CHAPTER TWO

Overview:
Four
Political Eras

We identify four stages in the history of urban public investment over the past century:
—The pre-1950 era: Localities received little aid from higher levels of government, had limited resources, were generally reactive in their capital investment strategies, and almost never imposed significant disruption on existing built-up precincts.
—The “great mega-project era” (1950–late 1960s): With unprecedented infusions of federal aid, cities and states undertook massive investment programs—designed above all to retrofit cities for the technologies and corporate preferences of the mid-twentieth century.
—The era of transition (mid-1960s–early 1970s): Community and environmental impacts of these programs provoked intense citizen protests, leading governments to adopt rules greatly constraining disruptive public investment.
—The era of “do no harm” (mid-1970s–present): Public investment in mega-projects remains substantial if more limited than during the great mega-project era, and quite central to the development strategies of many cities. The dominant project types and implementation strategies are quite different, however, because it is now essential to avoid or fully mitigate any significant disruption.
The Pre-1950 Era

From the earliest days of the Republic, civic boosters have prodded governments to participate in the development of large-scale physical facilities—from canals and railroads in the nineteenth century to airports and convention centers today—deemed essential by private investors but beyond their own unaided capacity. And they have frequently succeeded. Until the middle of the twentieth century, though, such projects rarely involved significant disruption of the existing urban fabric, and they typically proceeded within a broader framework of minimalist government—that is, one in which services were extremely limited by modern standards. Governments appealed to investors primarily by offering low taxes and negligible regulation.¹

Until the final years of the nineteenth century, large infrastructure improvements were undertaken far more commonly by private than public entities. The role of government was to provide exclusive franchises, authorizations to take property by eminent domain, grants of land, and, more rarely, loan guarantees or direct equity (stock) investments. During the first half of the nineteenth century, when urbanization was still in its infancy, state governments played a leading role in such efforts, often with federal assistance in the form of land grants.² State and federal involvement diminished subsequently, but cities, which were growing rapidly and acquiring far greater institutional capacity, became increasingly active.³ For political machines, at their zenith in this period, capital projects offered uniquely attractive opportunities for profit and patronage as well as for the cultivation of key constituencies.⁴ Machines did not require public ownership to reap the political benefits of capital spending, however; it was sufficient to grant the franchises and maintain some ongoing regulatory presence. An additional advantage of private development was that it took the issue of

2. State aid contracted sharply after the depressions of 1837 and 1857. By the beginning of the Civil War, local aid for infrastructure was roughly equal to that provided by the states. Tarr (1984, p. 8).
3. The first census of local and state governments was conducted in 1902. By that time localities were responsible for more than 80 percent of all public capital spending. Authors’ calculations from Bureau of the Census, Historical Statistics of the United States: Colonial Times to 1970 (1975, series F 1–5, series Y 783–95).
taxation off the table. Investors were expected to draw their revenues from customer payments, and consumers who felt aggrieved were expected to address their complaints to the private operators. Thus as major new infrastructure technologies emerged in the late nineteenth and early twentieth centuries—rail transit, the telephone, and electric power, in particular—cities brought them on-line primarily by franchising companies rather than investing directly. Over time, as these entities grew far beyond local boundaries, the regulatory function was increasingly taken over by higher levels of government, but telecommunications and electric power remain almost completely private to the present day.

Cities did not rely entirely on franchising, however, to address their growing infrastructure needs. It was difficult or impossible, given the metering technologies then available, for private operators to recoup the costs of certain types of infrastructure that nonetheless came to be viewed as essential to public health and economic growth. The debates about whether to undertake such improvements were typically intense and often inconclusive until crises (such as epidemics) forced action, but they were increasingly resolved in the affirmative.

Most direct public investment during the late nineteenth and early twentieth centuries was concentrated in four areas: education, water and sewage, street improvements, and urban beautification. The school-building boom was fueled by explosive urban population growth and substantial increases in the percentage of school-age children who attended school. Water and sewage investments were driven by growing public health knowledge, continually reinforced by outbreaks of fatal disease that ravaged rich as well as poor (though not, to be sure, in equal measure, as the rich were less densely packed and could often escape the city in periods of epidemic). Spending on streets and roads, already the second largest item in most municipal budgets by the late nineteenth century (trailing only education), increased sharply during the 1910s and 1920s in response to surging motor vehicle usage. Most investment in this domain consisted of paving existing streets, though many cities also widened major streets within and on the approaches to downtown and at times, if land were available, built landscaped boule-

6. For a vivid account of the years of controversy (amid repeated devastating plagues) that preceded Chicago’s decision in the 1890s to incur the cost of reliably separating its sewage and water systems, see D. L. Miller (1996, pp. 423–32).
yards. During the same period, finally, many cities invested heavily in public buildings, often of a monumental character, and parks, particularly with the aim of enhancing the attractiveness of their downtowns.

These efforts were generally promoted by leading local businessmen, and indeed this was a period of unprecedented growth in formal business organizations. While their vision of the proper role of government remained narrow by later standards, they had arrived at the view that key attributes of a competitive city included a better-educated (and Americanized) work force, freedom from waterborne plagues, modern streets, and a beautified central area. It is impossible to gauge the precise magnitude of these efforts before 1902, when the Bureau of the Census began keeping track. From 1902 to 1927, however, local capital expenditures nearly quintupled in real terms and rose from 0.7 percent to 1.5 percent of gross domestic product. By and large, the revenue base for core water and sewage investments, arterial road improvements, and downtown projects was the local property tax. On the other hand, water and sewage connections to specific neighborhoods and properties and street paving projects in residential areas were often financed by special assessments after petition from the owners involved. This fee-for-service approach led, of course, to sharp disparities in service between more and less affluent areas.

The results of these spending and taxing policies were dramatic. To illustrate, while only 310,000 people had access to treated water in 1890, more than 45 million did by 1930. Similarly, while total road and street mileage increased only 3 percent between 1914 and 1929, paved mileage increased by 157 percent.

The Great Depression brought an abrupt end to this local investment boom, and indeed numerous local governments defaulted on bonds that

8. By the late 1920s limited-access parkways were under construction in a few localities, and many major urban areas were developing plans for even more downtown-oriented high-speed roads. Seeley (1987, pp. 149–54); and McShane (1994, pp. 203–28).
they (or special districts they had set up) had issued in the booming 1920s.\textsuperscript{14} Local spending cuts were partially offset by federal aid, which became an important factor for the first time since the early nineteenth century, but the principal aim of such aid was to create jobs, not facilitate the realization of ambitious local visions. So New Deal programs typically spread their resources over very large numbers of projects—small, simple to design, and labor intensive. The largest single source of funding, for example, the federal Works Progress Administration, had an official dollar ceiling of $25,000 a project—though larger projects were frequently subdivided into several $25,000 components. As of June 1938 the program had helped finance the construction or repair of more than 34,000 schools, 280,000 miles of streets and roads, 2,700 new parks and playgrounds, 153 new airports, 280 miles of new airport runway, and 250 docks, as well as the planting of 24 million trees.\textsuperscript{15}

Federal jobs programs were curtailed in the late 1930s and ended during World War II.\textsuperscript{16} The federal government undertook numerous projects, most notably airport improvements, during the war that later proved suitable for civilian use, but local capital spending plummeted—to a level, by 1944, lower than at any time since the Census Bureau had begun keeping track in 1902.\textsuperscript{17} Nonetheless, during the latter years of the war many cities, in cooperation with their leading business groups, developed ambitious revitalization plans—calling for new expressways and airports, downtown beautification projects, and (in many locales) programs to replace slums with new commercial facilities and market-rate housing.\textsuperscript{18}

For the time being, these remained statements of aspiration rather than serious action plans. In the absence of aid from higher-level governments, very few cities were in a position to undertake major new projects. But they did respond with sharp increases in capital spending to improve their existing infrastructure which, after a decade and a half of neglect, was typically in an advanced state of decay.\textsuperscript{19} In aggregate, local capital expenditures rose sevenfold in real terms from 1944 to 1950—finally reaching their pre-

\textsuperscript{15} Couch and Shughart (1998, pp. 113–18).
\textsuperscript{18} Teaford (1990, pp. 83–121).
\textsuperscript{19} Teaford (1990, pp. 76–79).
Depression level in the latter year. The politics of local capital budgeting, however, particularly where local legislatures were ward-based or bond issues required direct voter approval, strongly favored the diffusion rather than concentration of resources—that is, small projects spread widely across the city. During this period new limited-access roads were built in several cities (including Los Angeles, Boston, New York, and Detroit), most commonly under state auspices. By and large, however, local mega-project plans gathered dust.

The Great Mega-Project Era

As the nation emerged from World War II, there was great concern that the economy would slide back into depression, and the idea—a New Deal legacy—that government could stimulate a weak economy by financing public works enjoyed broad support. This was a period, furthermore, in which public confidence in government was unusually high. The private economy had failed in the 1930s, forcing vast numbers of people to turn to government for employment or relief. Large sectors of business as well had turned to government for subsidies, contracts, and regulatory protection (against price-cutters and new entrants). Then, in the pressure cooker of world war, tens of millions of people had served in the military or worked for military contractors. The outcomes had been total victory abroad and full employment at home.

Against this backdrop a variety of national, business-led coalitions assembled to spur ambitious peacetime investment programs, largely financed by the federal government. Though unswerving in their commitment to capitalist organization of the economy, these groups now favored vigorous government action to further growth as well—and not merely during emergencies like war and depression, but on a regular basis. Their path was by no means easy, because pressures for tax cuts and a return to prewar patterns of governance remained very strong. But several of these coalitions did bring about major new programs in the decade or so following World War II, most notably in support of housing, highway, and airport development.

20. As of 1950 the local share of total capital spending was 50 percent, down from 70 percent just before the Great Depression. See Bureau of the Census, Historical Statistics of the United States: Colonial Times to 1970 (1975, series F 1–5, series Y 783–95).
The housing and motor vehicle industries—together with their suppliers, distributors, franchisees, contractors, and collateral service businesses—were already among the nation's largest, while the commercial aviation industry, though still in its infancy, was among the most rapidly growing. Each of these coalitions credibly claimed to represent surging popular demand as expressed in the marketplace, and each was a formidable presence in nearly every congressional district.

These were years of growth and prosperity nationally, but not in older central cities, which were experiencing a severe loss of both residents and employers to the suburbs. Their handicaps in competing with newly developing areas were legion, from their physical layout and decay to their large numbers of low-income and minority residents. And even the advantage of centrality itself appeared to be a rapidly diminishing asset. Whereas virtually all transit lines radiated out from downtown, urban area residents were now abandoning mass transit for cars at an astonishing rate. And cars worked least well in cities, with their high-density, often narrow streets and very limited space for parking.

Thus central-city leaders experienced a growing sense of desperation. In order to head off a death spiral, they came to believe, nothing short of radical surgery would do—to clear away slums, to assemble and write down the cost of large development sites, to build expressways from the suburbs and regional airports into downtown, and more generally to retrofit "obsolete" elements of the urban fabric for the dominant technologies and corporate space demands of the second half of the twentieth century. The cities were already under severe fiscal strain, however, and had never financed projects of such magnitude. Nor were the states likely to provide the lead. The national coalitions for new federal programs represented an alluring opportunity, however. If central-city interests could gain inclusion in these coalitions and share in their victories, perhaps the federal government could be enlisted as a partner in revitalizing central-city economies.

In the event, these national coalitions proved open to their central-city petitioners—even, on occasion, where this required stretching their core rationales considerably. Consider the campaign for urban renewal, which had to overcome two objections to its inclusion as a housing coalition priority. First, it was by no means obviously a housing program. Its aim was to stimulate for-profit, mainly commercial, investment in central cities—particularly in central business districts, where its principal advocates were most heavily invested. Proponents were eager to clear away slums, but certainly not to redevelop the cleared areas with new housing for the poor. The
ingenious solution was to define slum clearance as itself a housing program, whether or not the housing destroyed was replaced. 23 Second, urban renewal was to involve compulsory land taking from private property owners, most frequently for resale at subsidized prices to other private owners. Many people found this extremely hard to swallow, and some were sure the courts would find it unconstitutional. A few years earlier, this would doubtless have been the case. Now, however, with broad support from the private business community, it passed constitutional as well as congressional muster—on the grounds that both slum clearance and urban revitalization were legitimate aims of public action. 24

In seeking to join the highway coalition, city interests faced two other hurdles. First, federal highway aid (excluding some New Deal work relief projects) had hitherto been reserved exclusively for the improvement of rural roads. Second, the core argument for a new federal program to finance a network of expressways connecting the nation’s major urban areas did not suggest any rationale for aiding expressway construction within cities. Urban representatives countered that whereas motor vehicles had first become critically important in rural areas, they now were so in urban areas as well; that the scale of the proposed new program would be unprecedented, so the history of federal highway aid should not be decisive; and that urban motorists would be paying most of the fuel and other motor vehicle

23. The 1949 Housing Act specified that all urban renewal projects had to be “predominantly residential” as thus generously defined. After localities complained that this was too constraining, Congress in 1954 allowed 10 percent of grants to be used for nonresidential projects. In subsequent acts it expanded this exception, ultimately (in 1965) to 35 percent. See Foard and Fefferman (1966, pp. 104–13); and Frieden and Sagalyn (1989, pp. 23–24). It bears emphasis that the housing coalition also included groups committed to federal aid for the production of low- and moderate-income housing. They too obtained provisions in the 1949 Housing Act responsive to their demands, but the act did not connect its affordable housing and urban renewal components. In practice, moreover, federal credit agencies refused to lend in neighborhoods with significant numbers of multifamily housing units or nonwhite residents, and local resistance to the siting of public housing projects was generally fierce. As a result, low-cost housing production lagged far behind government-financed slum clearance throughout the life of the urban renewal program. See Von Hoffman (2000); B. Frieden and Sagalyn (1989, pp. 22–37); Weiss (1985, pp. 153–276); Foard and Fefferman (1966); and Gelfand (1975, pp. 136–56).

24. Courts in at least three states—Florida, Georgia, and South Carolina—did hold that redevelopment was unconstitutional because the end product was commercial rather than public. The great majority of state courts, however, accepted the argument that slum clearance was a valid public purpose quite apart from the question of how the acquired sites were subsequently redeveloped. See Sogg and Wertheimer (1966, pp. 132, 147–48).
excise taxes expected to finance the interstate system.25 These arguments had strong appeal in the suburbs as well as in the central cities, and to the major industry groups in the highway coalition. The automobile and oil industries, for example, earned most of their domestic revenue in urban areas, and if traffic congestion was a threat to future sales, it was so primarily in urban settings. Truckers and major shippers were as eager to improve travel times within urban areas as between them. And highway construction interests were eager to build wherever they could.26

The advocates of federal aid for urban airports also faced two critical challenges. In collaboration with rural jurisdictions and corporate aviation interests, they had first to overcome resistance to any federal aid for airports at all. And then they had to struggle for a share of such aid consonant with their share of the national air travel market. Since the 1920s the federal government had exercised broad responsibility for air traffic control, and it had promoted airline industry development by subsidizing airmail services, but it had also chosen explicitly not to become involved in civilian airport development. The armed forces invested heavily in domestic airports during World War II, however, and turned over many new or improved facilities to civilian authorities in the early postwar years. Further, with wartime production over, the airplane manufacturers were desperate to expand the civilian market for their products, while the airlines and local boosters everywhere maintained that improved airports were indispensable to future prosperity. In this early glow of postwar enthusiasm, Congress enacted the Federal Airport Act of 1946. It proved to be a hollow victory, though, for champions of a major federal role in peacetime airport development. Appropriations to implement the act proved meager for many years, while its distribution formulas powerfully favored general aviation and small-city airports over the nation’s major commercial airports. The aviation industry continued to grow apace, however, and local business coalitions were eager to accommodate it. Consequently, airport operators in most major cities were able to finance ambitious projects without large-scale federal aid—drawing initially on the authority of local governments to issue tax-exempt

25. The federal Bureau of Public Roads first proposed amending the federal highway program to include urban roads in its landmark 1939 report, Toll Roads and Free Roads, wherein it observed that most traffic and most traffic problems were located in and near urban areas. Public Roads Administration (1939, pp. 89-114); and Seely (1987, pp. 166-77). The program was subsequently amended, in 1944, to make urban roads eligible for federal aid and also to authorize establishment of an interstate highway system. Significant new funding, however, with specific earmarking for the interstate system, did not follow until 1956.

26. For additional details and documentation on the highway program, see chapter 4.
bonds and provide modest direct subsidies but increasingly as well on revenues from landing fees, terminal rentals, and concessions.27

Public spending for mass transit capital improvements first became significant in the latter half of the 1960s, following a campaign that had begun in several of the nation's largest cities at the end of the 1950s. Transit had developed originally as a privately owned, though publicly regulated, industry. Four of the nation's five rapid transit systems—in New York, Philadelphia, Chicago, and Boston—fell into public ownership or receivership between the two world wars, but nearly all the rest of the industry remained private until the mid-1960s. Transit ridership fell precipitously in the decades following World War II, however, resulting in massive service cutbacks, neglected maintenance and capital stock replacement, frequent fare increases, and the disappearance of service in many areas.

During the late 1950s this downward spiral generated a significant political reaction for the first time, largely provoked by two developments at the federal level. The immediate trigger was a 1958 federal statute authorizing the Interstate Commerce Commission to overrule state regulatory bodies in cases where railroads proposed to terminate passenger service. For many years the nation's railroads with significant passenger (including commuter rail) services had been complaining of the massive deficits they were required to incur by state regulators—who in turn were acutely sensitive to the political agitation that invariably accompanied passenger fare increases and service cutbacks. So long as the railroads could cross-subsidize passenger services from freight profits, they were generally unable to obtain relief. By the late 1950s, however, railroad profits were anemic overall (in the face of intense competition from the trucking industry), and those railroads with the largest passenger commitments were on the verge of bankruptcy. Only five urban areas had commuter rail service, but they were among the nation's largest, and the railroads affected were among the nation's most important. Within months after the 1958 law took effect, these railroads sought permission to abandon most of their commuter rail service. Local officials of the areas most affected, led by their central-city mayors, went to their state and national capitals in search of fiscal assistance, and the transit lobby was born.

The other new development of this period, of course, was the dramatic expansion of federal highway assistance—which both threatened mass transit and provided its advocates with an opportunity. The threat was obvious: improved highways were likely to accelerate the shift toward private vehi-

27. For additional details and documentation on the airport program, see chapter 5.
cles in urban travel. The opportunity was to argue for greater “balance” in public spending. If governments were going to invest heavily in urban transportation, why shouldn’t mass transit receive a healthy share?

The limited victories of transit advocates through the early 1960s were mainly at the state level, involving subsidies to maintain existing service rather than aid for new investment. In 1964, though, following years of defeat at the national level, they finally secured enactment of a small federal grant program authorizing $375 million for transit capital projects over three years. The two great obstacles they faced in their quest for more “balanced” federal funding were the lack of a user tax base comparable to that which fueled the Highway Trust Fund and the very limited number of congressional districts in which mass transit was a significant issue. Gradually, however, the transit lobby extended its base to include those advocating for new rail transit systems in such cities as Atlanta, Los Angeles, and Seattle; bus systems nationally (including private operators hoping to be acquired by local governments); and transit suppliers. During the later 1960s, moreover, as a backlash against urban expressway construction gathered momentum, increasing numbers of politicians and even highway user groups found it convenient to argue that they favored transit as well as highway aid. But large-scale increases in federal transit assistance were not to occur until the 1970s.28

It was during the great mega-project era as well that cities began to invest in tourist facilities: that is, physical spaces for activities deemed likely to attract large numbers of nonresidents with a high propensity to spend money while in the city. Such projects became increasingly central to local growth strategies in subsequent decades.29 This represented a historic departure. As Peter Eisinger observes, while cities have always competed to attract investment, they had traditionally directed their services—including such recreational services as parks and civic auditoriums—toward local residents and businesses. Today, by contrast, they are engaged in “the construction of expensive entertainment amenities, often in partnership with private investors, designed to appeal primarily to out-of-town visitors, including the suburban middle classes. This is true even in the nation’s poorest, most decrepit cities, such as Detroit and Newark. . . . Increasingly, the urban civic arena is preoccupied by a politics of bread and circuses.”30

28. For additional details and documentation on the transit program, see chapter 6.
Bernard Frieden and Lynne Sagalyn observe that the full set of tourist facilities, as it emerged by the late 1980s, included convention centers, stadiums and arenas for professional sports teams, festival retail malls, redeveloped waterfront areas, casinos, performing arts centers, museums, and aquariums.\textsuperscript{31} We confine our attention here, though, to convention centers, sports facilities, and (in a later section, since the first were built in the 1970s) festival malls.

Cities had long invested in civic centers and auditoriums, but these had been tiny facilities by comparison with those to come, conceived mainly as amenities and symbols of civic greatness rather than as direct instruments to lure dollars from afar. Before World War II, their primary function was to accommodate such events as visits by renowned performing artists, amateur sporting events, and local trade fairs. After the war, however, with prosperity and the rapid growth of air travel, large business meetings came into fashion, often drawing attendees from great distances, and local business groups pressed for the construction of facilities to accommodate them. But convention centers were never profitable in and of themselves, the convention business was still young, and the cities were fiscally strapped.\textsuperscript{32} So even though the number of large cities with convention facilities almost doubled in the 1950s and then doubled again in the 1960s, the largest centers built in this period were very modest by comparison with what was to come (see table 2-1). When Chicago’s McCormick Place opened in 1960, for example, it was the nation’s largest convention center, offering 320,000 square feet of exhibition space. Its expanded version of the late 1990s offered 2.2 million square feet. Atlanta, which proudly opened its new convention center in 1967 with 70,000 square feet of exhibition space, three decades later had 950,000 square feet in an entirely new facility, 100,000 in a domed football stadium next door, and 700,000 more planned.\textsuperscript{33}

As of 1950 no locality had constructed a stadium for a professional sports team, though one major league baseball team and several football teams were playing in public stadiums that had been built in connection with bids for the Olympic games. Basketball and hockey teams more commonly played in public arenas, but these tended to be modest facilities that also housed a wide variety of amateur sports events. Overall, the four main

\textsuperscript{31} See Frieden and Sagalyn (1989, pp. 259–85).

\textsuperscript{32} Another complication in some cities was opposition from the owners of private exhibition facilities. See Banfield (1961, pp. 193, 197, 225). There are still, it bears mention, many private exhibition halls, though they are not among the largest such facilities. E. S. Mills (1991, p. 3).

professional sports leagues played in just 30 stadiums and arenas, 21 of which were entirely private (in both their ownership and in having been developed without public financial participation). During the 1950s, however, in the new environment of local development activism, cities began to compete for teams—primarily by offering them new, publicly financed venues in which to play. This was a particularly attractive offer, as many teams were playing in facilities built before World War I (and nearly all football teams were playing in stadiums configured for baseball), yet many teams were struggling financially and there was little prospect that new facilities would be profitable in and of themselves. Only six new stadiums and arenas were built in the 1950s, all publicly funded and publicly owned, but the pace accelerated thereafter. Twenty-five new facilities opened in the 1960s (a decade in which more teams moved than ever before, the major baseball and basketball leagues significantly expanded, and a new football league came into being), of which 17 were publicly funded and owned. Over the entire 20-year period 1950–70, the number of major league stadiums and arenas increased from 32 to 52, and the proportion owned publicly rose from 28 to 60 percent.

Only a few of these new facilities were located in or near downtown areas. For reasons similar to those of shopping center developers, professional sports team owners, particularly in baseball and football, strongly pressed for outlying locations, close to major highways and with plenty of land for parking. Governments, eager both to accommodate them and also to economize, generally went along. In consequence, 61 percent of the new stadiums and arenas built between 1950 and 1979 were located in subur-

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35. J. G. Long (2002, table 2-2); and supplemental data calculated by Long at the request of the present authors.
ban locations.\textsuperscript{36} The days of big television revenue and multimillion-dollar player salaries were yet to come, however; the leagues had not yet perfected their techniques for intensifying local competition for teams; and localities were still constrained in most cases by the need to secure voter approval for general obligation bonds. So most of the facilities built were not lavish by later standards. The new stadiums, for example, were generally intended for dual baseball and football use, and no stadium had either luxury boxes or a dome until 1965, when Houston’s Astrodome opened with both.\textsuperscript{37}

What is most striking in retrospect is the rapidity and lack of controversy with which an activity viewed as mainly private through the first half of the twentieth century—the construction of facilities for professional sports—became mainly public during the 1950s and 1960s.\textsuperscript{38} There were, to be sure, precedents for this in the history of urban infrastructure. Most early waterworks, mass transit systems, and airports were private, for example, and subsequently became public. The professional sports teams did not become public, however. Quite the contrary: while on the verge of their greatest growth and prosperity as private business enterprises, they succeeded in shifting an important element of their cost structure to the public sector.\textsuperscript{39}

\textbf{The Era of Transition}

Through the 1950s and early 1960s urban renewal, highway construction, and airport development appeared politically unassailable. All enjoyed near-consensual business, labor, and media support in most cities—due in no small part to the fact that, while generating much economic activity, they absorbed little or no general tax revenue. Major highway projects were funded entirely by higher levels of government; the local contributions to urban renewal were mainly in kind; airport investments were financed primarily by user fees along with small amounts of federal aid. Virtually no one

\textsuperscript{36} Data calculated by Judith Grant Long at the request of the present authors.


\textsuperscript{38} The most conspicuous exception during this period—and indeed the only baseball stadium built privately between 1950 and the late 1990s—was Los Angeles Dodger Stadium, which opened in 1960. The team was given a 300-acre site valued at $18 million in the late 1950s, however, as well as nearly $5 million in publicly financed infrastructure improvements and sole ownership of the ballpark. Danielson (1997, p. 249).

\textsuperscript{39} One might say the same about airlines and airports, and indeed there are important similarities, but there are also two important differences. Few airlines ever developed or owned airports, and airports are open to multiple users, whereas stadiums and arenas are built for one or at most two prime tenants.
seemed to realize, or perhaps care about, the devastation such projects might cause in older, densely settled, mainly low-income urban neighborhoods. The dominant assumptions, rather, were that the projects were required for the greater good and that the residents of such neighborhoods would in most cases be better off for their demolition. 40 There were controversies, to be sure, but mainly within the business sector itself—about whether, in some cities, to accept the urban renewal program's expanded rationale for public takings of private property, about specific fiscal choices (such as taking on long-term local debt and levying user fees to finance airport expansion), and about precisely where to site specific projects.

The programs operated, moreover, in relative secrecy, so that those affected often learned of projects just before the bulldozers rolled. In the early years there were no organized interest groups monitoring or learning from these experiences, much less providing potential victims with tactical assistance. Since their cause seemed hopeless, even those most adversely affected generally gave in without a fight. This tendency was accentuated by the fact that the victims were disproportionately poor and black. Slum clearance, after all, was an explicit objective of the urban renewal program, while highway planners were attracted to low-income corridors as both relatively cheap and particularly defenseless. In some cases, moreover, highway planners sited new highways with slum clearance as an explicit objective. 41

The dominance of program advocates began to erode in the mid-1960s, however, and within half a decade it was no more. How was such an abrupt shift possible? Multiple factors appear to have contributed, some broadly societal, some program-specific. The 1960s were a decade of citizen activism combined with spreading awareness of the disruption associated with urban mega-projects. This activism found many outlets, but three are of particular significance in the present context: the movements for civil rights, citizen participation, and (toward the end of the decade), environmental protection. The civil rights movement mobilized African Americans against "institutional" as well as personal discrimination: that is, patterns of discrimination built into ostensibly race-neutral policies and norms, such as the idea that the best way to deal with low-income neighborhoods (slums) is to clear them. The movement for citizen participation was organized, above all, around the premise that citizens had a right to be consulted in timely fashion, and with access to all pertinent evidence, about government deliberations that might profoundly affect them. The environmental movement took off

41. Mohl (1993); Keating (2001, pp. 91–95); and Altshuler (1965, pp. 49–51).
Boston's West End in the mid-1950s, a few years after city officials declared the neighborhood—home to about 7,000 people—a slum that should be torn down. (From a booklet put together by West End residents as part of their unsuccessful efforts to stop the clearance plan.)

from the premise that human beings are biological organisms, to whom nothing means more than the preservation of a healthy ecology. It seemed to follow that a central responsibility of government was to avoid damaging the environment with its own programs. Renewal, highway, and airport development activities were each vulnerable to these new forces in somewhat different ways, but we focus here primarily on renewal since the highway and airport programs are treated at length in subsequent chapters.

At the beginning of the 1960s several well-researched critiques of urban renewal, from opposite ends of the political spectrum, attracted widespread attention. Martin Anderson attacked the program as an example of profligate, bungling big government, emphasizing that many cleared renewal sites had been sitting vacant for half a decade or more with no redevelopment in prospect, and that even where redevelopment was occurring it was typically with very high ratios of public to private investment.\(^\text{42}\) Herbert Gans documented the last days of Boston's West End, a working-class neighborhood of extended families and other highly valued social networks. Its demise, Gans argued, had nothing to do with the supposed social pathology of

42. See Anderson (1964).
slums. Rather, this was a simple case of low-income people happening to occupy a site attractive to developers. Once the floodgates were opened, academic critiques of the urban renewal program poured forth over the next several years.

In combination, these intellectual attacks and growing neighborhood resistance to clearance stimulated incremental reform at the national level—most notably, improved relocation assistance—and tactical adaptations in some cities (including Boston, the focus of Gans's critique) away from wholesale clearance. Dramatic national change, though, awaited the urban riots of 1965–67. Some of the poster cities of the urban renewal program, such as Newark and Detroit, were among the hardest hit. Study commissions appointed to explain what had caused the riots, moreover, commonly found government clearance activities to be among the most intense sources of ghetto resident grievance.

45. See Kerner Commission (1968); New Jersey Governor's Select Commission on Civil Disorder (1972, esp. pp. 9, 55, 60); Frieden and Sagalyn (1989, p. 52); and Button (1978, esp. p. 73).
Boston's West End in 1962, now renamed Charles River Park, about six months after completion of the first two new luxury apartment buildings on the site. Credit: Courtesy Boston Herald.

More generally, the riots were a signal that Americans could no longer take social peace for granted. This was a shock in and of itself, provoking calls for bold action. Liberals urged redistributive initiatives and neighborhood empowerment, while conservatives argued for stronger law enforcement. There was little disagreement, however, about the propositions that riots were frightening, bad for business, and politically dangerous for officials on whose watch they occurred. Further, while the actual riots had been unplanned, chaotic, and mainly confined within ghetto boundaries, many feared that the nation could be in for worse.

One immediate result was a near-total abandonment of slum clearance activities. Some renewal officials, of course, wanted to proceed with their plans, but virtually no one else cared to risk provoking riots. And among the risk-averse were federal urban renewal officials, so the issue was moot.46 Over the next several years responsible officials scrambled to create a kinder, gentler version of urban renewal, omitting the slum clearance component. Whereas the primary focus of renewal before the riots had been downtown

revival, moreover, many agencies now turned toward the neighborhoods—seeking to work with existing residents, encourage the rehabilitation of existing structures, and use clearance very selectively if at all.

Unfortunately, such activity was extremely time consuming, the investments stimulated were small, and constituency support was weak. The old core renewal constituency, downtown business, had little enthusiasm for this new mission. And the neighborhoods themselves were, in general, neither united nor well mobilized politically.47 So urban renewal became a policy backwater, fraught with far more local controversy than (to most political leaders) it seemed worth. Years of controversy ensued about how, if at all, it might be further adapted, until in 1974 it was terminated as a distinct program. (To be more precise, it was consolidated along with 10 other programs into the Community Development Block Grant Program.)48

The Interstate Highway Program proved more robust. It was, after all, a truly national program, with most of its mileage in rural and exurban areas. Its most expensive and disruptive segments, however, were in densely settled cities and inner suburbs, and most of those still incomplete encountered severe resistance in the late 1960s and early 1970s. Though the highway story differs in major respects from that of urban renewal, it is parallel in at least two: (1) as the massive displacement effects of both programs became widely understood, neighborhood resistance sharply intensified; and (2) in each case a program that had enjoyed near-consensual support for a dozen or so years after enactment suddenly became intensely controversial, spurring major modifications, including the abandonment of many long-planned projects.

Growing opposition to airport expansion reflected the introduction of jet aircraft in the late 1950s (in combination with the broad societal factors noted above). The new planes were extremely noisy, required substantially longer runways, and attracted large amounts of additional patronage—all of which intensified conflicts with nearby residential neighborhoods. Some localities responded with efforts to construct new airports away from residential concentrations, but such facilities generally required sites of 10,000 acres or more; such large parcels of land could be assembled only at distances from the urban core that most airlines and local business groups deemed unacceptable. On those rare occasions when sites both adequate in scale and acceptable to business were identified, moreover, it was often impossible to overcome environmental objections—as witness the failure of

47. Keyes (1969); and Sanders (1980, pp. 103–26).
proposals for a new Miami airport adjacent to the Florida Everglades, a fourth airport for the New York region in New Jersey's Great Swamp, and a major expansion of John F. Kennedy Airport into New York City's Jamaica Bay.

This was also a period, finally, in which the movement for mass transit support came of age. The most critical reason appears to have been the growth of antihighway sentiment. Finding it valuable to have a positive program of their own, those fighting new highways hammered home the argument that urban mobility needs could be met more effectively and equitably by improving mass transit. Emboldened by this new support, the coalition of local officials, transit operators and labor unions, transit suppliers, and downtown business groups that had been seeking increased aid for transit throughout the 1960s intensified its campaign.

This campaign began to bear fruit in the final years of the decade and gathered much stronger momentum in the early 1970s as the national transit coalition found increasing numbers of allies in the highway camp. For highway interests, the central issue was the growing vulnerability of their own program. After rising sharply from the late 1950s through the mid-1960s, federal highway aid declined by roughly a quarter in real terms from 1968 to 1973. Increasingly controversial, it had become a tempting program for the president to cut, and a more difficult one for which to muster veto-proof congressional majorities. The solution, urged by transit lobbyists, was a highway-transit alliance. The resulting surface transportation coalition survives to the present day. The most notable of its early achievements were a tenfold increase in federal transit aid in real terms from 1968 to 1980, the abatement of controversy surrounding the federal highway program after about 1973, and a reversal of the downward trend in federal highway expenditures in the mid-1970s.

The Era of "Do No Harm"

U.S. infrastructure investment declined sharply, in aggregate, through the 1970s and early 1980s, and doubtless more so in major cities, where siting disputes were most intense, than elsewhere. Local impulses toward

49. The net stock of fixed assets owned by U.S. state and local governments rose at an annual rate of 4.5 percent from 1947 to 1973, but only 2.3 percent from 1973 to 1998. During the first half of the 1980s, the absolute trough, it rose less than 1 percent a year absolutely, and the stock actually declined slightly (.13 percent a year) in per capita terms. See Herman (2000, p. 17); and Altfshuler and Gómez-Ibáñez (1993, table 2-2, p. 28).
economic development activism by no means withered away, however. Facing new constraints—stagflation, a shift in federal spending toward Social Security and health programs, and intensified citizen resistance to both new taxes and disruptive projects—local growth coalitions were required to adapt. And adapt they did, with extraordinary success. In part they did so by shifting toward greater reliance on inducement strategies (see chapter 1). In part as well, however, their mode of adaptation was to identify new investment strategies more suitable for an era in which large projects were certain to be highly controversial and in which opponents were armed with a variety of legal weapons unknown in the great mega-project era.

The most significant new criterion that mega-project advocates now had to satisfy was avoidance of disruptive side effects—on neighborhoods, parks, natural species, historic sites, and a panoply of other valued community assets. This is not to say that every project was entirely nondisruptive. Particularly where localities were competing to attract large—or, as in the case of major league sports teams, symbolically important—private corporations and intense competitive pressure was perceived, significant amounts of dislocation still occurred at times. Detroit, for example, in two separate episodes during the 1980s, displaced more than 1,800 households and 200 small businesses to clear sites for automobile assembly plants (one for General Motors, the other for Chrysler).\(^50\) And more than 1,000 Chicago residents were displaced in 1989 to make way for the new Chicago White Sox baseball stadium.\(^51\) Such disruption was unheard of, though, where projects were entirely public, and was far less common than it had been even when localities were striving to accommodate private investors. Furthermore, localities were under increasing pressure to avoid reliance on general tax revenues.

Striving to realize their aims within the framework of these constraints, growth advocates shifted focus toward different types of projects, accepted amenity-enhancing features that they would previously have found outrageously expensive, and devised ingenious financing schemes that did not appear to burden local taxpayers. Clearance-based urban renewal, the construction of new urban expressways, and the development of new airports (or even new runways at old ones) became rare. Direct public investment in rapid transit, festival retail markets, convention centers, sports facilities, and airport terminals, on the other hand—all far easier to site and build

\(^{50}\) Jones and Bachelor (1993, chs. 6, 10); and Bachelor (1994, pp. 596–616).

\(^{51}\) The implementing agency in this case, recently established at the city’s instigation by the state of Illinois, was an authority rather than the city itself. Euchner (1993, pp. 150–56).
without substantial neighborhood or environmental disruption—ratcheted up. These shifts, moreover, with the exception of that toward rapid transit, were not significantly driven by federal aid policy.\textsuperscript{52} Indeed, the great majority of retail, convention center, and sports facility projects occurred without any direct federal aid (though most benefited from the ability of localities to issue tax-exempt bonds). And even after federal highway and airport grants increased (in real terms) during the mid-1980s and early 1990s, very few recipient governments sought to build new facilities in areas already developed at urban densities. Chapters 4, 5, and 6 consider post-1970 highway, airport, and rapid transit development in depth. Thus we focus here on retail, sports facility, and convention center development.

The thrust toward publicly sponsored retail development got under way in the early 1970s, though its heyday—chronicled most notably by Bernard Frieden and Lynne Sagalyn—was the 1980s.\textsuperscript{53} Whereas traditional urban renewal had focused on the development of high-end offices, hotels, and housing, the view was now gaining favor that if downtowns were to thrive, they also needed to be exciting retail environments. In practice, however, virtually all new retail development since World War II had occurred in the suburbs. And there was no reason to believe that this pattern would change if left simply to the marketplace, given the high cost of land in downtown areas, the difficulty of assembling large parcels, regulatory hurdles more complex and unpredictable than in most suburbs, security concerns, and traffic congestion. Finally, there was no recent experience of successful downtown retail development from which prudent investors and lenders could extrapolate.

Once several of the nation’s leading shopping center developers led the way, however, mayors, often spurred by local business groups, were eager to work with them. When a few developments were in place and apparently thriving, scores of cities and many other developers rushed in. The pattern of action required to bring this about took off from the urban renewal model, but with several critical differences.

It resembled urban renewal in that governments assembled the sites and subsidized the projects, while leaving most elements with profit potential to the private sector. Examining 39 projects in detail, Frieden and Sagalyn calculated that the median public share of gross investment was 32 percent. As in the case of renewal, moreover, the local shares were invariably well cam-

\textsuperscript{52} Even in the case of transit, moreover, investment continued to rise after federal aid stabilized in the 1980s.
\textsuperscript{53} Frieden and Sagalyn (1989).
outraged, enabling mayors to proclaim that these projects were essentially free from the standpoint of local taxpayers. The availability of federal aid was considerably less than during the great mega-project era, but several of the earliest projects did benefit from urban renewal assistance while many of those built later drew upon federal Urban Development Action Grants (until their termination in 1988). The primary sources of public revenue were local, however; both traditional (such as allocations from existing public works budgets) and new (such as tax-increment financing, public construction of collateral projects, tax abatements, low-interest loans to private developers, and new excise taxes—on hotel and restaurant bills, for example—crafted to draw most of their revenue from visitors to the city rather than residents).

To illustrate, during the mid-1970s, years before its downtown festival mall (Horton Plaza) went into construction, San Diego placed its site within a much larger tax-increment district, one in which large amounts of private, fully taxpaying development were already scheduled. It also successfully lobbied the federal government to lease its new federal courthouse within the district from a private developer, who would pay full taxes. Within just three years these projects were yielding tax increments in excess of $1 million a year—none of which was attributable to the festival mall project and all of which would otherwise have been available to support general city services. The city turned over the festival mall site, which had cost it $18 million, to the developer for $1 million. And it pledged to the developer that it would build or otherwise assure the construction of a new convention center in the immediate vicinity, several thousand parking spaces, 4,000 units of housing, street improvements, and a new downtown marina.

The most striking differences between traditional urban renewal and the new downtown retail initiatives, however, were in the realms of siting, urban design, and business-government relations. The sites were nonresidential and, by mega-project standards, extremely small. The median project in a sample of 71 analyzed by Frieden and Sagalyn occupied just 5.7 acres. These were mainly areas of local embarrassment, moreover—a skid

54. Frieden and Sagalyn (1989, ch. 8).
56. Frieden and Sagalyn (1989, pp. 138–39, 146–47, 161–62). After the original agreement, Proposition 13 severely reduced the city’s fiscal capacity while also contributing to an increase in property values and a reduction in the prospective taxes for which the developer would be liable. In this context, the developer assumed responsibility for the parking component of the project.

row/pornography district in San Diego, a long-cleared renewal site in St. Paul that had never attracted a developer, historic but derelict market structures in Boston and Seattle. So there was little controversy about their suitability for redevelopment. Additionally, the projects were low-rise—never more than four or five stories—and designed to lure the public in rather than (as typically in urban renewal) to wall it out.

Finally, whereas the urban renewal model had been one of detailed public planning without developer input (so as to avoid potential favoritism) and binding developer competitions on the model of those for public works contracts, the new model was one of public-private partnership from a very early stage. Frieden and Sagalyn emphasize that the initial agreements between cities and developers tended to be highly unstable, not as a result of carelessness or bad faith but due to inevitably changing circumstances. As a result, the real agreement in every successful case they examine was to continually work the problem and rework the deal. Often, moreover, the deals provided for governments, in partial return for their investments, to share in mall revenues or to build collateral revenue-generating facilities (such as


58. The old model had almost never worked and was generally considered responsible in later years for the vast number of failed urban renewal projects. The renewal agencies that achieved greatest success, at least by the measures of attracting large amounts of federal aid and private investment, all seem to have worked closely with developers in selecting sites as well as developing plans for them. See Danielson and Doug (1992, pp. 291–315); H. Kaplan (1963, pp. 15–38); Caro (1974, pp. 979–83, 1005–23); and Frieden and Sagalyn (1989, pp. 43–44).
parking garages). The variety of possible adjustments enabled cities, as new obstacles arose, to assure developers, lenders, and retailers that strong returns were still in prospect and to satisfy local critics that their government was acting in businesslike fashion.

The model of public-private partnership came into vogue as well in the realm of stadium and arena development, though not until the 1980s. Through the 1970s, as during the prior two decades, nearly all such investment continued to be 100 percent public (see table 2-2). This pattern was transformed after 1980, however.

With vastly increased television revenues and franchise expansion into many new cities, the major sports leagues had achieved much higher profiles than formerly as symbols of "big league” cities. They were also attracting more sophisticated capital and had become highly adept at stoking competition among localities, both to secure new teams and retain the ones they already had.

The most distinctive feature of this competition was the insistence of all four major sports leagues—baseball, football, basketball, and hockey—on

better, more heavily subsidized facilities in which to perform. Baseball and football teams were now insisting on separate stadiums, though purpose-built stadiums for professional football teams, which play just eight regular season home games a year, were unheard of till the 1970s. All of the leagues now had size, design, amenity, and luxury box standards driving costs far higher than they had been in prior decades. They increasingly made clear, moreover, that cities wishing to attract teams, or even retain those they already had, would do well to satisfy these demands. Thus St. Petersburg and St. Louis each invested hundreds of millions of dollars in a new stadium without having a team—just to improve their chances of attracting one. And even the largest cities had learned that their teams might depart—either to suburban locations (in football, for example, the New York Giants to the New Jersey Meadowlands and the Los Angeles Rams to Anaheim) or other urban areas entirely (the Rams, for example, in a second move, to St. Louis, and the Raiders, first from Oakland to Los Angeles in the 1980s, then back to Oakland in the 1990s).

It was virtually impossible to find an independent economist who viewed sports facility subsidies as good investments in local economic growth. The chief executives of most large American cities, however, urged on by local business groups and the media, took this competition as one in which it was urgent to succeed. It provided a highly visible indicator of mayoral success or failure. The local support base included highly motivated fans as well as the usual array of business and labor supporters for development projects. The media, with their large commitments to sports coverage, were intensely interested. And doubtless many public officials believed as well the consultant reports—commissioned by teams—that promised large spin-off economic benefits.

The advocates of sports facility investment faced a serious problem, though. Even as the costs of accommodating new league and team demands were sharply escalating, local voters were communicating far greater resis-

60. John Siegfried and Andrew Zimbalist note: "Few fields of empirical economic research offer virtual unanimity of findings. Yet independent work on the economic impact of stadiums and arenas has uniformly found that there is no statistically significant positive correlation between sports facility construction and economic development." In support of this view, they cite work by 10 different economists published in eight different pieces, most of them peer reviewed. In a similar vein, Alan B. Krueger, an economist at Princeton University who edits the Journal of Economic Perspectives, has contended: "Experience suggests that subsidies for stadiums yield negligible economic benefits and expand the gap between the superrich and everyone else." See Siegfried and Zimbalist (2000, esp. p. 103); and Alan B. Krueger. "Take Me Out to the Ballgame but Don’t Make Taxpayers Pay for the Park," New York Times, January 10, 2002, p. C2.
tance to property tax increases than a few years earlier, and also objecting to public subsidies for private teams. Michael Danielson reports, for example, that local electorates, when given a chance to express their views directly, rejected 13 of 15 sports facility proposals during the 1970s and 1980s (versus only two of nine in the prior two decades) and that "poll after poll underscores hostility to public financing of sports facilities." Such resistance may help explain why the pace of development actually slowed in the 1980s, when only 14 new facilities (of which 10 were publicly owned) were built (see table 2.2).62

Sports facility coalitions reversed this negative trend in the 1990s, however, with a series of tactical adjustments.

—They turned to different sources of public revenue, less likely to trigger voter ire or referendum requirements than broad-based taxes on host city residents. The favored alternatives at the local level were visitor and "sin" taxes (most commonly, on hotel, restaurant, bar, and auto rental services) and regional sales taxes (which generated substantial revenues at very low add-on rates). These sources financed just 8 percent of public expenditures for new stadiums and arenas constructed before 1990, but 37 percent from 1990 through 2005 (projected).63

—Additionally, they were far more successful in eliciting contributions from state and county governments—particularly for new stadiums. States provided only 9 percent of funding for stadiums built before 1990 but 19 percent thereafter, while the county share rose from 30 to 45 percent. Meanwhile, the average local share declined from 28 to 13 percent.64 State involvement also enabled stadium and arena advocates in many cases to tap new sources of revenue without referendum approval and to bypass normal procedural constraints. The Maryland Stadium Authority, for example, was empowered to select a stadium site, condemn property without negotiation, and finance most of its activities by operating sports lotteries.65

—Particularly where referendum approval was required, they secured much larger participation in the capital costs of facility development by the teams and other private investors. Whereas teams bore just 11 percent of

such costs in the 1970s, they contributed 34 percent in the 1980s and 43 percent in the 1990s (see table 2-2).66 In several cases, particularly where referendums were required, teams eventually assumed the entire direct cost of facility construction itself. The voters of San Francisco, for example, rejected stadium proposals for the baseball Giants on four occasions during the late 1980s and early 1990s but finally approved a fifth in 1996, providing that the stadium would be built with no public funding at all.67

In order to obtain these up-front, highly media-worthy commitments from the teams, public authorities granted them compensating (and less visible) concessions: sweeter lease terms, long-term maintenance commitments, land contributions, collateral infrastructure investments, and property tax exemptions.68 (The Giants received substantial public contributions in the latter three of these categories.)69 After adjusting for these factors, Long concludes, the actual trend in public subsidization was opposite to that reported publicly. Whereas the reported public sector share of new stadium and arena costs dropped from 66 percent before 1990 to 57 percent thereafter, the “real” public sector share rose from 69 percent to 80 percent.70

With these changes in place, most projects were able to go forward without referendums, and when there were referendums, voters proved generally more receptive. To illustrate, less than a quarter of the 57 stadiums and arenas built between 1990 and 2001 were approved in referendums.71 Whereas only 13 percent of major league sports facility ballot propositions were approved in the 1970s and 1980s, however, 71 percent were approved between 1990 and 1996.72 It also bears mention that whereas referendum approvals tended to be final, defeats were generally way stations, either to

66. The public share of arena costs has consistently been lower than that for stadiums, and it dropped sharply in the 1990s. The reason is that arenas tend to be used far more intensively than stadiums. The most economic ones house both a hockey and a basketball team and are often used for other events such as rock concerts when the teams are not playing. The private investment share of new arena costs, in consequence, rose from 19 percent before 1990 (for facilities still in use as of 2001) to 58 percent thereafter. See J. G. Long (2002, table 4-27).
69. Specifically, the city leased the land to the team for less than market value, exempted both the land and stadium from property taxation, and committed to improving transit access. See J. G. Long (2002, appendix C, table 2-1).
70. J. G. Long (2002, table 4-1[a]).
71. Data calculated by Judith Grant Long at the request of the present authors.
revised ballot propositions (as in the San Francisco Giants case) or to new arrangements eliminating the need for voter approval. In 1995, for example, electorates (local in one case, statewide in the other) turned down proposals for publicly funded baseball stadiums in both Seattle and Milwaukee. In the wake of these defeats, local officials and the teams quickly obtained legislative approval for funding packages similar to those rejected by the voters.

The net result of these developments, in combination, has been a tremendous stadium and arena building boom, with 52 new facilities opening in the 1990s and another 20 scheduled to come on-line between 2000 and 2005. If all of the latter are in fact completed by 2005, more than seven of every 10 major league stadiums and arenas will have opened since 1990. This is all the more striking in that the new facilities are also far more expensive than their predecessors. In constant 2001 dollars, the average cost of new facilities rose from $51 million in the 1950s to $132 million in the 1970s to $226 million in the 1990s; and those scheduled to open between 2000 and 2005 are estimated to cost, on average, $314 million (see table 2-2). Whereas fully two-thirds of stadiums built in the 1950s were for joint baseball and football use, moreover, this was so of fewer than 10 percent in the 1990s, and no more joint stadiums are anticipated. Cities wanting football and baseball teams are now expected to finance, in whole or major part, a stadium for each.

The escalation in new sports facility costs was, it bears emphasis, not solely attributable to new luxury features demanded by the teams. It also reflected a shift toward in-town, more expensive locations. For reasons similar to those of shopping center developers, professional sports team owners, particularly in baseball and football, had strongly pressed for outlying locations during the period 1950–80, close to major highways and with plenty of land for parking. Governments, eager to accommodate team preferences and also to economize, had generally gone along. This pattern altered markedly in the 1980s, however. Central cities, having identified recreation as central to their downtown growth strategies, were now determined to host these facilities.

74. Fort (1997, pp. 168–70). (This source incorrectly states that the Milwaukee referendum occurred in 1994.)
75. J. G. Long (2002, table 2-1 and, more generally, ch. 2); and Siegfried and Zimbalist (2000, tables 1, 2, pp. 96, 97). Arena costs have risen at a roughly comparable rate, from $82 million on average during the period 1960–79 to approximately $200 million since 1990.
Los Angeles’ Dodger Stadium in the mid-1960s. Like most stadiums built between the 1960s and 1980s, it had good highway access and plenty of parking. Credit: SecurityPacific Collection/Los Angeles Public Library.

Reflecting the predominant post-1990 pattern, San Francisco’s Pac-Bell stadium, which opened in 2000, was built close to the downtown office district. Credit: AP/Wide World Photos.
In accounting for the enthusiasm of top elected officials, it bears emphasis that stadiums and arenas were relatively easy to site in urban areas. Mayors and governors were eager for visible successes in the competition for professional teams but not for battles with neighborhoods, environmentalists, and historic preservationists. Exclusive of parking, stadiums and arenas have relatively small footprints, though—typically 15 to 25 acres for a central-city stadium, four to six for an arena. And unlike festival markets, which depend significantly on impulse visits from nearby office workers and residents, sports facilities can be located successfully on the edges of downtown, in older commercial or industrial districts. Virtually all cities have suitable locations available, unlikely to generate substantial resistance but easily accessible from the heart of downtown (and by transit as well as car).

Finally, most baseball, basketball, and hockey teams had also become far more receptive to downtown locations: in part because they had discovered that downtown employers constituted the core market for their premium seats, a source of revenue on which they were increasingly focused, and doubtless in part as well because the shift was occurring in a context of sharply rising public subsidies. The upshot, Long reports, was that 79 percent of the new facilities constructed between 1990 and 2001 were sited in central cities (generally in or very close to downtown), by comparison with just 39 percent during the previous three decades.

The public-private partnership model has never proven feasible, even cosmetically, for convention center development because convention centers lack prime tenants and long-term lease agreements. Rather, they host an

77. Urban sites also were appealing because in comparison to projects proposed for suburban sites, their opponents tended to represent a smaller share of their jurisdiction’s overall electorate and therefore had less political leverage than their suburban counterparts. To illustrate: local opposition stymied the Chicago White Sox’s plan to build a new stadium in the Chicago suburb of Addison, while local opponents of a subsequent plan to build a new stadium on Chicago’s South Side, near the existing stadium, were unable to stop that project. They were able, however, to secure particularly generous compensation for those displaced by the new stadium. See Danielson (1997, pp. 262–66, 280–84).

78. Where space is available, however, teams often seek and obtain considerably larger sites in order to accommodate thousands of spaces of surface parking. See J. G. Long (2002, ch. 4, p. 7); and D. C. Peterson (1996, pp. 134–75, 222–70).

79. Professional football was different. Because most of its games occur on Sunday afternoons and because large numbers of fans are enthusiasts for “tailgating” (eating, drinking, and socializing from the backs of motor vehicles) in parking lots before and after games, team owners still strongly prefer large suburban sites with plenty of room for surface parking. With only eight or 10 events a year, moreover, football stadiums surrounded by vast parking lots are less attractive to central cities than arenas and baseball stadiums.

80. Data calculated by Judith Grant Long at the request of the present authors.
unending series of one-shot events. The competition for such bookings, particularly of the most prized—national trade shows with many thousands of attendees—is fierce, with the result that no convention center generates enough revenue to cover its debt service and few even cover their operating costs alone.81

Not surprisingly, therefore, private investors have never built full-fledged convention centers (though many hotels have less ample meeting facilities and there are even a few private exhibition halls, which cater mainly to local trade shows). Led by downtown property owners, developers, and tourist industry groups, though, local business groups have long made public investment in convention center development a high priority, portraying it as an important component of local infrastructure. One might think that this would be a very hard sell, in that convention centers are corporate meeting venues with little to excite voters as potential users. In practice, moreover, when put to the voters, convention center proposals have generally proven less popular than most other types of public works.82

Nonetheless, the number of cities with convention centers more than tripled from the late 1960s to the late 1990s (120 to 409; see table 2-1), the total amount of available exhibition space nearly tripled (24 to 65 million square feet), and an additional 15 million square feet are scheduled to come on-line between 2000 and 2005.83 While national data are lacking, it also seems clear that most of the space in use during the 1960s has since been replaced or dramatically upgraded.84

Heywood Sanders, who has most closely analyzed this history, and on whose work this section is based, reports that the business advocates of convention center investment, bolstered by standard-issue consultant studies, routinely made the following claims: (1) new convention center development was essential to keep up with improvements in other cities; (2) it would spark large amounts of collateral development; and (3) it would more than pay its way when economic multiplier effects were taken into account. Except in a handful of the most successful cities, however, both collateral

development and multiplier benefits have been extremely weak. 85 Since there are no long-term contract tenants, moreover, cities are unable to hedge the risk that convention centers will be underused. Many projects have generated substantially less business than originally projected, and this problem became more common in the 1990s as feverish expansion coincided with a slowdown in the rate of convention attendance growth. 86

While advocates portrayed their recurrent expansion plans as needed to lure high-spending visitors from great distances, meetings of this type accounted for only a small, indeed often negligible, proportion of the business that most convention centers were able to attract. In 1996, for example, 55 percent of the nation’s largest 200 trade shows occurred in just five cities (Las Vegas, Chicago, Atlanta, New York, and Dallas). 87 Consequently, while consultants routinely projected that the average meeting attendee would rent a hotel room for three or four nights, patronize restaurants, and shop, the actual mean was almost invariably in the range of one night or less. And this held true even for some of the most successful centers. Sanders reports, for example, that despite the large number of national trade shows New York City’s Javits Center attracted, their attendees were mainly local—with the result that, as of 1995, the convention center generated fewer than 0.2 hotel nights per attendee. 88

Studies of attendees, moreover, ignore the question of whether in periods of high demand others might rent the rooms in question if conventioneers had not booked them (usually at discounted rates) in advance. Striving to capture this effect, Sanders examined hotel demand in Boston during and after its Hynes Center closed for a three-year expansion and renovation during the late 1980s. In the event, local hotel room use continued to rise, topping out just before the center reopened. Then, with the center back in business, hotel demand was flat for six years. These trends were basically reflective of local economic conditions, but Sanders could find no evidence that the center’s closing reduced hotel occupancies or that its reopening increased them. 89

87. Sanders (1999, p. 5).
88. Sanders (1999, p. 12). It also bears mention that convention centers are generally viewed as uncompetitive unless adjacent to high-quality hotels. Few are such reliable generators of hotel business, however, that hotel development accompanies their construction automatically. As a result, many cities have ended up subsidizing nearby private hotels as well as their convention centers. See Sanders (1997, p. 17).
89. Sanders (1997a, pp. 22–23, fig. 7). In a similar analysis involving stadiums, John Zipp found no discernible impacts of the seven-week major league baseball strike of 1994 on the economies of the affected cities. See Zipp (1996).
What, then, drove the surge in convention center investment after 1970? Three factors stand out, all familiar to observers of the festival mall and sports facility booms. First, convention centers are relatively easy to site. That is, they are discrete structures with relatively modest acreage requirements, and while advocates might prefer locations in the heart of downtown, the centers are quite viable (with adjacent hotels, often subsidized as well) in downtown edge locations.  

Second, local growth coalitions successfully insulated most of their convention center initiatives from direct voter review beginning in the 1970s. By 1990, Sanders reports, city governments were directly issuing only one quarter of convention center bond issues. Nearly three-fifths were being issued by special authorities that states had recently authorized and exempted from referendum requirements.  

Third, the advocates adapted successfully to growing voter tax resistance by shifting to a mix of state aid, local taxes aimed primarily at visitors, and off-budget arrangements.  

For example, the city of Denver built its first convention center (as opposed to civic auditorium) in the 1960s, using a mix of existing sales tax revenues and urban renewal assistance. Little more than a decade after its 1969 completion, local business leaders began campaigning for a tripling of its size. Though they and the mayor were eager to avoid a referendum, one plan was placed before the voters—at the city council’s insistence in 1985, only to meet rejection by a vote of nearly two to one. Two years later the state of Colorado agreed to contribute $36 million (roughly 30 percent) toward the project’s cost, while the city adopted a revenue package for its share consisting of hotel, prepared food and beverage, and auto rental taxes. On this basis, and without a further referendum, the project went forward.  

San Diego had been averse to urban renewal, and had never been able to secure voter approval for a convention center, but it had managed to build a small one in the 1960s (41,000 square feet) nonetheless. In order to avoid direct local borrowing, and with it the need for voter approval, it had arranged for its own employee pension system to issue the necessary bonds,  

90. As centers have grown, though, they have needed much larger sites. For example, Boston’s Hynes Convention Center occupies 5.5 acres, while its new center will occupy a 60-acre site. In general, most of the large convention centers are on 40- to 60-acre sites, but some of the largest—in Orlando, Atlanta, New Orleans, and Chicago, for example—occupy more than 100 acres. At the other extreme, New York’s Javits Center occupies just 22 acres. D. C. Peterson (1996, pp. 176–221).  


secured by a long-term city lease. Beginning in the late 1970s, the city’s redevelopment agency and main downtown business group mounted a campaign for a vastly larger facility. Put before the voters in 1981, this proposal received just 43 percent voter approval. The advocates persisted, however, and prevailed two years later when the San Diego Unified Port District stepped in. The district, an appointive body with responsibility for the San Diego airport, seaport, and harbor tidelands, had sufficient resources in hand to finance the project (at 760,000 square feet, nearly 19 times the scale of that built two decades earlier) without issuing any debt and had substantial land on the downtown fringe that it had been eager to develop for some time.\(^\text{93}\)

When Chicago sought a $1-billion expansion of its McCormick Place convention center in the early 1990s, the most critical approvals that it needed were from the state of Illinois. Though the state was not a financial participant and the project was to be carried out by a special authority, state authorization was required for the financial package—new taxes on hotel, restaurant, auto rental, and airport taxi bills. The required legislation was approved in 1991, though only after Chicago legislators agreed to support a relaxation of air pollution rules sought by downstate legislators to protect high-sulfur coal mining in southern Illinois. This highlights a broader point, Sanders observes. Whereas downtown project advocates in the referendum era had to package their initiatives with neighborhood-based investments (and keep them relatively modest), so as to attract broad voter support, their post-1970 focus has increasingly been on potential allies outside the framework of local democracy, in particular state and special district officials.\(^\text{94}\)

**Looking Ahead**

At the turn of the twenty-first century, the trajectory of urban mega-project investment was upward, and “do no harm” constraints were fraying at the edges. But the pace of change—at least by comparison with the early post-war years and the period around 1970—seemed gradual. States and localities were investing unprecedented sums of their own money in airport and rail transit improvements as well as in new stadiums, arenas, and con-

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93. See Sanders (1992b, pp. 144–48). The port district, established by the state of California in 1962, is governed by a seven-member board—three appointed by the San Diego City Council, one each by the councils of four other localities bordering San Diego Bay.

vention centers. And broad-based coalitions had recently secured large increases in federal aid for all three transportation modes on which this book focuses (highways and mass transit in 1998, airports in 2000). In essence, though, the idea that mega-projects should proceed only if their negative side effects were negligible, or at least fully mitigated, appeared to be solidly entrenched.

The most notable recent trend generally in American politics, one that appeared to be sharply reinforced by the presidential election of 2000, was the ascendancy of organized business at all levels of American government. As it related to the subject matter of this book, the consequence was growing pressure to relax or eliminate many of the barriers to physical development put in place over the previous three decades. The new Bush administration was aggressively committed to this agenda, and the courts as well were fading as an obstacle to controversial projects. Reflecting a wave of conservative appointments during the Nixon, Reagan, and first Bush administrations (plus the barriers to counterbalancing liberal appointments posed by Republican Senate control through most of the Clinton administration), a series of judicial rulings since the late 1980s had sharply narrowed the grounds on which aggrieved groups could challenge official decisions or even achieve standing to litigate them.95 Thus, for example, federal and state courts rejected all but three challenges to airport expansion brought before them in the 1990s. The exceptions, moreover, were relatively trivial: two upholding the authority of adjacent communities to regulate land use in their own jurisdictions, and one ordering a more thorough environmental review.96

On the other side of the coin, however, environmental organizations remained potent politically at all levels of government, as did neighborhood, historic preservationist, and other grassroots groups in most localities. The former, in particular, had stymied efforts by the new Republican majority in Congress during the mid-1990s to weaken environmental statutes,97 and they now frustrated several of the new Bush administration’s high-profile early proposals. In response to their protests, for example, Congress balked at the administration’s recommendation to authorize oil exploration in the Arctic National Wildlife Refuge, while the administration itself

96. The land-use rulings involved Dallas/Fort Worth International Airport and Cleveland’s Hopkins International Airport, while the EIS ruling involved Oakland’s airport.
withdrawn a proposal to roll back standards (recently promulgated by the outgoing Clinton administration) limiting the amount of arsenic permissible in drinking water. Locally, meanwhile, though more projects involving residential displacement were going forward than at any time since the 1960s, the scale of disruption remained very minor in comparison with the great mega-project era, and that which did occur was almost invariably accompanied by generous compensation and mitigation programs.

So matters stood at dawn on September 11, 2001. The horrific assaults of that day instantly refocused the nation’s agenda, however, even as they intensified an economic downturn that was already under way. There is no precedent for the global struggle against nonstate terrorism in which the nation is now engaged or for the sense of vulnerability that Americans now feel at home. So projections of their effects on domestic priorities beyond the next two or three years are mere guesses. At least a couple of things seem clear, however. In the short term, resources will be scarcer for such pre-September 11 priorities as airport and highway capacity expansion. But—if prior experiences of war and recession are any guide—those projects for which resources can be found are likely to encounter fewer restrictions. Notably, moreover, even in the mega-project category most obviously affected by September 11—the expansion of airport runway capacity—no major projects have been cancelled as of late-2002. Most advocates and managers of major infrastructure systems still anticipate, it appears, that the current interruption of their momentum will prove temporary, a source of numerous project deferrals but very modest change when viewed from the perspective of a decade or so hence. Whether they are correct in this appraisal seems most likely to hinge on the nation’s success in preventing future terrorist incidents. A glance at the early deliberations on redevelopment of the World Trade Center site, however—with the prospect of billions of dollars of mass transit, street, park, and memorial investment—suggests that even in the wake of terrorist horror mega-projects loom prominently on the urban public agenda.  

98. We examine post–September 11 developments in greater detail in chapter 9.