the manufacturing [sector]. The manufacturing sector included things like goods movement and goods storage. [These] are the sort of things that one would find in an industrial manufacturing district at the time and in industrial parks later.

As the economy evolved from being industrial to being more of a service economy, and as office activities and other kinds of economic activities gained in importance, there was a change in the nature of economic development that occurred over time. I can remember that in the 1950s, one of the premier economic development organizations at the time—and it’s still a premier organization—was the Philadelphia Industrial Development Corporation. [It] was one of the first organizations to get involved in industrial land banking in the public sector. Quasi-public corporations like PIDC [were] getting involved, acquiring land, and developing land as industrial parks.

I got involved with industrial land-use planning in the 1960s, and I worked on the city’s economic development component of the comprehensive plan. One of our models was PIDC. Many of the recommendations for action in Baltimore were similar to things that had been undertaken in Philadelphia. It led to the creation of the Baltimore Economic Development Corporation in the mid-1970s and to a prior industrial development corporation before that. Baltimore got involved in land banking and the development of industrial parks under a quasi-public corporation as well. There was an evolution from marketing and industrial revenue bonds to more direct action like that undertaken by the Philadelphia Industrial Development Corporation and the Baltimore Economic Development Corporation. Similar organizations around the country became more proactive.

I have to say though, that the perspective that I have is primarily an urban economic development perspective. My experience comes from working on economic development in a large city. Forty or fifty years ago, large industrial cities had very strong manufacturing industrial bases. They have had to adjust to the changes in the economy nationally and regionally over time. Certainly, one of the changes was moving from primarily marketing and the use of revenue bonds to more [activities] like land banking and industrial parks development. The creation of various financing incentives, going beyond industrial revenue bonds, went along with that. City general obligation bond issues were used to create loan funds that could be used to either develop sites or provide financing incentives to firms to locate within the jurisdiction.

Then, there was the recognition that a lot of the economic growth nationally, regionally, and locally was through small businesses and new enterprise creation. PIDC, BEDCO, and similar
organizations began to get involved in incubators in order to provide locations and support services and encourage the growth of new enterprises. It didn’t take very long for the incubators to become focused on technology, as it became more apparent that much of the growth in the economy was going to be in technology-based activities. In addition to incubators, public venture capital funds were created by municipalities, states, and publicly sponsored entities. You got programs, like the Benjamin Franklin programs in Pennsylvania, which provided an array of activities and incentives to help further technology-based economic development. The same thing was happening in Baltimore, and in Maryland, with the State Technology Development Corporation. There were university centers of biotechnology with close links to the public sector, and the cooperating private sector entities, that tried to create partnerships between the universities and technology-based firms. In Maryland they are targeting biotechnology and other life sciences. Other places are more focused on electronics, computer sciences, etc.

I am going to step back in time again to the 1950s, when it became apparent that the central business districts of many of the older cities on the East Coast were declining. City planning and redevelopment authorities began to think more about what they could do to turn that around. Starting in the 1950s, we began to get redevelopment projects like Penn Center in Philadelphia and Charles Center in Baltimore. There was some initial success like the Golden Triangle in Pittsburg. That led to other kinds of redevelopment and renewal activities. There were rehabilitation activities in central business districts aimed at retaining the retail base, encouraging more office retention, and developing additional offices, hotels, and service activities related to tourism.

Now, encouraging the growth of tourism looks like it was strategic, [but] I’m not so sure it was a conscious strategy. I think it probably started out as a byproduct of the more general goal of strengthening downtowns [through] retention and growth. I think by the late-1960s and early-1970s there was a conscious strategy that encouraged growth in office service employment, tourism, and those kinds of things. [This was] especially [the case] in downtown areas. We recognized that manufacturing and other components of the industrial base were declining despite all of our best efforts at retention. We tried to replace older manufacturing activities with technology-based activities. So, that became an important part of the strategy of most city economic development organizations. It was certainly an important factor for the state organizations as well. Baltimore has been recognized as [being] successful—as have a number of other cities—in capitalizing on major downtown redevelopment as a means of increasing employment, hotel business, tourism, convention activity, and related things. That is another change that has occurred in the field. There has been a movement away from the almost 100% concentration on industrial activities to a greater concentration on the growth sectors of the economy like tourism, conventions, office development, and technology-based economic activities.

[There has also been a change in the roles of both] the public sector and the private sector. There was federal support for economic development, as the Carter Administration [introduced] Urban Development Action Grants and [other] economic development grants. Those funds became harder to come by starting with the Reagan Administration. After that, states started to play a bigger role in regard to providing development funds and financing services. The public sector created the Baltimore Economic Development Corporation, PIDC, and other similar
organizations. The lessened ability of those organizations to get federal funding [restricted their ability] to undertake large-scale development projects like industrial parks and business parks. As the availability of public sector funds declined, there was more of a reliance on what had already been important: public-private partnerships. Private development was encouraged to take the lead. Today, if one looks at the redeveloping areas of Baltimore, the initiative is much more on the private side than on the public side. I think that is another change that has occurred in economic development…most of the investment funds come from the private side.

Addendum from Mr. Berkowitz

One of the most important changes in economic development practice and thinking has been the growing recognition of the critical importance of education and manpower training.

For the past three or four decades, subsidized manpower training at community colleges and on the job has been offered to employers as an incentive to locate, or expand, in states and localities. Baltimore City’s comprehensive plan of forty years ago stressed the importance of a well-educated and skilled labor force to the City’s economy.

In Baltimore, subsidized manpower training has been provided through the City’s Employment and Training Office mainly using U.S. Department of Labor (CETA) funds. In collaboration with this office, the City’s economic developers have offered subsidized training and recruitment to employers. In particular, businesses locating on City-owned sites and/or receiving financing assistance have often been required to enter into so-called “first source” agreements with the City Employment and Training Office to recruit and provide subsidized onsite training for them. Such agreements were used when the Rouse Company’s Harborplace project was opened and for many of the businesses that located in the Baltimore Economic Development Corporation’s industrial and business parks and/or received financing assistance… A close relationship developed between the City’s economic development and manpower training programs over thirty years ago and this has continued to the present.

With the increasing importance of technology in the economy, there is more and more recognition of the importance of a good education system and an educated labor force for the success of the economy – national, state and local. There is nothing more important than education for the economy.

I don’t know what else I can say about the changes over time. I have talked about the change from industrial development to service and technology-based development. I have talked about the change from marketing to other more active and creative kinds of economic development. I’ve talked about the changes that have occurred as a result of economic cycles. I’ve talked about the change in terms of public versus private leadership. To me, what I’m saying seems kind of disorganized, since I’m saying so much off the top of my head <laughs>.

How has technology affected the economic development profession?
That is less of a change in policy and more of a change in the way we work. A lot of information and marketing has obviously been significantly affected by technology. Nowadays, site information and marketing information has to be available in electronic form on websites. For example, if you back to the 1950s or 1960s, our information about inventory of sites was hardcopy. It was on paper…or maybe on maps. All of that information is computerized now. There are computerized files of sites that are available. If an economic developer wants to show sites to a company, he or she can actually show what the sites look like on a computer. I have to say that a lot of this has happened since I left my role with economic development with Baltimore. Probably lots of changes have happened since then.

**Can you describe your personal career path? How did you become involved in economic development?**

As for my academic background, I have a Bachelor’s in Economics from what is now the City University of New York. It was CCNY then. [I also had] a year of graduate work in economics at Columbia University. I intended to become an economist, and my ultimate goal was getting a doctorate. That didn’t work out.

In the mid-1950s, I changed professions and got involved in urban planning. I got a degree in urban planning [by] going at night to Columbia University. I got the degree in 1959. [I] worked during the day in the Westchester County Department of Planning. [There was] not that much economic development involved. It was primarily traditional land-use planning and facilities planning.

In 1961, I wanted very much to work in a large city. I moved to Baltimore and became a principle planner in the master plan section of the City Planning Department. [I] did a lot of work on industrial land-use planning. [I] became somewhat friendly with the then economic development director, Ed DeLuca. That’s a name you’ve probably heard.

I was primarily responsible for the economic development component of the comprehensive plan that came out over a period of time…roughly from 1968 through 1972. That comprehensive economic development plan included much of what became the agenda of Baltimore Industrial Development Corporation and then the Baltimore Economic Development Corporation. The comprehensive plan had proposed that the city establish a quasi-public economic development entity that would undertake land banking [and] industrial park development. Again, [this] followed a lot of what had been in done by the PIDC in Philadelphia. Unlike a lot of comprehensive plans, this was actually carried out in Baltimore.

By the time the Baltimore Economic Development Corporation was in existence, I was the mayor’s coordinator for what was called physical development, as opposed to human resource or social development. [I was] a de-facto deputy mayor and was responsible for oversight of public works, redevelopment, and environment, and most notably economic development. I was very much involved, in terms of policy and even day-to-day stuff, with the economic development activities of the city. Then, when the President of the Baltimore Economic Development Corporation left in 1980, I helped the Mayor [Donald] Schaefer [1971-1987] try to find somebody new. We were actually very close to hiring Ron Kysiac. He came to Baltimore to
interview, but for personal reasons decided not to [take the job]. So, at that point, I told Mayor Schaefer I was interested. I became the President of BEDCO and was in that position for eight years.

I left in 1988, and during that eight-year period my interests in the activities of the organization became more focused on technology-based economic development, although retention and the industrial parks work continued to be very important. As early as 1982, I prepared a memorandum to Mayor Schaefer proposing Baltimore target biotechnology and life sciences, and we began to do that in various ways. We established some incubators and attracted some of the University of Maryland centers of biotechnology to the city. [We] began working with [Johns] Hopkins [University] on the predecessor to the current East Baltimore BioTech Park. The Johns Hopkins Bayview campus, at least in its initial stages, was very much focused on attracting biotech and life sciences activities.

Anyway, I went from being President of the Baltimore Economic Development Corporation to working at the University of Maryland—Baltimore County. I established a technology incubator that still exists and has grown. [We also] planned a research park that has been under development for about fifteen years and has several buildings in it. I left in 1995, and other than some occasional consulting work, I have been retired since then. I bring two academic backgrounds that I think are very helpful in economic development: economics and urban planning.

**What skills did you acquire over time? Did certain skills become more important as your career progressed?**

I think the ability to communicate became more and more important. As I moved from technical jobs to jobs that required more interaction with political officials and business leaders, it became important to convince people that the strategies and projects that I thought would be beneficial were worthwhile undertakings. I had to convince people that they should locate or develop in my jurisdiction.

**Were there any other skills besides communication that you came to acquire?**

During my active economic development life I was computer illiterate. There were people on the staff that were computer literate, and we began to use computers more and more. [However], I have only become computer literate in the past ten or twelve years. I can say that was a big change for me. I needed a rudimentary understanding of [computers] to be effective.

**What other challenges have you had to overcome throughout your career?**

There was a period in Baltimore when the idea of a more active role for the public sector—through direct things like land banking, developing industrial parks, and undertaking financing activities—was controversial. In 1968, there was a bond issue on the ballot to create a fund to undertake industrial land banking and industrial park development. The commission on the efficiency of the economy opposed it. There was opposition within elements of the business community to the public sector getting involved with something like that. Even within the city
government, the finance officials tended to be opposed to it. It failed in 1968. It was only with the first election in which Mayor Schaefer ran that he adopted it as part of his program; and, it took a selling job to get it approved.

Then, during the 1970s as the various tools began to be put in place, there was resistance to venture capital funds on the part of the city. Some of [the opposition] was within the city establishment itself. That was an obstacle that had to be overcome. Fortunately, there were other individuals and other interests that saw things the way I did. Two of them ended up being Robert Embry, generally, and Mayor Schaefer. I would say that was something that had to be overcome.

You were involved with CUED, correct?

Yes. I was on the CUED board for a number of years. My recollection is that I became involved a year or two after I became Mayor Schaefer’s development coordinator. It would have been [the] mid- to late-1970s. Again, I am not so sure of time—but I think I got on the board sometime around 1980. I think I was on the board [for] most of the 1980s.

How did you see CUED evolve through your participation with the organization?

Let me just say that from the time I first knew anything about CUED, I had a very high regard for the organization. I thought it was a terrific organization with excellent staff. I thought they had very good annual meetings with a lot of substantive discussions and presentations. It was an organization that one could get good information from. Their informational research pieces were very good. So I had a high regard for the organization from the start. CUED evolved just like the rest of the profession has…away from industrial development focus and toward all types of economic development activities. I guess [that] now includes housing. I think more economic developers see the location development of middle-high income housing as an economic development kind of activity.

Did you have a leadership role on the CUED board?

I don’t recall ever being President, Chair, or an officer, no.

What exactly was your role as a board member?

From time to time there were committees that had more specific kinds of responsibilities, but frankly I don’t remember the specifics.

What were some of the most pressing economic development issues during your time with CUED?

Most of the time that I was on the board of CUED there were serious funding problems that the organization and its members were concerned with. The change from the Carter [Administration] to the Reagan Administration was nearly catastrophic in terms of resources. I’m talking about urban economic development. During the Carter Administration, we had the UDAG program. That was very helpful in providing incentives for urban economic development. That ended with
the Reagan Administration, and there was a very serious threat to the Economic Development Administration. I remember testifying, on behalf of Mayor Schaefer, for EDA before the Public Works Committee in the House of Representatives. Maybe it is skewed by my own interests, but my recollection was [that] concern was shared by many, if not most, of the members of CUED and the board of CUED. [We wanted to] preserve EDA as a resource and with some decent level of funding.

The other thing I think that was important during the 1980s was getting traction for technology-based economic development. A lot of the annual meeting subjects related to things like incubators, university-industry partnerships in technology, science parks, biotech parks, [and] things of that sort.

**What brought about initial discussions of the merger?**

There was another national organization. It was less focused on urban economic development than CUED. I mean, that clearly was the station of CUED. It was an organization for urban economic development professionals. Whereas, the other [organization] included more of the state, county, [and] suburban economic development people.

**What were the reasons for the initial merger discussions?**

The profession was divided between two organizations. A lot of the counties around cities began to experience problems similar to those in the cities. I think states began to become more sensitive to urban economic development issues than they had been earlier.

In 1990, I was awarded the Ed Deluca Award. I consider it [to be] the most important award that I have ever [received]. My recollection is that I stayed in touch with what was going on at CUED until about the time I left working at UMBC in 1995. Since then, it has been much less so.

**Do you keep up with IEDC today at all?**

I get emails from Jeff Finkle, [but they are] mostly about job openings. I think I talk to him every few years about something or another, but I really don’t keep up with it.

**Can you address the positives and the negatives that came out of the merger?**

I really don’t know enough about it to speak knowledgably.

**During your career, was there anyone who inspired you? Did you have a mentor? You mentioned Mr. DeLuca.**

He and I were good friends and maintained a relationship until his untimely death. I visited him in Pittsburgh. I wouldn’t say that he was a mentor; he was more of a colleague and a person that I worked with.

**Did you have a mentor?**
Not so much in economic development, no.

**Did you mentor anyone in the field?**

Well, certainly Mark Wasserman. He was later the Economic Development Secretary in Maryland under Schaefer. [He] went to work for me in the Mayor’s office in the late-1970s. There were a number of people that worked for me at BEDCO that I have a very high regard for. I’m sure I had a positive influence.

With regard to mentors or models, I mentioned the model of PIDC. Walt D’Alessio was the head of that for so many years. Although I didn’t have that much personal contact with him, I certainly looked at [his work] as an inspiration and a model.

**Where do you see economic development now? Where do you it going into the future? Do you see any emerging trends or have any predictions?**

I would say it is probably going to continue in the directions that it is going. I think that there is a need for a more active role on the public sector side than now exists. I think that the private sector initiative has some negative aspects to it at times.

**Do you have any other anecdotes or stories from you career that you would like to share?**

One of the high points of my time at the head of the Baltimore Economic Development Corporation was the retention of the General Motors plant in Baltimore. This occurred right at the beginning of the 1980s when there was a danger of them shutting down completely. We offered them a UDAG. They were interested, but in the end they decided not to take it. We sold them some of the land at our Holabird Industrial Park. They made a commitment and invested hundreds of millions of dollars in the modernization of the plant. For twenty-five years it continued to provide high-paying jobs for a couple thousand people in Baltimore. [That is] something that I am proud of and I think was very worthwhile. But, in the mid-2000s, they did close down the plant. So, the victories don’t last forever. There are other examples of that too. There are examples of that in [the] bio-technology [sector] too. Some projects that appeared to be important victories turned sour.

**Follow-up Comments on January 20, 2011**

We developed a closing working relationship with employment training and placement agencies in Baltimore. We targeted low-income, high-unemployment areas. We developed industrial business park areas through first-source agreements. We would provide either financing or sites.

I had a mixed experience. It was initially favorable. There were problems with recruits’ behavior, so employers began to look elsewhere. We received resources from CITA funds. We worked with community colleges and other educational institutions to further training programs. We needed workers for technical sectors like biotechnology. We wanted to fill jobs and get people skills that we would need for future projects.
I realized that the most important aspect of economic development was education and training. This was more important than job retention. Once they have been trained, people have something they can offer the workplace.

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