

## **Mr. Herbert Bailey, HLM**

Interview Conducted with Tye Libby on March 24, 2011

### **How have you seen the economic development profession evolve/change over the course of your career?**

I started during the days when the Office of Economic Opportunity (OEO) was the primary focus for Federal Assisted Programs. Then, we progressed into broader perspectives in terms of job development, small business development projects, urban redevelopment, and regional activity.

Over this period of time, we also had some changes in the availability of resources. Around 1965, the EDA came into play. We took a greater initiative and became more active. The Small Business Administration (SBA) was providing some resources. In fact, that is really what got me involved. I did a business development package for a company in Philadelphia that wanted to open a music store. Well, my basic education at the time was in accounting. It made it quite easy for me to do a financial package—a business development package—for someone who wanted to go into business.

I have seen the economic development field change from an emphasis on small projects, to larger projects, to regional projects, all the way to state-level projects. It changed because of a variety of things, including: the development of suburbs and the decline of downtowns. We had to come up with reuse strategies. Now, we're involved in a global economy that is changing even as we speak. Things that we used to take for granted, that we could produce here, are no longer necessary. We import products of the same quality but at a cheaper price. I started out in the 1960s, and I have seen it change from being a local initiative to a global initiative.

### **How has the technology changed throughout the course of your career?**

My agency was probably one of the first nonprofit city-sponsored agencies in Philadelphia to get a fax. When we could transfer information over the telephone line, we thought that was great. We sent information from Philadelphia to Washington, DC in a matter of minutes. The advances in technology have been very beneficial. It has caused some sectors to experience a decline in jobs and income. However, many sectors have seen an increase in jobs and income. I think it evens itself out over a period of time. Technology has probably created as many jobs as it has eliminated.

I think technology was most pronounced when it came to robotic involvement in the automobile industry. One robot could probably do more welding than four or five people. Let me just say that technology has greatly improved the quality and the character of the things that we produce. It has greatly improved the speed in which we can get things done, and it has greatly improved the efficiency of the things that are produced.

Let me fast-forward now to the Silicon Valley. I think the greatest thing that ever happened was the advent of digital technology and computers. Let me give you an idea. I wrote a paper for a group of people in England on neighborhood redevelopment on a broader scale, but I never even

went to England. We did it all by computer, email, and telephone. I prepared the paper on the computer emailed it. They proofed it and sent it back to me. I made corrections, finalized it, and the paper was done. It was modeled after a paper I had done for CUED regarding one of my projects in Miami. There was a time when I would have had to go to London and write the paper. Or, we could have used regular mail, but that would have taken forever. Instead, our involvement and interplay was instantaneous. We were sending documents back and forth. Within seconds, they had my response, and I had their reaction. And this was done in the 1990s. The advance in technology services is probably one of the greatest innovations that ever happened...especially computers, the internet, and digital transfer capabilities.

When it comes to other technologies, like communications systems and visual aids, I would say that we are moving into an area that it is going to get better. It gets better every day. The average computer now will last eighteen months before the technologies change. Technology itself is now one of the major driving forces in economic development as it relates to job-generation and income-producing enterprises.

### **How did you see financing tools change over the years?**

In the area of Small and Minority Business Development, most of the same tools that were in place during the 1960s and 1970s are still the primary tools. My experiences showed that it was the capability of the professionals implementing the various programs, and the “political will” of the local agency sponsoring the activity, as to whether or not success was obtained. Tax Increment Financing and [other] Economic Development Administration [programs] have always been around. However, with some imagination, “foreign investments” with all of the above can produce some interesting results.

### **I am trying to fill in some blanks here. You said you started in Philadelphia in 1960, then went to the Model Cities Program, and then went to DC in 1980. What was your career path after you moved to DC in 1980?**

I went to Washington, DC and became the President of Urban Development Services Corporation. We provided a variety of consulting services to local governments, state governments, and nonprofit organizations involved in commercial revitalization. We were also consultants for the U S Conference of Mayors in various cities. I stayed with NUDSC for two years. The City of Miami was one of my clients. So was Miami-Dade County [and] other cities around the country.

After two years in the consulting business, I took a job in Miami, Florida as the Assistant City Manager of Redevelopment. My primary task was managing a tax-increment district in downtown [that] involved about 250 acres of prime downtown real estate.

### **You have talked about the financing skills that you developed. What other skills did you come to acquire? Did certain skills become more important as your career progressed?**

In the latter years, when I came to Miami in 1982, I developed more of a housing strategy that would complement the redevelopment initiative. I spent the last fifteen years of my career in

neighborhood revitalization with a holistic approach. I became more involved in housing development during the last fifteen years of my career than I had been in my prior twenty-six years.

I became involved in international trade during my tenure with the City of Miami. I have been to twenty-six countries. One of my main accomplishments was to set up a “Sister Cities” program [between] the City of Varna, Bulgaria and the City of Miami.

**What challenges did you have to overcome throughout your career?**

In the beginning, it was a matter of converting my academic education into practice. One of the big challenges was trying to get government officials to understand why they had to be a part of the initiative. In my consulting days, I had to get cities to realize that economic development was not just a response to a federal program. Most politicians would say, “OK, I have this federal money, I’ll respond and put something together.” They didn’t understand that they also had to play a part. They had to be part of the political decision and the political initiative to get positive results.

The decision process and commitment had to start at the top. If it doesn’t come from the top, then it’s no good when it gets to the implementation process. It will have no support if it starts at the bottom. It was a challenge to get mayors and commissioners onboard...especially if it was an inner-city neighborhood. My biggest problem was trying to get local governments to understand their role in the economic development initiatives and revitalization initiatives. I had to get them to understand it was a win-win situation. The city is here for the long-run. They can take much more risk. Cities had land that was just sitting there and producing no taxes, but it was costing them for upkeep and maintenance. Putting it into use with the private sector would allow them to create value within the area.

Speaking of challenges, there is something I forgot to mention. One of the biggest challenges I had, in addition to convincing local government of their role in economic development, was trying to revitalize deteriorating downtowns. The expansion of the suburbs is a whole story within itself. People moved out to the suburbs, and the suburbs began to build malls. So, when you went home, you went home to everything. You went home, changed clothes, and went to the mall. The mall had all of the conveniences, goods, parking, and services that you needed. You wouldn’t come back downtown to a *JC Penney* or a *Montgomery Ward* because they were now in the suburbs. They “knew where the river flowed.”

I was able to get the City of Miami to commit part of the franchise fees from a public utility to support neighborhood revitalization. That was the first time in my experience that I was able to get a government to put up some of its own non-federal resources to leverage money for an economic development initiative. Even today, I still find that to be extremely challenging. However, we are coming to a point now we are getting more business heads in the government as opposed to just political heads.

**What experiences did you have while working with elected officials?**

It's interesting. Any person who has been elected as a commissioner or mayor all of a sudden thinks he/she has all of the knowledge in a field where he/she has no education or experience. You cannot believe how hard it is to get them to come off of that ego. It takes a real cautious approach to do that. I have found out that most of my success in dealing with elected officials was to go in and say, "This is what you get and here are the benefits." I don't go in ask for something just because a neighborhood is poor. I say, "Look what can happen. This is what it takes to make it happen. This is the guarantee that you won't lose. It's a win-win."

**Can you talk about how CUED evolved throughout your participation with the organization?**

CUED adjusted to the needs of its membership and the areas in which they served. We were in constant search of resources to meet those needs. Information obtained was disseminated through a variety of venues, such as: on-site consulting, written communication, and member contact.

**What exactly was your role CUED? You mentioned you were the Vice President of the Southeast Region. Did you have any other leadership positions?**

We had four vice presidents, and I was Vice President of the Southeastern Division. I was a conference facilitator. I spoke at almost every conference that we gave. I had a workshop. We had workshops that generated a lot of interest from CUED members. They came from small cities and boroughs, and all of the sudden they realized that their downtown area didn't have a business magnet anymore. When I got involved in situations where a city wanted me to come up with a reuse of downtown, I had to tell them, "You cannot restore what used to be. You have to find a reuse for it." Strangely enough—and Philadelphia did this very successfully—that is when we began to change downtowns into residential areas. The gas crisis helped us out even more, because all of the lawyers and other professionals who had moved to the suburbs still had to come back downtown for work. Also, a lot of the younger people wanted to be closer to where they worked.

We began to make downtown Philadelphia a neighborhood. I always said that an area does not become important until it becomes somebody's neighborhood. We figured that out a long time ago. Once we made Philadelphia a downtown neighborhood, then we were able to develop the Gallery and a variety of other commercial activities like the Waterfront. People in the afternoons, just like in the suburbs, come home from work and want to go out for the evening. They want to go to service establishments like restaurants. My biggest challenge was trying to convince public officials in other cities on new ways and reuses of the downtown. They thought it should be like it was years ago.

**What were the most pressing economic issues during your tenure with CUED?**

Revitalizing downtowns and trying to emphasize the reuse of entire cities were the major issues. Take Benton Harbor, Michigan. I went there at one time. I also went to Flint, Michigan. Because of the auto industry's decline, whole towns just went out. You look at these towns in frustration and say, "What can I do?" Then you begin to explore the assets they have. Well, Benton Harbor,

Michigan has a waterfront and they are not too far from Chicago. So, right away that gave us an idea. I never could come up with a solution for Flint, Michigan. They even offered me a job.

**I believe you said you wound down your involvement with CUED before the merger correct?**

Yes. I'm getting to an advanced age, and I retired in 1998. It's not that I "wound down my involvement," but my membership dues just didn't get paid anymore. I have always maintained a relationship with Jeff Finkle, and other members of CUED, because I was there forty years.

**Do you know what brought about initial discussions of the merger?**

No, I don't, but let me just say this: Jeff saved CUED. I was impressed with his true business sense and initiative from Day One. In terms of the survival of the industry and the legacy of CUED, it was not a bad idea to have the merger. That's what we do in America. We don't build anything new...we consolidate and merge to make it better <laughs>. But you still don't lose your initiative. You just do it in such a way that you can get bigger and better and have more resources to draw from. I don't know how and why the merger took place, but I don't think it was a bad idea.

**During your career was there anyone who inspired you, a mentor type?**

Yes, Ben Goldstein and Clif Henry. Then, CUED after that. They're all mixed in. Also, there was a gentleman by the name of Jim Peterson who preceded Jeff. We changed people, but the relationship continued. Jeff has a lot of initiative. I would tell him that to his face. I was on the selection committee, and I was the one who didn't vote for him! He knows that. I tell him, "Hiring you was the best decision that the board ever made." I was voting for Stuart Rogel, who was down here in Miami Beach with me.

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

Lots of people came to me, especially when I set up PCDC. My deputy, Andrea Lander, who was really the planner, became very supportive. She actually covered my back many times when I was spending time at CUED and other places. I was going around and disseminating my information and experience. I did a lot traveling. There were a number of people I was always willing to provide with whatever information that I had. I just enjoyed it.

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

We have to discover what the "new norm" is going to be. The kinds of things that we did twenty, thirty, or forty years ago are not so necessary today. Let's get back into the global economic situation. We did a lot of small business, manufacturing, and retail. Because of the cost of labor, benefits, etc., we have difficulty producing a product that can compete with the global market.

I listen to the President and the pundits talking about creating jobs. I can't, for the life of me, figure out what jobs they are going to create for the middle class that are comparable to our past and present standards. What will get the middle class back to work? When I was coming up, there were seven automobile manufacturers in America. They did not just directly produce jobs; there were all the ancillary jobs that came with it. There were subcontractors who had subcontractors, and the beat went on. One of those automobile companies could employ maybe 30,000 to 40,000 people through all of its total relationships. Today, we have two. You can understand why Illinois, Michigan, and other Rustbelt States have declined. Income-producing and job-generating enterprises have changed or disappeared.

That also happened with the demise of the steel mills. When I was a kid, it was the coal mines that were the driving force of America. That changed. At least seventy percent of our energy still comes from coal. But, in terms of the future of our interests in economic development, we have to create a new model that is going to have far-reaching impact. The only way you can create a new model is first to begin to study the needs today. I started out in the early 1960s, and I also taught. I taught school in the Office of Economic Opportunity before we ever had any of these other programs. Most of things I was doing in those days are relevant today.

I gave a speech in Bulgaria some years ago when they had just converted from socialism and were trying to convert to capitalism. I made a statement, and everybody in room said, "Ohhh no!" I said, "Capitalism is one of the best systems for providing social order in a democratic society. However, capitalism does have both downfalls and good qualities. One thing about capitalism is that you will always have your 'haves' and you will always have your 'have-nots.' That is just a component of it, and it will always be that way." We still have "have-nots" in this country who have needs. Government will always have to play a role. If government has to play a role, then they need professionals out there who can coordinate these roles, disseminate the information regarding these roles, and help implement their initiative to make these things happen. It is always an on-going process. We will always have a need for people that can provide socio-economic activity for this country.

IEDC must try to find out where the economic development field is going now. What are our needs, and what can we provide? What can we do? We have to discover what to do, how to deliver it, and what is available to deliver it. What will be the "new norm" for the future society? There will always be a need for this profession. There are people who are having a hard time getting a job, but if it wasn't for my age I could get any job I wanted in government delivering some sort of socio-economic initiative to some neighborhood that is deteriorating. We are always going to have poor people in this country and we are always going to have rich people. Consequently, there will always be a need for agencies like IEDC.

What bothers me now is what is happening to the middle-class. We have to figure out how to interface with that. What are their needs? What are the assistances they want that we need to give them? What role does government play? There is not a day in your life—no matter what time it is—that government is not involved in what you do. I told my oldest son that. We had the biggest argument. He didn't realize that his driver's license, his marriage license, and mostly everything else in our daily life is regulated by the government! He considered government to only be the Federal government. But, government is always involved, [whether it is] federal, state, [or] local.

I think that IEDC has to understand what part government can play. No matter what the situation is in this country, IEDC must develop a capability and a capacity to deliver that.

**You won the Ed DeLuca Award in 1994. Would you like to comment on what that meant to you?**

Yes. That was quite a surprise to me. In fact, I am sitting here in my office looking at it. I removed a picture that was on my wall to make room for it. It's framed and dated April 18<sup>th</sup>, 1994. I knew Ed DeLuca. This was sort of an overture to me for the years of contributions that I had made to the profession and my willingness to become involved in sharing my knowledge and my energy.

I have always said that colleges don't teach what we learn in economic development and how we have to deliver it to the government. We all got a bunch of degrees. Hell, I have a Master's degree and a BA degree. However, I didn't learn anything about the practical side of delivering economic development initiatives to cities, counties, and states in college. When I went to Goddard [College] to get my Master's Degree in urban economic development, I designed my own program. It was a program that required you to leave a working model of what you were designing. I left PCDC as a part of my model. I think they have since closed it down after thirty-some years.

I was very surprised that I was even nominated [for the Ed DeLuca Award]. I didn't expect it. I didn't ask for it. I didn't solicit it. Stuart Rogel and Jeff Finkle had a lot to do with it. I got a call and they said, "We are putting you up for nomination for the Ed DeLuca Award." I said, "You gotta be kidding me!" I didn't expect anything like that. Next thing I know, Stuart was writing a profile about my accomplishments over the years. In the final analysis, I got the award. Every day I sit here in this room and look at it.

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

I don't know. I get to a point where I could just talk forever. Just let me know if you have any questions for me.

Transcribed by Joseph Moerke on March 31, 2011  
Edited by Tye Libby on April 25, 2011