

A DEMOCRATIC GOVERNANCE APPROACH TO
URBAN ECONOMIC DEVELOPMENT POLICYMAKING

by

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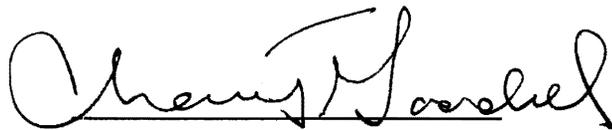
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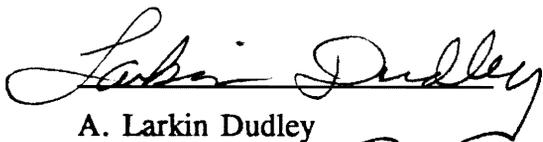
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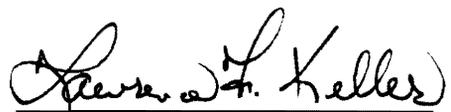
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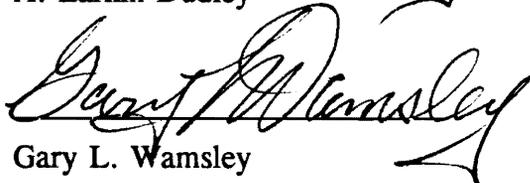
Charles T. Goodsell



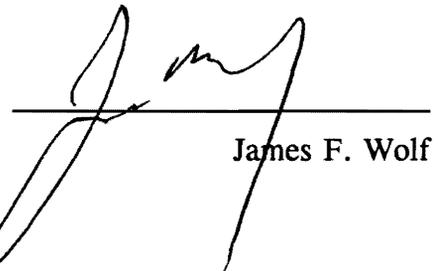
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(ABSTRACT)

This dissertation contributes to the literature on urban development politics. It takes a normative ideal, democratic urban governance, out of the esoteric realm of academic debate and applies it to a critical case study which concerns the most financially consequential area of urban policy, that of urban economic development. The principal elements of democratic urban governance are described, examined, and reconstructed as a framework for evaluating the policymaking potentials in the present case. Beyond its academic contribution, this dissertation provides developmental policymakers with an intellectually sound basis for considering, more candidly and more directly, issues concerning democracy and governance.

ACKNOWLEDGEMENTS

This manuscript would not have been possible without ongoing and substantial support from several sources. The first and last is that of Almighty God, the true source of all blessings. In considering my past, I am unable to conclude anything other than that I have been truly blessed, and that my work in years to come, should be as a blessing to others.

Second, I would like to extend my warm regards and appreciation to Dr. Gary L. Wamsley, Dr. James F. Wolf, and Dr. A. Larkin Dudley, all of whom served on my Dissertation Committee at the Center for Public Administration and Policy, at Virginia Polytechnic Institute and State University. Thanks to all of you for your time, energy, and supportive comments. Additionally, I would like to extend a personal thanks to Dr. Lawrence F. Keller, Esq., at the Maxine Goodman Levin College of Urban Affairs at Cleveland State University, who likewise, served on my Dissertation Committee. In many respects, he has taken me under his wing -- not that I should remain sheltered, but that I might mature, both spiritually and intellectually. His generosity over the past several years deserves more than I could ever hope to repay. If nothing else, it provides me with yet another reason to pass my blessings on to others.

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Last but not least, I wish to express a very warm and heart-felt thanks to Dr. Charles T. Goodsell, my Dissertation Committee Chairman and friend at the Center for Public Administration and Policy, at Virginia Polytechnic Institute and State University. Charles' organizational ideas, editorial suggestions and watchful eyes have greatly improved the clarity and quality of this manuscript. His probing questions, while sometimes unexpected, have nonetheless challenged me to think through the various policies and programs which would reasonably be involved in the implementation of a new, more democratic, urban political-economic order. My only prayer is that my work proves, at some point, to be as valuable to someone else, as my intellectual

mentors have been to me.

DEDICATION

This dissertation is lovingly dedicated to my mother, Mrs. Bernice Rogers, who lives, in her words, "to serve others." Although I have been very fortunate to have had the benefit of several excellent teachers/ mentors throughout my life, my mother was the first among these, and her loving heart has, indeed, fueled my passion for knowledge.

The sincerity of her love reflects, in my eyes, what the Apostle Paul must have meant when he blessed the Corinthians by teaching them how:

Love suffers long and is kind; love does not envy; love does not parade itself, is not puffed up;

Does not behave rudely, does not seek its own, is not provoked, thinks no evil;

Does not rejoice in iniquity, but rejoices in the truth;

Bears all things, believes all things, hopes all things, endures all things. Love never fails (I Corinthians: 13, 4-8).

May the love of God continue to inspire my mother -- she has never failed to pass on a good blessing.

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CHAPTER I.

INTRODUCTION

In the routine politics of local government, economic development policies carry the greatest financial consequences. Similarly, most urban academics tend to describe and categorize local political regimes in accord with the way(s) in which they formulate and/ or administer these long-term financial commitments (Stone, 1989; Elkin, 1987; DeLeon, 1992). Urban scholars, of both political and economic persuasions, have been persistent in their attempts to understand the basic components of the economic developmental process. However, these scholars have consistently re-discovered a single, simple, truth: that the developmental process favors the dominant institutions of capital and includes, but subordinates, the democratizing influences of the state (Peterson, 1980; Kantor & David, 1988; Bingham & Mier, 1993; Beauregard, 1993).

The problem, as noted by an unsuspecting Floyd Hunter some forty years ago, is that such an arrangement "does not square with the concepts of democracy we have been taught to revere" (Hunter, 1953: 1). This inconsistency, between theory and practice, is significant in that it emerges, by design or default, from within a policy area where local government is generally subject to the good graces of private elites,

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and where the financial stakes, at least for the public, are greatest.

Such a problem would seem, at some point, to raise questions concerning the financial capacity for urban governance: Does such a capacity exist? If so, is it adequate, given that private elites control much of the capital needed to finance economic development strategies? At another point, it raises questions to do with equity: Are the costs and benefits associated with development distributed authentically and fairly? Will the government administer this distribution, or will it be "administered automatically," through market transactions? And, if urban economic development policies were redesigned to ensure the long-term welfare of citizens and further distributive justice, would this make more of a (material) difference in citizens' lives than, for instance, the Great Society programs?

In this light, it is an occasion for wonder that, in most instances, this area of policy has somehow managed to avoid critical evaluation. Indeed, as Robert A. Beauregard observes, whenever one finds fault with the traditional economic development process, he or she risks being viewed as an "opponent of progress" (Beauregard, 1993: 267).

More importantly, while these, and related, issues would seem weighty enough to

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capture considerable attention from the urban political scholars, this has not been the case. Instead, the vast majority of them have chosen to be "partners of progress" by attending to issues of a more "administrative" nature.

The central issues of contemporary urban development politics have little to do with democracy, and even less to do with governance, as explained by Clarence N. Stone (1989). Rather, these issues turn on "social production" (Stone, 1989).

Contemporary urban political scholars are primarily concerned with enhancing the local capacity to "assemble and use needed [public and private] resources for policy initiative[s]" (Stone, 1989: 227). Meanwhile, the larger problems stand unaddressed. At issue is whether the dominant institutions of capital should, within a policy area of such financial consequence to urban America, dominate the developmental process -- an arrangement which, in its present form, subordinates the interests of the general public to those of landowning elites. So long as this (normative) problem remains unaddressed, the efforts of contemporary urban political scholars are seen more clearly as an attempt to "run a constitution" which has yet to be "framed."

Recognizing the mobility of capital, the fact that political leaders have relatively short terms of office, that cities are tax-dependent (Kantor & David, 1988), and that their powers are severely limited (Peterson, 1981) -- this dissertation argues that the private

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dominance of local government poses considerable danger for urban futures, not to mention, the traditional democratic processes of public accountability and democratic control. Recent proponents of national urban policy have explained how, the notion of democratic governance is altogether unreasonable (Molotch, 1976; Peterson, 1981; Elkin, 1987; Stone, 1989). As such, the notion of a national urban policy seems, at some point, inescapable.

Be that as it may, this dissertation is more tightly focused on the urban development politics literature, which serves as the intellectual backbone of the economic development practice. The main problem with the urban literature is that it has long ignored its debt to classical political philosophy. As a matter of fact, urban development politics and political science have both turned their backs on their intellectual predecessor -- having preferred instead, a highly empirical, and almost purely descriptive, approach to politics and public policy. As such, their works exemplify what C. Wright Mills (1959) refers to as "abstracted empiricism."¹ And,

¹ Mills uses the term to castigate those researchers who, along with 'grand' theorists, have abandoned what he sees as being the central task of sociology, that of grasping "history and biography and the relations between the two within society." For Mills, no social study that does not come back to the problems of "biography, of history and of their intersections within a society, has completed its intellectual journey" (Mills, 1959: 12, cited in Burrell & Morgan, 1979: 105, n. 61). For purposes of this research, the term "abstracted empiricism" is used in more of a political sense. And, as I explain later, one of the objectives of this research is to redirect, if not complete, an intellectual

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in recent decades -- both of these fields have (predictably) been invaded by economic theory.

Because of this, the field of urban development politics has, in particular, been unable to appreciate the dominant role played by capital institutions. Nor has it been able to give due regard to those few, of its own scholars, who have gone against the grain by advancing normative (i.e., democratic) arguments with respect to development policymaking.² Moreover, this field has been unable to provide public policymakers with an intellectual basis for altering the inequitable distributions that result from the market-economic approach to development.³

journey which began in the community power literature.

² More recently, Elkin (1987: 2) notes how a "normative focus in the study of city politics has had something of a resurgence in the work of such urban theorists as Peterson (1980) and Katznelson (1981)." While these authors have different substantive concerns, they both argue that the principal normative focus of urban political study should be a "concern for the way in which city politics advances or retards equality and/or promotes some conception of efficiency" -- all of which is broader than Stone's conception of "social production."

³ The public-choice literature on cities is "normative" with a decidedly anti-governmental bias. Its authors, however, rarely examine the normative underpinnings of their work. See Bish (1971), Miller (1981), and Ellickson (1982). Some of the broader critiques of this literature are initially examined in the upcoming section, entitled "Market-Economic Perspective."

To address these inequities adequately, urban development politics needs to be deconstructed and then reconstructed, much like the recent study of public administration (Wamsley et al., 1990). With the accumulated research of the community "power structure" literature and that of urban development politics, and realizing the need to get beyond their practical inadequacies, this dissertation takes a small, but important, step forward. My task is to construct an approach to urban development policymaking that extends from, and returns our attention to, the normative processes of democracy and governance.

URBAN ECONOMIC DEVELOPMENT

Commenting on the problems of assessing the adequacy of the urban economic development process, Beauregard (1993) has noted that:

More so than such policy arenas as income maintenance, nuclear deterrence or intergovernmental aid, that of economic development displaces critical assessment. Its inherent sensibility, avowed pragmatism, and unflinching optimism overwhelm intensive probing of its theoretical tendencies and ideological biases. Economic development seems like such an appropriate thing to do, regardless of one's political persuasion, that one cannot criticize it without being

seen as a nay-sayer and an opponent of progress (Beauregard, 1993: 267).

For Beauregard, the problem is not economic development as such, but that its presumed virtues have led to a proliferation of unbridled urban growth which proceeds with neither the scrutiny nor the accountability one usually associates with a democratic society. In a recent book chapter on economic development theory, he addresses this problem by explicating a set of "constitutive rules"⁴ that seem to govern our understanding of the term, "economic development." For Beauregard, these rules are epistemological -- they determine that which counts as legitimate knowledge or evidence within a given, scientific field of inquiry. His chapter explains how mainstream conceptions of urban economic development implicate a set of rules that, more than anything else, act to distinguish which actors, actions and consequences are "essential" to the development process, from those which are not. And, for Beauregard, these distinctions are nowhere more pronounced than within the ecological or market-economics perspective. Indeed, the field's most influential studies, those which dominate its theoretical and practical trends, reflect the logic of

⁴ In his words, constitutive rules are the "seldom-considered assumptions and theoretical relationships that direct our thinking."

this perspective (Kasarda, 1980; Peterson, 1981; Hicks, 1982).⁵

THE MARKET-ECONOMICS PERSPECTIVE

Concerning this perspective, Beauregard (1993) explains how

the modifier "economic" is an ideological statement meant to deflect attention from the inherently political nature of economic development (regardless of whether government is actually involved) and to act as a buffer (available when needed) between key investors and elected officials and government bureaucrats who might introduce the scrutiny and accountability of a democratic society (Beauregard, 1993: 269).

One of the more basic premises of the market-economics perspective is that the fundamental changes observed in today's urban economies -- from goods-producing to service-producing -- are but reflections of an even more fundamental crisis in the world capitalist economy. Students of the international economy generally refer to this crisis as one of "economic restructuring." They mark its beginning with the

⁵ According to Holupka and Shlay (1993), "historically, the dominant models of urban development have assumed that the "invisible hand" of the marketplace guides the placement of industrial, commercial, and residential uses" (Holupka & Shlay, 1993: 177).

advent of an intensified global capitalism, beginning as early as 1973, the year of the international debt crisis. While scholars on the left and right of the political spectrum disagree on how one might evaluate the effects of this process, they are, at a more fundamental level, in agreement as to its existence and to its broader trends (Logan & Swanstrom, 1990: 9). Subsequent theories of economic restructuring refer to the international system's attempt to restructure this debt (Kasarda, 1980; Bluestone & Harrison, 1982; Hicks, 1982; Castells, 1985).

Thus far, problems to do with this restructuring have not been associated with changes in final products (i.e., from goods to services). They have, however, been associated with major shifts in employment -- from goods production to service provision, which, in turn, have been equated with considerable decreases in real incomes. Similarly, technological breakthroughs in transportation, information and computer-mediated communications have rendered industrial capital more mobile, and have prompted geographic shifts in residence towards America's sun-belt (Logan & Swanstrom, 1990: 7-8).⁶ All of which, according to theory, has resulted in an intensified competition for private investment, one which has left many of America's

⁶ On the political front, the Reagan-Bush administration's military budgets aided this process by disproportionately directing money and employment to areas with substantial military basing. In most instances, these areas were in the southwest.

older rust-belt cities economically obsolete due to their inability to compete with growing sun-belt cities.

Most scholars and practitioners of urban economic development would likely commend the market-economics perspective for having provided rational explanations of why urban economies have faltered. As well, many would add that it has provided considerable detail as to how certain arrangements (i.e., public authorities, public-private partnerships, nonprofit economic development corporations, etc.) might be forged to restructure, and thereby strengthen, these economies (Fosler & Berger, 1982; Levitt, 1987; National Council on Urban Economic Development, 1978).

On the other hand, however, these same scholars would have to admit that the market-economics perspective has been patently one-sided. Indeed, this could hardly be otherwise since it recognizes only one legitimate form of social control -- competition. Authority of any sort is viewed from this perspective with suspicion, particularly governmental authority, since it further regulates markets. In place of authority, this perspective forces an ecological understanding of the problems brought about by economic restructuring, such that they appear to result from a "natural" (i.e., blameless) competition over limited resources. This is only one of the more basic presumptions of the market perspective. Similar presumptions "constitute the

rules that constrain alternative and oppositional theoretical formulations" (Beauregard, 1993: 275). To adopt this -- the most dominant perspective of urban development politics -- is to become a prisoner of various presumptions that are ever present, but are rarely made explicit. However, staunch supporters of the market perspective have, inadvertently, indicated how, in theory and practice, the market perspective:

(a) grants privileges to the dominant institutions of capital (Peterson, 1981). These would include commercial banks, pension funds, and venture capitalists. Others would include developers, contractors, mortgage bankers and related real estate businesses (Molotch, 1976). Ethnic or family savings associations are generally ignored, and even community banks are not usually considered "essential" (Beauregard, 1993: 270);

(b) includes, but subordinates, the democratizing influences of the state (Peterson, 1980; Kantor & David, 1988; Bingham & Mier, 1993; Beauregard, 1993). The main function of local government, as a "junior partner" within what Molotch (1976) calls the "growth

machine,"⁷ is merely to promote low business taxes, a sound infrastructure of municipal services, vigorous law enforcement, an eager and docile labor force, and a minimum of business regulations (Molotch, 1976; Beauregard, 1993);⁸

(c) views "jobs" as ideologically and politically useful, but presumes the interests of investors and business owners deserve more attention (Beauregard, 1993: 270). As such, this perspective is frequently inattentive to either the quality of jobs being produced, their geographic location, or who holds them. Instead, it implies workers are, or should be, as "disposable" as other, physical, commodities. Evidence of this

⁷ In its original form, the growth thesis describes a typical local government, one which caters to development policies in an effort to promote a "good business climate." In other words, the typical local government wants to create a local environment which can better compete with other cities for limited capital investment. Their developmental efforts, and its accompanying "trickle down" logic, tend to reward a very comfortable and powerful land-based constituency. When provided with this type of business climate, this constituency is given a green light to secure its interests -- if need be, to the exclusion of other, more public interests (Molotch, 1975; Stone, 1989; Logan & Swanstrom, 1990; Elkin, 1987).

⁸ Indeed, while the views of investors, corporate executives, business representatives, economic development officials, and, less so, researchers are listened to and their knowledge considered useful -- the voices of other actors are suppressed. Elected officials, in particular, are not viewed as having special insights into economic development. Although private investors must pay attention to them, what they say is primarily important for developing funding and publicity (Beauregard, 1993: 277).

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lies in the institutional separation of economic development from employment and training activities and the weak linkages between them (Van Horn, et al., 1986);

(d) assumes capital investment is unproblematically linked to job creation, while empirical evidence suggests capital investment in certain technologies (e.g., computer-aided-drafting, engineering, communications, etc.) might well reduce the pool of available jobs. And, while simply having a job is of vital importance, the quality of employment and the wage rate also have consequences that are significant for the effectiveness of economic development and the quality of urban life (Beauregard, 1993: 270) -- particularly for those who have, historically, been victimized by public and private institutions;

(e) rejects the democratic notion that value inheres in democratic processes (e.g., accountability, interest aggregation, compromise, participation, etc.), and the idea that, at some point, these processes make material differences in our political lives (Mayo, 1960); and most importantly, it presumes

(f) "feeds the horse enough oats, some will eventually pass through, and onto the road for the sparrows" (Galbraith, 1992). Though humorous, this analogy, which compares developers to horses and residents to sparrows, refers to a concept which is very basic to the logic of market-economics. This is the concept of "unitary interests," one which I will expound upon at a later point. Logan and Molotch (1987) argue at length, and contrary to this concept, that there is very little empirical evidence which suggests capital investment eases problems of unemployment, of high housing costs, or of impoverished city budgets. In short, the idea that residents are any more interested in "horse remains" than are developers -- is highly questionable.⁹

When they adopt this perspective, urban administrators are forced to presume they can do little more than "hunker down" and engage in increasingly more intense levels

⁹ For market theorists, these "facts of life" have conservative implications for public policy: capitalist markets not only dictate public policy, they should. Too great a concern for social welfare dooms a locality to stagnation and decline. To avoid stagnation and decline, cities should not engage in redistributive (i.e., equality enhancing) policies. Rather, they should leave these to the national government, focusing their political capital on developmental (i.e., efficiency enhancing) policies. The policy corollary to this belief is that, if there are to be government subsidies at all, these should be used to encourage investment, not to promote equality.

of competition within the "urban hierarchy"¹⁰ for private investments and higher-income residents. Competition is, therefore, not just the most basic prescription that emerges from the market perspective, it is the "only" prescription -- all else either derives from this prescription, or is irrelevant.

As far as prescriptions go, however, competition is one which, politically and administratively, has been inadequate and positively harmful. In large part, this has been because the ecological or market perspective fragments attention by focusing on individual transactions as opposed the broader concerns of politics, administration, or their complementary roles in the democratic governance process.¹¹ As such, it acts to hide the

ideological biases and . . . inevitable tensions and disagreements that arise in a multiethnic society of tenacious inequalities, precarious democratic practices, and deeply ingrained capitalist values

¹⁰ The term "urban hierarchy" refers to a conceptual hierarchy of cities, created as a byproduct of capital mobility. Competition between cities for capital investment means that cities that are able to attract and retain capital will grow, while those that fail to do so will sink into economic decline (DiGaetano, 1989).

¹¹ After all, given automatic or inevitable policymaking processes, there is no commanding reason to suppose that a polity needs governance, or for that matter, public administration.

(Beauregard, 1993: 267).

And, while the market perspective may be capable of tolerating minor descriptions and analyses of politics,¹² the opportunities and consequences associated with these questions are, in no way, comparable to those associated with democratic urban governance.¹³ The term "democratic urban governance" is defined here as a democratically organized system of guidance or steering whereby local institutions (Selznick, 1957, 1984) exercise public authority, leadership and representation of the interests of all, rather than some, citizens. Local institutions are involved in the governance process to the extent they are accountable to, and draw their legitimacy from, citizens subject to their authority. Where these conditions are met, these institutions collectively act to enhance the long-term welfare of citizens, to meet their common needs, and further distributive justice (Warren, Rosentraub & Weschler, 1992; Wamsley et al., 1990).

¹² Economists assume, for example, that limited economic resources are critical to political discretion, and that policymaking is constrained by the sheer weight of economic pressures.

¹³ While a number of important questions (i.e., Who gains? Who pays?) can only be addressed years after the development project has been fully implemented, the presumption is that these outcomes are affected by the way in which development policymaking is conducted.

At issue is the capacity for dealing with problems like concentrated poverty, long-term debt, urban crime, environmental protection and urban economic development. These require long-term comprehensive treatment. They require the type of broad-based, bi-sectoral cooperation that money cannot buy, and that a strict market-economics approach cannot support.¹⁴

More broadly, these requirements have been equally elusive within the urban development politics literature -- mainly because it has ignored its indebtedness to the field of normative political philosophy.¹⁵ Over the past several decades, this

¹⁴ One alternative to these problems has been to

find ways to hold levels of density and wealth in the central city constant over time. But, in a race between "the elevator and the automobile," the auto is likely to win every time. Interest in regionalism waxed during the 1960's, and waned afterwards, only to have found its way into intellectual and policy fashion once again (Hill, 1994).

¹⁵ Concerns for governance are not, in any way, new. Plato, Aristotle and other classical political philosophers focused on questions of governance. And, within the field of political science, normative issues have been raised (and dismissed) on several occasions and within several of its sub-fields, including public administration and public policy. In the late 1940's, Waldo, Long, Price, Redford, Selznick, Sayre, Appleby and others argued that the essence of public administration had to do with the very democratic political theory that mainstream political theorists had come to view as irrelevant, both to organizational theory and to public administration. This served to obscure how responsible solutions to political problems could have been specified administratively -- if and when a normative approach had been used to identify the problem in the first place.

literature has stripped itself of all reference to its classical ancestry, and has replaced (i.e., downgraded) this with a more empirical/ expository approach to urban politics. Having done so, market-economists have been able to use something of a "camel's nose" approach to invade this field.

To further illustrate this point, the field of urban development politics has been aware of the private domination of local government since the early works of Robert S. and Helen M. Lynd (1929, 1937). Yet, because of its infatuation with empirical methods, few of its scholars have relied on the more critical methods as a basis for questioning whether private interests should dominate urban government, or what happens to the distribution of values when they do so, or what qualities are essential for those who dominate the most financially consequential area of urban policymaking. They have been unable to address these types of concerns because empirical methods are only capable of supporting causal explanations. These concerns do not lend themselves to

Although Long has, most consistently, expounded on themes that should be central to public administration theory, Waldo would eventually become recognized as the Dean of public administration and his democratic theory of public administration would become the basis for the "new public administration" (VrMeer, 1973; Wilbern, 1973; Marini, 1971), and the institutionally-grounded "Blacksburg Perspective" (Rohr, 1986; Wamsley et al., 1990).

causal explanation -- rather, they require, and lend themselves to, moral justifications.¹⁶

Taken together, the rigidities of the market perspective signal a crucial limitation for the theory of urban economic development. As such, the theoretical home of this perspective (i.e., the urban development politics literature) may have little utility for those who attempt to understand the role of politics and public administration in urban development policymaking -- much less for those who attempt, more practically, to analyze the system from a democratic urban governance perspective, or to re-design

¹⁶ The market-economics invasion has curtailed the field's intellectual maturation through its strict reliance on empirical/ expository methods. Although these are capable of describing or of conveying an understanding of a phenomenon (e.g., local politics), they are incapable of much else. Theoretically, a higher, more sophisticated approach (such as one finds in normative political philosophy) would be able to support critiques, analyses, or evaluations. An example of which is provided in the latter parts of Chapters Two and Six. Within this same conceptual hierarchy, the more critical methods are fundamental to those which are more synthetic or integrative. The latter entails creative activity in the broadest sense. It is capable of supporting theoretical patterns of governance or political structures which have never clearly existed before. On a more abstract level, it may support the creation of new theories for classifying information, for formulating and modifying hypotheses, or for further deducing certain propositions. Conceptually, each of these three levels builds on the preceding levels by incorporating their simpler processes. In this way, it reflects, for an individual writer or for a field of study, increasingly higher levels of intellectual maturity. However, the market-economics approach relies strictly on the most primary of these levels. Thus, to the extent that urban politics is guided by the logic of market-economics, its level of intellectual maturity will also remain fairly basic.

those systems that fail the underlying criteria of this perspective.¹⁷

Therefore, while acknowledging the value of the market-economics perspective, I have chosen to follow, at least initially, in the footsteps of those who have examined urban development policymaking from the more comprehensive, urban political-economy perspective (Logan & Swanstrom, 1992: 7; Elkin, 1987; Stone, 1989; Swanstrom, 1988).

THE POLITICAL-ECONOMIC PERSPECTIVE

The political-economic perspective to which I refer here is rooted in Marxist theory (Harvey, 1973). Although Marx never focused on urban economic development as a central theme, several of his followers have worked to develop a Marxist theory of urban development (Harvey, 1973; Castells, 1976; Walker, 1981; Smith, 1986).

And, although Marxist theory is both descriptive and normative, this dissertation --

¹⁷ Although it would be unfair to say that the urban development politics literature supports, on the whole, undemocratic political processes, it seems reasonable to suggest that it supports them to the extent its most influential works (e.g., those based on market economics) rely, uncritically and unimaginatively, on frameworks that were clearly not designed to determine whether the processes or outcomes of public policies were "adequate" in more than an economic or technical sense. Here, the term "adequacy" is used to mean more than a concern with managerial efficiency, fiscal control, or other legally-defined administrative procedures (Malizia, 1985; Blakely, 1989; Bingham & Mier, 1993). It includes these, but is also concerned with distributive justice, effective participation and representation, accountability, and other democratic values.

like most of the political-economic works within the urban development politics literature -- uses it only for its descriptive capacity. Our normative content draws from democratic theory. Within this literature, it seems the political-economic perspective

began as a critique of [the market economics or ecological perspective] but is now starting to make contributions that define it as a clear alternative to ecological modes of thought. It has been variously described as the new urban sociology (Zukin, 1980; Gottdiener & Feagin, 1988), the new urban politics (Stone, 1991), the institutional approach (Shlay, forthcoming), or political economic theory (Molotch, 1976) (cited in Holupka & Shlay, 1993: 177).¹⁸

Possibly the greatest value of the urban political-economy framework extends from that which is most obvious about it -- the fact that it distinguishes the political from the economic. By doing so, it makes contingent those conditions that once appeared automatic or inevitable from the more rigid market-economics perspective. Like the market perspective, the political-economic perspective begins with several premises.

¹⁸ Elkin's (1987) urban political regime approach, however, seems to be the most influential model within this newer perspective.

These, at a minimum, would include the following:

(a) specific local actors and institutions play key roles in determining how local development occurs; metropolitan patterns are not emergent phenomena from the micro decisions of the many, but are directed by decisions internal to local organizations (Molotch, 1976; Holpuka & Shlay, 1993: 177);

(b) the distribution of benefits from development are highly skewed; those at the top reap the benefits from development, while the public largely pays for its costs (Molotch, 1976; Holpuka & Shlay, 1993: 177-178); and that,

(c) urban development policymaking processes tend to be undemocratic; critical decisions are typically hidden from the public view and the public serves to legitimize decisions rather than to play a material role in making them (Molotch, 1976; Holpuka & Shlay, 1993: 178).

Harvey Molotch's (1976) "growth machine" thesis provides the clearest contemporary expression of the role of politics and agency in the shaping of the urban environment.

Since this thesis is given considerable attention at a later point, I will simply state, for now, a summary written by Holpuka and Shlay (1993). As these writers reveal, the success of the growth machine turns on its ability to remain

unaccountable while maintaining an appearance of openness in the politics that guides development. The facade of democracy is necessary because the true benefits and costs are hidden from the public domain. Development projects are "sold" to communities and often provided with large public subsidies with the rationale that development will benefit the community (e.g., the presumption of "unitary interests"). But the benefits of growth are almost always skewed in favor of landowning elites. Moreover, growth appears to be accompanied by many negatives -- higher housing costs and problems of housing affordability, increased congestion, and pollution, greater demand for public services, and higher taxes. Therefore, authentic democracy and a true accounting of the costs and benefits associated with development in informing decisions over the direction of urban development surely might undermine growth machine endeavors (Molotch, 1976; Holpuka & Shlay, 1993: 180).

Molotch's thesis is quite accurate. It is one which has been used as a conceptual basis for some of the more influential political-economic studies on urban development. It remains, however, purely descriptive. While this perspective would seem to improve on the market perspective by simply incorporating the role of politics, it may be criticized for not going far enough. Similar to those who use the market perspective, urban political-economy researchers generally limit their comments to the more obvious, technical concerns -- unemployment, housing costs, fiscal control, taxes and other legally-defined procedures (Swanstrom, 1988; Elkin, 1987; Stone, 1989; DeLeon, 1993). Few, aside from Peterson (1981) and Katznelson (1981), have attempted to use this perspective to argue normative theory. While these two authors have different substantive concerns, they do share the sense that "the principal normative focus of urban political study should be a concern for the way in which city politics advances or retards equality and/ or promotes some conception of efficiency" (Elkin, 1987: 2).

Though we can only speculate as to the reason why researchers have limited their comments to technical or descriptive matters, one might reasonably presume they have been (a) as captivated by empiricism as their market-economic counterparts; and/ or (b) concerned that their works do not appear to support some form of neo-Marxism. Indeed, "applying" a political-economic perspective in practice requires a

willingness to engage in political struggle with powerful people, institutions, and organizations. Altering the course of metropolitan development means interfering with the distribution of benefits associated with established and taken-for-granted patterns. Therefore, intervening in these patterns will not go unnoticed because, for the public to win, someone has to lose (Holpuka & Shlay, 1993: 176).¹⁹

The point, however, is that a purely technical/ descriptive approach ignores one of the greatest potentials of the political-economy perspective: to be used as a basis for incorporating or acknowledging normative theory. A normative (i.e., democratic) theory of urban political-economy may well suggest alternative directions for urban policy (i.e., democratic urban governance), or targets for intervention within the urban economic development process (i.e., the growth machine's multi-million dollar downtown projects) which would not have been conceivable from a strict, market perspective.

Recently, studies based on the political-economy framework have led to

¹⁹ In other words, when one takes this perspective seriously, it is quite likely that he or she will incur an equally serious personal threat -- one which most researchers would just as well avoid.

recommendations to promote balanced growth between neighborhood and downtown development, to increase public participation, to strengthen links between business and other sectors of the community, to target job opportunities, and the like (Logan & Swanstrom, 1990; DeLeon, 1993; Mier, 1993). And, while these recommendations promote conditions which would seem necessary for democratic urban governance, most extend from a fixed, descriptive set of circumstances. As such, they are valuable so long as the circumstances hold true.

The current research relies, to an extent, on this same inductive logic as well, but incorporates deductive logic (i.e., a normative theoretical perspective) which allows me to extend or alter recommendations, depending on the circumstances. Indeed, the potential of the political-economy perspective to be used as a basis for incorporating normative theory and informing urban governance seems particularly important, given the current context of American local government.

LOCAL GOVERNMENT CONTEXT

In practice, achieving effective governance in the modern metropolis requires much more than a normative perspective for contemplating urban futures. Indeed, local authorities must be prepared to deal with several "facts of life" which detail the operating environment of contemporary urban government:

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(a) capital in the intergovernmental marketplace is, as a matter of law, mobile. Because of this mobility, and because cities are tax-dependent, their capacities for providing stability and growth for themselves depend on forces over which they have little or no control (Peterson, 1981; Kantor & David, 1988);

(b) we have, today, a fundamentally restructured global economy. As a result of this, many American cities are suffering the direct effects of deindustrialization and disinvestment (Bluestone & Harrison, 1982; Castells, 1985; Kasarda, 1980). Many of these effects have been reinforced by federal policies and only weakly resisted by local politics;

(c) the metropolitan landscape is breaking up into a competitive geography of winners and losers -- winners live in suburbs, losers in cities. The interests of these two general areas are no longer unified, as in the past, by a dominant central city (Peirce, 1993b). Instead, local governments are faced with few informal, and even fewer formal, connections between themselves (Perry & Keller, 1991; Fletcher, 1993). This accentuates the fragmentation of interests between cities

and suburbs;²⁰

(d) urban problems are no longer confined to inner cities. Rather, they are becoming more regional in nature. As of 1990, 42% of all metropolitan poor people lived in suburbs (Peirce, 1993a; Ames, Brown, Callahan, Cummings, Smock & Ziegler, 1992);

(e) a pressing issue is the "feminization of poverty": women and especially children have become the newest victims of urban deprivation (Peirce, 1993b), even while young black males, in particular, suffer horrendous educational and social handicaps that prevent most of them from entering the new high-tech, "high-touch" workforce²¹ -- where formal education, work skills, and personal presentation have become increasingly important (Goldsmith & Blakely, 1992; Galster & Hill, 1992);

²⁰ Some argue that economic restructuring has created unviable cities, requiring governance at a time when it has become almost impossible to accomplish (Logan & Swanstrom, 1990: 7; Thompson & Kinsella, 1989).

²¹ The term "high-touch" refers to a service-oriented workforce, one which relies heavily on a graceful social demeanor.

(g) those institutions that have, traditionally, acted to democratize the public policy process have either been dismantled or transformed so radically that they no longer perform as expected (Greider, 1992). These, for instance, would include the labor unions, the political parties, the press, and the university system. Unions have become a thing of the past; voters have left the traditional parties and dismissed elections as meaningless; local public administration has been reduced to a co-conspirator in urban "growth machines" (Molotch, 1976); and, by in large, the local press and urban development researchers write in ways that are pleasing to elites, and about topics that seem most publishable;

(h) we have a federal government, a "contented" electoral majority (Galbraith, 1992), and a general public which, over the past couple decades, has withdrawn from urban policymaking, leaving urban policymakers neglected from above and alienated from below -- presumably, to develop their own visions/ solutions to local and

regional problems (Colman, 1989);²²

(i) polarities in income and wealth continue to increase, particularly along racial lines: The Center on Budget and Policy Priorities reports, "the growth in the incomes of the richest one percent of Americans has been so large that just the increase between 1980 and 1990 in the after-tax income of this group equals the total income of the poorest 20 percent of the population. Congressional Budget Office figures show that in 1990, the top fifth will receive as much after-tax income as the other 80 percent of the population combined" (Mead, cited in

²² This same line of logic is evident in the works of John Kasarda and John Hicks, both of whom influenced the report of the McGill Commission, Urban America in the Eighties, a seminal document in the evolution of American urban policy (President's Commission for a National Agenda for the Eighties, 1980, cited in Logan & Swanstrom, 1990: 10). In the Commission's words,

The nation can no longer assume that cities will perform the full range of their traditional functions for the larger society. They are no longer the most desirable setting for living, working, or producing. They should be allowed to transform into more specialized service and consumption centers within larger urban economic systems. The Panel believes that this nation should reconcile itself to these redistribution patterns (1980: 4).

Goldsmith & Blakely, 1992: 20);²³

(j) rather than polities, composed of citizens, cities are becoming collections of transient buyers and consumers who remain in communities only as long as higher profit margins or better tax packages are unavailable elsewhere (Long, 1991; Warren, Rosentraub, & Weschler, 1992). For many cities, the movement of the manufacturing industry to economically more-favored locations has denied the underclass the relatively stable jobs that were once available in large cities; and, most importantly,

(k) the normal upward movement that was for long the "solvent for discontent" has been arrested. The underclass has become a semipermanent, rather than a generational phenomenon (Galbraith, 1992: 38; Lowi, 1979). Thus, "it is an occasion for wonder," as Galbraith suggests, "that the [urban] discontent and its more violent and

²³ Over the past decade, whites experienced nearly a 31 percent increase in the number working under the poverty line, while for blacks the increase was 44 percent. To disaggregate these figures -- black men aged 25-34 have, over the past ten years, experienced a *161 percent increase in their numbers who work under the poverty line* (Harrison & Gorham, 1992).

aggressive manifestations are not greater than they are." (Galbraith, 1992: 39).²⁴

We favor the urban setting for testing assumptions about the democratic process because barriers of size and complexity, that characterize state and national politics are largely absent. In other words, it is so large as to be unmanageable and whatever barriers remain are considerably less imposing (Presthus, 1964). And certainly, if one expects to find meaningful participation in salient issues at any level of American politics, the local level would most likely afford that advantage.²⁵

Nowhere today do we find a local policy area with as much salience as that of economic development. And nowhere do we find developmental issues of greater consequence than in the development of public assembly facilities (e.g., the arenas, stadiums, and entertainment complexes that house major league sporting events). Since the late 1950's, local governments have realized considerable financial and symbolic benefit from their efforts to retain and/ or enhance "their" professional

²⁴ Other "facts of life" have been advanced, but these are the most prevalent.

²⁵ Indeed, Thomas Jefferson based important founding arguments, in part, on this same rationale -- that citizens would find fuller, more meaningful participation within local rather than national politics.

sports teams (Petersen, 1989: 3).²⁶

We now turn our attention to the history of local government,²⁷ and conclude this chapter with a brief discussion of the objectives of this research and an outline of the case study, the normative model, and the chapters which follow.

LOCAL GOVERNMENT HISTORY

From the 1830's through the first two decades of the twentieth century, urban government in America witnessed a steady evolution of "machine politics" or what James MacGregor Burns refers to as "transactional politics" (Burns, 1978; Tichy & Devanna, 1986; Keller, 1992; Harrigan, 1993). Simply put, transactional politics meant "if you scratch my back, I'll scratch yours." With respect to urban economic development, machine politics meant economic elites were able to control local politicians and administrators, and use urban development for their own benefit. Their capacity for political control extended from their wealth, which provided the

²⁶ Today, professional sports are widely accepted as a constituent part of American culture. Indeed, they are also considered an essential part of the overall, long-term developmental strategies employed by many urban centers.

²⁷ Though many students speak of the economic restructuring literature as a point of departure for understanding the "facts" of contemporary urban government, its history and the restructuring of urban political power provide a more inductive point of departure for this purpose.

bread and butter, or "spoils" if you will, of transactional politics.

The early 1920's witnessed a revolution, of sorts, in urban politics. Most texts refer to this as the "reform" movement. However, few texts distinguish the structural from the social reformers, a distinction I find quite useful. The structural reform agenda included two basic items: (a) breaking the control of the party bosses over the electoral process; and, (b) restructuring and administering city government more efficiently and more honestly (Harrigan, 1993: 103).

Historian Samuel P. Hays (1964) concludes that the major proponents of structural reform came from the cities' top business leaders and its upper-class elite. According to Hays, the structural reform movement "*constituted an attempt by upper-class, advanced professional, and large business groups to take formal political power from the previously dominant lower- and middle-class elements so that they might advance their own conception of desirable public policy.*"

At base, the structural reformers attempted to change the "rules of the game" by divorcing municipal government from the spoils system. Development contracts, for instance, which had been let on the basis of reciprocity, were subsequently let on the basis of credentials, merit and/ or ability. These and other presumably "neutral"

criteria dominated all others since they reflected the nation's sweeping infatuation with Taylorism and capitalism. For these reformers, merit was indicative of "science" -- which was as removed from "dirty politics" as one could get. Their reforms included direct primaries, at-large elections, non-partisan elections, open primaries, short ballots, proportional representation, initiative, referendum, as well as the council-manager and commission forms of government.

Structural reforms provided local government an additional benefit -- being able to operate at considerably less expense. But, rather than channelling their savings into equity-enhancing or redistributive types of policies, structural reformers were more inclined to cut payrolls, renege on city contracts, and cut back on school expenditures. They were so captured by the proverbial "three E's of business" (i.e., economy, efficiency and effectiveness), that they became callous to the politics of distributing the costs of government. Melvin Holli (1969) notes:

There is little argument that the structural reformers made a more honest accounting of their tax revenues than did the political bosses, but there is also little argument that [the] costs of their honest accounting were paid mostly by the poor and by the residents of poor neighborhoods.

By contrast, social reformers, like former Cleveland Mayor Tom Johnson (1901-1909), were known for being more concerned with the social and political consequences of the urban political-economy. Although they too were mindful of the three E's of business, their agenda typically included a "fourth E" -- equity.

According to John Harrigan (1993: 101):

They were appalled by the degrading living conditions of the urban lower classes, the social irresponsibility of many industrial corporations, and the obvious graft that seemed to characterize the relations between the business leaders and the big-city political machines. They tended to concentrate more on social reforms than on structural reforms.

The social reform movement was quite broad. Within this camp, I discern three distinct branches. One branch included muckrakers and reform journalists (Steffens, 1940; Riis, 1957). Another included social workers, particularly within the settlement-house movement, popularized by Jane Adams (Adams, 1911). Yet a third branch involved direct government action -- the implementation of progressive policies which would improve, or at least address, the social conditions of the middle and lower-classes.

Though most reform mayors, within this third branch, would be considered structural reformers, former Detroit Mayor Hazen Pingree (1890-1897) was one of the more staunch social reformers. Melvin Holli (1969) carefully examines Pingree's reform of what, decades later, became known as the "motor city," and notes how he succeeded in lowering public rates on electricity, gas, and telephone service for city residents. Pingree's administration was remembered for having provided free swimming pools, park expansion, school construction, and even public relief for the unemployed. Indeed, when faced with an intransigent, privately-owned transit company that refused to lower streetcar fares, Mayor Pingree chose to follow a bold new strategy. He "put the city in the transit business and promot[ed] a competing streetcar line" (Holli, 1969).

Taken together, the structural and social reform agendas represented the essence of what Burns would refer to as "transformational politics." Although transformational politics requires democratic procedures, where transactional politics need not -- both are required for purposes of viable governance. There are several reasons for this, one of which has to do with the current need for achieving economic growth at local levels. In order to provide a "good business climate," a community needs to have low business taxes, a sound infrastructure of municipal services, vigorous law

enforcement, an eager and docile labor force, and a minimum of business regulations.²⁸ These types of (structural) reforms ensure, to some degree, that it will attract the growth it needs. However, to serve the broader purposes of governance, this growth cannot be broken up into a competitive geography of suburban winners and urban losers. Rather, class interests will need to be unified, through a governing arrangement which ensures a dominant central city (Peirce, 1993b; Burns, 1978; Tichy & Devanna, 1986; Keller, 1992).

Although the urban literature captures this distinction, it has not extended it as a basis for examining issues of governance. It has focused, instead, on the market-economics model -- which views economic development policy as a series of disjointed transactions, while ignoring its capacity to be used to nurture and transform the urban landscape.

Another revolution, of sorts, occurred after the Second World War. This revolution was marked by the extensive suburbanization, following the urban riots of the late 1960's. This mass movement resulted in a revolution in urban politics in that it caused an unprecedented fragmentation of public authority at local levels (Solomon,

²⁸ Many of these same criteria have been operationalized in a popular computer game called "Sim City," (short for simulated city) which has already swept the planning field.

1980, Part V, cited in Kantor & David, 1988: 233-234).

By the early 1960s, however, the nation had become preoccupied with a Civil Rights movement which turned many cities into the site of violent riots, demonstrations and marches, followed by a massive move to suburbia, which many refer to as the "white flight." Congress enhanced the magnitude of this mass movement by subsidizing suburban housing programs and by providing low-interest home mortgages or mortgage guarantees to suburban home buyers. Similar consequences resulted from major federal urban transportation improvements, most of which were used to fund highway construction, rather than mass transit projects, which made the movement to suburbia even more practical. Presumably, these programs would enable federal officials to induce states and localities to restructure their physical settings in line with the America's enterprising post-war economy.²⁹

In the meantime, local governments became more aware of the considerable impact of new dollar generation, that accrued to their locale, as a result of their hosting professional sporting events, conventions, and the like. Consequently, many local or

²⁹ One way or the other, the federal government has continued to transfer considerable revenue to special districts, which further enhances problems associated with accountability and fragmentation (Fletcher, 1993).

state governments, or their agencies, began making concerted efforts to retain or enhance this influx of money and status by financing and/ or subsidizing public assembly facilities.³⁰

In other words, arenas and stadiums, which had originally been built as suitable, profitable facilities for professional teams (paid for by team owners), or convention centers, which were built for large exhibitions (paid for by trade show producers), were later constructed, refinanced and operated by the public sector to promote the revitalization of the central city. And, because hundreds of such facilities were constructed for this reason (i.e., as public works projects), they were not expected to operate profitably.³¹

Thus, given the severity and persistence of the problems facing local government, there seems to be no single policy solution that will guarantee economic development

³⁰ Nearly all the stadiums built since 1960, which includes about 70% of all sports stadiums in America, are publicly owned. See Goodman, (1979: 17, cited in Kantor, 1986: 229). Also see Peterson, (1989: 4, Figure 2).

³¹ The Toronto SkyDome, a \$578 million super stadium, provides a recent example. Built largely with private financing, the SkyDome has fell on hard times -- it can't produce enough revenue to pay its \$300 million debt, so the enterprise is marked for "refinancing." Put another way, it is begging for tax relief, at the expense of the public (Peterson, 1989, Chap. 1).

will further the goals of democratic urban governance. However, the most effective policies extend from a clear understanding of the relationship between private interests and local government and the goals which emerge from a democratic process of urban governance. More can, and will, be said of this process in the chapters that follow. For the time being, I will summarize the objectives of my research and explain more about my present study.

OBJECTIVE AND PLAN

The objective of this dissertation is twofold. First, it seeks to explore the standards which, in general, guide the urban development policymaking process in modern urban society. Since this process differs in different cities, I have chosen to bring together what has been learned by other researchers through a general review of their research. At the same time, I will clarify how both literatures suffer from the same descriptive tone.

In the present research, I have attempted to address the inadequacies of these literatures by approaching the urban economic development process from a normative perspective. As such, the research problem is one of stipulating a view of modern society (Tilly, 1984) and a broadly accepted set of normative standards (i.e., "democratic urban governance"). Against these standards, I will judge the adequacy

of the modern developmental process.³² As such, this study sheds new light on the "sweetheart deals," the unaccountable forces behind the throne, the pro forma elections, the one-sided economic analyses, and the economic power structures that are identified, but cannot be discouraged by the more economic studies.

Second, this study seeks to extend our knowledge of how local government may (a) capture urban economic development policy as an important component of the broader process of urban governance -- while (b) viewing itself as an "equally dependent" partner with private interests. After all, economic development policy is not simply of interest in and of itself, but because it has such an enormous impact on a metropolitan area's capacity for enhancing its productive capacity within an ongoing process of governance.

By focusing on issues of governance, an attempt is made to help the urban literature "complete its intellectual journey" (Mills, 1959: 12) by bringing it back to the central issues of political philosophy. While there are several such issues, the most relevant, for this literature, seems to be "Who should govern the developmental process --

³² One of the most comprehensive treatments of democracy, in terms of process theory, is furnished by Henry B. Mayo, (1960). Also see David M. Ricci, (1971: chap. 3).

public or private interests?"³³ A political-economic view of modern society and a set of normative standards are, perhaps, most useful in this regard.

Normative standards are used, more precisely, to inform the way in which responsible policymaking processes are understood, condoned or criticized by the general public or by urban researchers. Five standards will be operationalized from the term "democratic urban governance." These will be used to judge both the processes and operations of urban governance from a democratic perspective, which in turn, will be applied to economic development projects. At a later point in this dissertation, I will develop these criteria more fully. These include:

(a) **openness:** democratic urban governance seeks to establish policymaking processes and operations which are not only open to public inspection, but are frank in terms of their content.

(b) **participation:** democratic urban governance seeks to provide the

³³ Normally, the problems of normative political philosophy arise out of historical circumstance. The need to seek rational grounds usually arises when something has happened to make us doubt the validity of a belief that has previously been taken for granted (Raphael, 1970): 5). In the case of the community power and urban development politics literatures, the findings make us doubt the validity of democracy in practice.

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public with a chance to discuss and react to public policies while they are being formulated. This is implied by one of the fundamental canons of democratic theory -- popular control by those who are directly affected by public decisions, and by those whose assent appears critical to the acceptability of those decisions.

(c) independent analysis: democratic urban governance seeks to provide the public with an empirical basis for believing what is often implied, if not stated -- that no significant costs were intentionally hidden, and that the development project at hand has been primarily designed to advance public, rather than private, interests.

(d) vision: democratic urban governance requires a vision of a municipality's goals and aspirations, preferably one which is determined democratically. Once its vision has been determined, a city is more clearly in a position to determine the capital markets within which it intends to compete, and its specific plans for establishing or sustaining a favorable position within those markets. And,

(e) accountability: democratic urban governance is supported by the

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understanding that, when the trust citizens place in government has been misplaced -- that they have some mechanism for determining the source of certain decisions and for correcting undesirable situations.

These standards serve both as guidelines for interviewing and as a basis for identifying other developmental projects for comparative purposes. Additionally, these standards serve as a basis for a normative evaluation of the policymaking process in a unique case study involving Cleveland's Gateway Multiuse Sports and Entertainment Complex.

The \$392 million Gateway Complex opens at the beginning of the Cleveland Indians' Spring, 1994 season, and is the most expensive developmental project ever initiated in downtown Cleveland. The Complex, which is almost identical to Baltimore's Camden Yards, has been referred to as the city's all-out bid to retain major league sports and inject new life in its central business district. It includes a baseball stadium, a basketball arena and a common area, and represents a large and important piece of a "vision" on the part of a "benign conspiracy" of private executives and local entrepreneurs (Magnet, 1989: 106).

For a number of decades, the City of Cleveland, like many other American cities, has

placed much responsibility for urban development in the hands of private individuals. However, in most instances, these individuals have placed more emphasis on advancing a series of unrelated projects, rather than on developing a democratic governing structure which, in turn, could advance a popular vision of Greater Cleveland. They have, nevertheless, developed an informal "partnership" with local government. Assessing this would therefore seem relevant to the exploratory objectives of this study.

Thus, my intent is ultimately practical. I use the term "practical" in an instrumental sense (e.g., "Would it seem desirable for the Mayor's Office to pursue a developmental agenda which seeks to attract tourists, while the skills of the local labor pool are largely production-related?"). However, I also use the term in a moral sense (e.g., "What happens to the distribution of values when private investors dominate the most financially consequential area of urban policy?"). Although the urban development politics literature has made considerable headway at advancing "practical" research in the first sense, it seems misguided and therefore fails to advance research which is practical in the second sense.

This dissertation hopes to aid the maturation process in urban theorizing. It proceeds from the premise that urban economic development policy has important normative as

well as financial consequences, and provides theorists and practitioners with a widely acceptable "checklist" for prescribing improvements in development policymaking. Absent such an approach, urban theorists will proceed without a normative basis for criticizing the proliferation of special districts, public-private partnerships and other arrangements even though these arrangements directly affect the quality of citizens' lives at local levels. They will continue to foster the view that the central issues of urban development are beyond the reach of local government. Worst of all, they will fail to complete their intellectual journey.

The objective of the next chapter is to review two relevant bodies of urban literature. The first is the community power structure literature which originated over a half century ago, and has, since then, dissolved. The second is the urban development politics literature, which is viewed as an intellectual offspring of community power. Chapter Two analyzes both literatures, looking at the problems they share and those that urban development politics will need to avoid, if it is to be of much use in advancing a viable approach to urban democratic governance.

Chapter Three has to do with methods. I essentially argue that issues of democratic governance should provide a central focus for urban politics. However, since the literature has ignored these issues -- much as they were within community power -- I

elaborate the concept of democratic urban governance. Five elements of this concept are, then, operationalized in order to provide a meaningful basis for evaluating the policymaking process in the case study which follows.

Chapter Four describes the case study, which involves Cleveland's new Gateway Sports and Entertainment Complex (hereinafter, the "Gateway Complex" or the "Gateway Project"). Cleveland's political tradition is briefly described, such that it provides a context for understanding the legal status of the Corporation charged with the implementation of the Gateway Project. This chapter then proceeds to a chronological narrative of the key events leading to the Project's completion.

Chapter Five analyzes the case study findings with respect to the five normative criteria. The study concludes with Chapter Six, which serves three purposes: it summarizes and evaluates the criteria findings of the case study; it evaluates the prospects for the field of urban development politics; and, it integrates our findings and proposes substantial improvements, from the standpoint of democratic governance, for other large-scale developments like Gateway.

CHAPTER II.

LITERATURE REVIEW

The works of Max Weber (1946), Floyd Hunter (1953), C. Wright Mills (1956, 1958), and Robert A. Dahl (1956, 1961) provide a baseline for appreciating the community "power structure" literature. These authors helped develop the fundamental concepts of community power, a body of literature which, in turn, informs and shapes the succeeding urban development politics literature (Ricci, 1971; Waste, 1986). However, the works of these four authors are more valuable for the issues they raise, than for those they resolve (Stone, 1989). While a brief statement of their contributions risks falling into caricature, a number of historic points are worth noting. I will begin by considering the most useful of these. Afterwards, I will review the community power structure and urban development politics literatures from separate theoretical perspectives, the first of which explains the central issues of community power from the perspective of Max Weber's social theory.

While Weber's views of society clearly influence the earlier community power structure literature, they were unable to anticipate the emergence of issues that became central once society had undergone certain changes. Many of these are discussed in the economic restructuring literature. As a result of these changes,

Weber's social theory could not be used as a basis for understanding the urban development politics literature. Rather, Stone (1989) suggests these issues, and this literature, are more adequately understood from Tilly's (1984) views of modern society. Indeed, the Tillian view of society serves to underwrite the need for my present contribution, which further extends the urban development politics literature.

HISTORIC PERSPECTIVE

Robert S. and Helen M. Lynd's, Middletown (1929) and Middletown in Transition (1937: especially chap. 3), inspired the initial interest in the "power structures" of local communities. As social anthropologists, the Lynds intended to record and analyze the life patterns of "Middletown" (i.e., Muncie, Indiana), an average American community. To their surprise, they found a city whose most important family dominated the local business class, and through that class, maintained a dominant influence over local education, housing, religion, and government. However these, and similar findings by Lundberg (1937) and Mills (1946, 1951), were overlooked -- that is, until Floyd Hunter published Community Power Structure in 1953.

Throughout his research, Hunter sought to describe the distribution of power in "Regional City" (i.e., Atlanta, Georgia). After his research had been completed,

however, his findings shaped an immanently more important question: "What were the political costs of that distribution of power (i.e., elite domination) for American democracy?" This, in turn, raised several other questions, such as "In what sense may our politics be deemed democratic?" (Ricci, 1971; Waste, 1986). And, where elite domination occurs, "Should it stand?" If not, "How could/ should it be transformed?" By suggesting that Atlanta was dominated politically by an elite, Hunter provoked an uproar in the academic community, one which led to an ideological schism between the power analysts, better known as the "elitists" and the "pluralists."³⁴

However, because the social sciences had already developed an affinity for behaviorism/ empiricism, the two camps focused their analyses more on the secondary issue of methods than on the important normative issues concerning the political costs and appropriateness of an elite domination form of governance. These issues were "destined" to remain important, regardless of whether or not researchers had agreed on a methodological framework. As classical political philosophers like Plato and

³⁴ By downgrading political structures and processes as totally subservient to private economic interests, Hunter had, in effect, slighted political processes as minor (Harrigan, 1989: 185; Hawley & Wirt, 1968: viii). His reputational method of investigation, would nevertheless, stand as an archetype for the elite school of community power (Debnam, 1975; Ricci, 1971; Waste, 1989; Stone & Sanders, 1987).

Aristotle have noted -- issues of governance are fundamental to political thought. Nevertheless, the constant back and forth over methods insured that the schism between elitists and pluralists would not heal (Ricci, 1971). Rather, the field entered into an intellectual cul-de-sac during the mid-1970's and eventually died. By that time, however, the community power literature was able to boast hundreds of excellent articles, monographs, and books -- many of which have since become classics of political science.

ELITISTS AND PLURALISTS

To clarify the schism, one must understand that, for elitists, power is generally thought of as an attribute of institutions rather than of people. Some theorists, like Hunter (1953) and Fanelli (1956), attempt to locate the "real" power-holders by asking strategically-located citizens for their opinions on questions like, "Who are the most powerful individuals in their community?" Others, like Mills (1956), Pellegrin and Coates (1957), and Schulze and Blumberg (1957), operationalize the "power structure" variable as being comprised of those individuals with a potential for power because of their institutional status or position.

Pluralists, like Nelson Polsby (1960), insist it is inappropriate "to entertain any presumptions whatsoever about the distribution of power in any community." Like

other pluralists, he argues that this distribution results from specific interpersonal relationships -- not from institutional positions or reputations (Dahl, 1956, 1961; Polsby, 1960; Wolfinger, 1974). Because of their stronger attachment to empiricism, pluralists tend to argue that research based solely on either of these (i.e., reputations or positions) is inadequate for studying community power. In other words, pluralists recognize the institutional level as being more general, and argue that it tends towards subjective bias and poor scholarship. What pluralists seem to mean, however, is that elitists are more willing to compromise the behavioral approach to social science research -- a willingness which, for pluralists, suggests their research is less valid.³⁵

Yet, critics of pluralism often differ with their methods, conclusions, and even their basic presumptions. Many pluralists admit that -- whatever "power" is -- it seems to be distributed unevenly throughout society. They would still have us believe that this distribution does not prevent democracy from working. Many would attack them for assuming, without really proving that:

³⁵ James Thompson (1967) substituted notions of dependence for the notion of "power" since the latter term was difficult to operationalize. As such, one was powerful to the extent the or she was independent of other actors. "Independent" in the sense that he or she could act without reference to the views or reactions of others. Conversely the notion of powerlessness referred to one's dependencies on others views or reactions (cited in Keller, 1992: 162, n. 11).

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(a) the public possesses enough indirect influence to effectively constrain decision-makers;

(b) genuine opportunities exist for individual and organizational access into the political process;

(c) elections are viable instruments of mass participation;

(d) the amount of political influence available to minorities and women is often overemphasized (Lipsky, 1972; Parenti, 1970); and,

(e) the extent to which national policy is determined by complex, interorganizational policy networks -- which is often underemphasized.

However, these claims presume the very questions that community power scholars like Hunter (1953) initially sought to unravel. Because of this, it is helpful to note some of the fundamental tenets of pluralist theory in order to gain more of a sense of

perspective on their claims:³⁶

(a) pluralists admit the rich enjoy a potential (i.e., latent) type of power. However, they argue, this bears no necessary relationship with the actual (i.e., manifest) power they exercise. Their studies suggest, in general, that it remains diffuse enough that no single elite has anything near the monopoly of power suggested by elitists;

(b) power is an attribute of specific individuals in specific situations involving particular values, bases, and means (Dahl, 1956; Simon, 1953; Polsby, 1960). The more appropriate unit of analysis, from their perspective, is the "decisional exercise," rather than the "positional," or the "reputational" source of power;

(c) while the interests of rulers and those of the ruled are as one (cf.,

³⁶ It should be noted that we reject the revisionist notion that pluralism is adequately defined when competition or specialization exists among elites participating in community affairs. Our definition (borrowed from Presthus), is more in keeping with the historical meaning of the concept, and requires as necessary conditions, some measure of "rank and file" and organizational participation in decisionmaking. See Waste, (1986: 117-138); also see Presthus, (1964: 25). For critical discussions of pluralism in general, see Lowi, (1969: 31-63); and Baskin, (1970).

"unitary interests," Peterson, 1980), public sector politics is generally independent of private sector interests; and,

(d) since our decisionmaking processes are, generally, open and fair³⁷ -- popular consent exists and it is genuine. As such, it is a valid indicator of political stability. Thus, where no overt conflict exists, pluralists point out how this is to be expected.

On the other hand, elitists and especially critical theorists argue that pluralism conceals a number of relevant "facts." These facts are presented as the fundamental tenets of elitist theory:

(a) power flows upwards -- from popular ideologies and beliefs, to institutions, and ultimately to individuals in powerful institutional positions (Weber, 1946; Hunter, 1953). Elitists find this apparent from the observation that the more crucial decisions within a community are usually the strict province of individuals holding top positions in major

³⁷ By implication, public administration serves the purpose of rationalizing (rather than legitimizing) laws, rules, and regulations reflecting policies which actually serve public, rather than private, interests.

industrial, banking, business, and governmental institutions (Mills, 1956);

(b) power, from an elitist perspective, is an attribute of an institutional position. Therefore, institutional, structural, interorganizational and network analysis are most relevant in a power analysis of political processes;³⁸

(c) non-random, trans-generational inequities in societal power, wealth and prestige do not flow from objective political or economic processes (Lowi, 1979). Rather, they flow from rules, regulations, laws and procedures that are, themselves, biased and/ or poorly designed. Thus, power, wealth and prestige are not, as pluralists presume, person-specific. And since, as they say, "money talks," these inequities allow private economic interests to influence and/ or control "urban political

³⁸ For an excellent institutional/ structural perspective, using "dependencies" to replace the notion of power, see Thompson (1967). For an interorganizational network perspective, see Keller (1984). For examples of how interorganizational network theory may be used for purposes of governance, see Hult and Walcott (1990). For examples of how network analysis has been applied at the local level, see Waste (1989), Warren, Rose and Bergunder (1974), and Perrucci and Potter, eds., (1989).

regimes."³⁹ This influence/ control reinforces uneven private economic interests;

(d) similar patterns of decision-making may be observed in several different issue areas. However, elites fail to prevail only on those that have the least financial consequences for themselves (Galbraith, 1992);

(e) the interests of elites and those of the general public are not "unitary." Rather, the two groups have different needs, skills, aspirations and therefore, different economic and political interests over the long- and short-term; and,

(f) where no overt conflict exists, "something has interfered with it, probably mediating forces (e.g., elite control of the means of communication and of socialization) that bring about false or fragmented consciousness" (Stone, 1989: 225).

³⁹ Following Easton, the term political regime refers to the authoritative allocation of valued things among persons or groups via policies and programs promulgated by a governing coalition. Ideally, these policies and programs form a coherent pattern, though this is not always the case (Easton, 1965: 50; DiGaetano, 1989: 263).

The elitist school suggests, without quite saying so, that the power elite is engaged in a conscious conspiracy. However, many elitists, including Mills, perceive subtle forces which enable members of the power structure to act in concert. Thus, for elitists, this suggests something is terribly wrong with American politics and that it requires substantial change.⁴⁰ Indeed, they believe that we, as Americans, deceive ourselves into unwarranted complacency when we allow our current policymaking processes to be called "substantially democratic." They say this because their studies suggest otherwise, and indeed over time, most pluralists seem to have come around, as it were, to having agreed with some of the fundamentals of elitism (Stone, 1989; Ricci, 1979). Presumably, the Kennedy-King assassinations, the Vietnam War, Watergate, the Iran-Contra incident, the Savings and Loan scandal, urban decay, and other national nightmares have provided them with food for thought about the existence of elite power and the ability of our system to govern that power.

But, turning back to the debate, before elitists or pluralists could claim victory for themselves, a team of authors, Bachrach and Baratz, would publish two articles, "Two Faces of Power" (1962) and "Decisions and Nondecisions: An Analytical Framework" (1963), which would add yet another dimension to an already no-win

⁴⁰ However, Mills and other elitists may be considered liberal in that their critiques are geared towards reforming, rather than replacing our political system.

debate. The authors did so by identifying a number of means by which potential power could be exerted, covertly, to keep potential issues off urban agendas altogether. They referred to their outcomes as "nondecisions" and submitted that these were as important as those decisions which were well-publicized and easily observed. For nondecisions, they argued, power was "evidenced" as an unstated *quid pro quo*. For instance, while certain decisionmakers appear to play active roles in areas that are highly visible to outside observers -- other elites may exert the real power. Behind the scenes, they presume, this second set of actors (i.e., the "second face of power") actually determines which issues will, and which will not, be openly discussed.

To evidence their theory, the authors point to the fear of possible sanctions that, presumably, keeps a number of citizens from voicing their opinions publicly. Public housing residents, for instance, face the fear of eviction; the same applies to welfare recipients who confront the fear of losing their eligibility status; and for police, most of whom adhere to the maxim that you do not turn in other police. Recent upheavals (1994) at the New York City Police Department represent a current example of the difficulties involved here.

While pluralists reject the idea that a "nondecision" can be empirically observed

(Debnam, 1975), Crenson's (1971) study of U.S. Steel in Gary, Indiana suggests it is not altogether impossible to document its existence (Ross, Levine, Stedman, 1991: 56). Cobb and Elder (1983) and Kingdon (1984) would, later, underline the relevance of Bachrach and Baratz's original thesis by highlighting the importance of controlling the formal agendas of local policymakers.

Although the community power research remains valuable for shedding light on an important aspect of American urban life, I have tried to show that it leaves an entire paradigm of normative questions unaddressed. Because of this, and in an attempt to rationalize the transition from community power to urban development politics, Clarence Stone (1989) organizes the collective logic of community power and contrasts this with one of his contributions -- a paradigm which details the logic of urban politics.

For Stone, the community power paradigm is informed by the classic social theory of Max Weber (1947). Weber seems to be a natural selection in that he is credited, intellectually, with setting many of the terms within which the community power debate would ultimately be conducted (Stone, 1989; Hawley & Wirt, 1968; Hunter, 1953; Presthus, 1964; Debnam, 1975). Thus, in order to understand Stone's contribution, it is important to understand the Weberian paradigm.

THE WEBERIAN PARADIGM

Weber's (1947) "status-group" theory of society was partially introduced as a revision of Karl Marx's "class-conflict" theory.⁴¹ Both began with the idea of a stratified society. This idea reflects their observation that in most societies, there exist a few wealthy individuals who own or control most of the community's productive capacity. Status and power increase as one controls more and more of this capacity. Typically, the superior resources of the rich translate into political power, which establishes the material basis for elite domination. Weber differs from Marx in that he views status as an attribute of education, occupation and income. By bettering one's education or by changing one's occupation, Weber presumes an individual may alter, or "better," his or her social status.

However, Weber was more interested in domination, particularly those kinds that had become socially accepted or legitimate, which were typically manifested in the

⁴¹ For Marx, and followers of his, like Mills (1956, 1958), status and power were attributes of class, which is viewed as a relationship between capitalists and workers. The relationship is necessarily antagonistic because their economic interests differ. Capitalists want to make as large a profit as possible, while workers want to make as large a wage as possible. Conflict -- sometimes overt and sometimes covert -- is the expected result (Zweigenhaft & Domhoff, 1991: 166-167; Fry, 1989).

operations of the state or in bureaucratic organizations (Fry, 1989: 39).⁴² Weber's studies led him to construct a typology of domination from an historic interpretation of those authorities and powers that had become legitimate. Although he admitted these types are rarely found in "pure" form, he distinguished three -- the charismatic, traditional, and rational-legal. In each of the three types, the person exercising authority is thought to have the right to issue commands and the right to be obeyed -- but the right arises from different grounds. The names that Weber provides for each of these three types generally indicates the grounds for authority (Weber, 1947: chap. 3).

Although the grounds for authority differs for each type, each type provides a similar legitimizing process for the ruler. Thus, while Weber acknowledges that domination still amounts to domination -- he argues that some forms of domination are preferable to others, in that they may allow one to "move up the ladder." By highlighting the capacity for upward mobility as something of a "solvent for discontent" among those being ruled, Weber made domination more palatable than had Marx. According to Gareth Morgan (1986):

⁴² An example of the former is where a ruler imposes his or her will on others -- while being perceived as having a legitimate right to do so (Morgan, 1986: 276).

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The ruler's ability to effectively utilize one or another of these kinds of authority depended on his or her ability to find support or legitimation in the ideologies or beliefs of those being ruled (Morgan, 1986: 276).

Mary Douglas (1986) makes a similar observation about the relationship between rulers and those who are ruled:

There needs to be an analogy by which the formal structure of a crucial set of social relations is found in the physical world, or in the supernatural world, or in eternity, anywhere, so long as it is not seen as a socially contrived arrangement. When the analogy is applied back and forth from one set of social relations to another and from these back to nature, its recurring formal structure becomes easily recognized and endowed with self-validating truth (Douglas, 1986: 48).

Once the political system is legitimized, politics may be used, according to theory, to

legitimize or garner acceptability for bureaucracies,⁴³ free markets, elite power networks, or some other type of social-control system (Stone, 1989: 222). In any case, the costs associated with the legitimation process, are what Clarence Stone refers to as the "costs of compliance" (Stone, 1989). And, to the extent these costs are implicit in Weber's social theory, they are, similarly, revealed as central issues within the community power paradigm.⁴⁴

POWER AS SOCIAL-CONTROL

By extending Weber's social theory, Stone captures the essence of the traditional elitist-pluralist debate within what he calls a "social-control" paradigm. Within this paradigm, power is viewed as a matter of dominance, where the function of politics is simply that of legitimizing a social control system (e.g., bureaucracy, free markets, elite networks, etc). Thus, the central issues have nothing to do with the "rightness" or "wrongness" of, for instance, elite domination. Rather the central issues revolve,

⁴³ Nonetheless, Weber was quite concerned about the darker side of bureaucracy since he clearly understood it as a power instrument of the first order. In time, institutional researchers like Selznick (1948) would determine how bureaucracies required myths, symbols, institutional values, and a style of politics that would address their inherent need for legitimacy.

⁴⁴ It is worth noting that, under our definition, it would be incorrect to say that Hunter "followed" Weber, or that Mills, "followed" Marx. Rather, in each instance, the second shared the values of the first, which means the relationship involved neither power nor influence, but respect and authority.

instrumentally, around the cost of gaining social-control or compliance through legitimacy:

Pluralists see the cost of compliance as the factor that engenders pluralism, especially in systems with constitutional and other restrictions on the use of coercion. Antipluralists believe that consent and legitimacy are engineered to reduce the cost of control and that system transformation can therefore be brought about by withdrawing consent and abrogating legitimacy. The conventional power debate thus centers on how the cost of compliance is handled (Stone, 1989: 222-223).

Indeed, Stone notes how a number of pluralists may have, inadvertently, acknowledged the compliance issue within their own research:

Banfield: To maintain control of a structure, repeated investments of power are required (1961: 313).

Laitin: As any elite group (or historical bloc) attempts to achieve domination over society, it will attempt to lower the costs of compliance

by developing an ideology of its own legitimacy (1986: 107).

Dahl: Subjects can gain a degree of independence from their rulers on matters of importance to themselves if they can make the costs of domination so high that domination no longer looks worthwhile to the rulers. Resources are not infinite after all, and exercising control nearly always requires an outlay of resources (1982: 33).⁴⁵

Stone's social-control paradigm is valuable in that it recognizes that the political system needs legitimacy in order to gain compliance. By doing so, Stone implicates ways in which the system may be transformed: either by withdrawing consent, by undermining the legitimacy of elite domination, or by increasing the legitimacy of an alternative system of control (Stone, 1989: 222-226).⁴⁶ Dahl reiterates this point by noting how:

subordinates can drive up the cost of exercising control (underline

⁴⁵ Writers from the opposite end of the political spectrum (i.e., Gramsci) make much the same argument by positing a relationship between consent and force.

⁴⁶ For elitists, Stone's model suggests mass political consciousness may be an additional ingredient needed to transform a political system.

added), thereby reducing dominance (cited by Stone, 1989: 224).

However, following Tilly (1984), Stone (1989) takes a step forward by noting how society has changed dramatically since the early works of the community power scholars and the inception of their social-control paradigm. According to Stone,

society is [no longer] bound by an integrating body of thought, a shared conception of the world, or even a set of norms and values that most people subscribe to. Instead . . . what holds the world together is a somewhat loose network of institutional arrangements. Though fraught with tension and conflict, these arrangements promote action on behalf of various social goods. Tilly's thesis is akin to Long's ecology of games, though with a greater emphasis on conflict . . . instead of a single fulcrum of control, there are strategically advantageous points from which to wage struggle and promote some forms of collective action at the expense of others. There is no consensus (underline added). Conceptions of the world and other big beliefs are vague and compatible with a variety of applications. . . In some ways, the Tillian world is chaotic; certainly it is loosely coupled, and most processes continue without active intervention by a leadership group (underline

added) (Stone, 1989: 226-227).

If Tilly's interpretation of modern society is taken as reliable -- and, according to Stone, should be -- society's ability to process public policies with neither a need for consensus nor "active intervention by a leadership group" suggests the traditional structures of elite domination have become obsolete. After all, some degree of consensus, as to the basic norms and values of society, is fundamental to elite theory. This consensus holds society together and, according to theory, it is out of this consensus that the need for "active intervention" (by elitists) becomes apparent to society (Hunter, 1953; Mills, 1956). "Active intervention," is therefore, not only fundamental to elite theory, it is consistent with Bachrach and Baratz's (1962, 1963) notion of "nondecisions": the idea that, behind the scenes, exists an obscure set of actors who actively intervene to determine which issues are, and which are not, to be openly discussed. But what are the public policy implications of Tillian society?

First, absent consensus, social control becomes illusive, if not impossible. However, as Stone recognizes, individuals cannot function alone in modern urban society. Even though they do not share basic norms and values, they still need one other -- if for no other reason, to help produce the goods and services they have all come to require (e.g., jobs, health care, higher education, police safety, emergency services,

substantive justice, enforcement of contracts, etc).⁴⁷ And it is against this Tillian background that Stone introduces his "social-production" paradigm. He uses this paradigm to reveal the central issues of the urban development politics literature, and to explain why these issues have little to do with social-control and much more to do with the enhancement of urban productive capacity.

POWER AS SOCIAL-PRODUCTION

By the early 1970's, the study of community power had already seen its best days. Indeed, the same could be said for most of America's rust-belt cities. Nevertheless, the 1970's ushered in an era of debt crisis at the international level (i.e., "economic restructuring"), fiscal crisis at local levels, and a political crisis in Washington (e.g., Vietnam, Watergate, Kennedy-King assassinations, etc.) -- all of which served to underwrite the chaotic tone of Tillian society. It was during this era that the political decision to distribute the capital costs of running major cities replaced community power as the central theme of the urban literature. Thus, in response to the severe changes that have taken place in society, Stone's "social-production" model attempts

⁴⁷ Because of their need, in a Tillian world, for socially-produced goods and services, Stone notes how even significant challenges to elite domination (i.e., as remnants of pre-Tillian society) may be inconsequential -- perhaps even resulting in the challenging group's being left out of what was an, otherwise, "productive enterprise," at least for many. Thus, urban society is apt to suffer more by challenging whatever status quo remains, than if they do not.

to answer:

how, in a world of limited and dispersed authority, actors work together across institutional lines to produce a capacity to govern and to bring about publicly significant results (Stone, 1989: 8-9).

Stone's notion of social-production is not entirely deduced from Tilly's view of society, however. Similar to this research, it also reflects his findings from a case study of Floyd Hunter's old research site, Atlanta. Although Stone found Atlanta's business elite extraordinarily influential, he also found this influence difficult to explain in conventional, social-control, terms. This was because the system of control/ influence seemed to have little to do with the presence or absence of a command-and-control power structure, least of all one which could be expected to garner dominance or compliance. Business elites did "not exercise command power, nor [did they] display an ability to control attitudes per se" (Stone, 1989: 220). Rather, Stone concludes that they governed by default -- in the sense that opposing coalitions were difficult to maintain, and therefore offered little in the way of an alternative governance structure, particularly one which could "bring about publicly significant results" (e.g., jobs, health care, higher education, police safety, emergency services, etc).

Within this void, the central political issues no longer have to do with the costs of compliance, since comprehensive control is out of the question. Rather, they have to do with simply creating enough order to get things done. The next section examines how these issues are processed in the current urban development politics literature.

URBAN DEVELOPMENT POLITICS

Although the central issues of the urban development politics literature would seem to differ from those of community power,⁴⁸ the spirit of the debate has not. Market-economists, working within the field of urban politics (Kasarda, 1980; Peterson, 1981; Hicks, 1982; Kantor & David, 1988; Bingham & Mier, 1993; Beauregard, 1993), improve on pluralist theory (Dahl, 1956, 1961; Truman, 1951) while political-economists (Elkin, 1987; Stone, 1989; Swanstrom, 1988; DeLeon, 1993) improve on elitist theory (Mills, 1958; Hunter, 1953).

Peterson (1981), one of the most influential scholars to argue from a market-economics perspective, observes how cities operate without the sovereignty one would

⁴⁸ Aside from the traumatic changes that have occurred since the inception of the community power literature, one could argue Stone's distinction between its focus on social control and urban politics' focus on social production is derivative. That is, one could argue that the central focus of community power was that of social control for the purpose of social production.

accord a republic or a nation-state. He reframes pluralism (which is actually a political model of the market) as neoclassical market theory to determine how urban development policy is formed within these limits. Some of the most significant limits include the fact that cities cannot issue currency, control imports, forbid outsiders from entering their territory, make war or peace, et cetera. And, since wealth in the intergovernmental marketplace is mobile, cities are forced to compete with one another for both private investors and higher-income residents. In this sense, their capacities to provide stability and growth for themselves are determined by forces over which they have little or no control (Peterson, 1981). However, by focusing on these types of limitations, Peterson implicates one of the basic issues for the modern (i.e., Tillian) metropolis, and for the field of urban development politics -- the enhancement of urban productive capacity (Stone, 1989).

In general, Peterson's limits exist for two reasons. One is political: local politics is dominated by a mobilized elite primarily interested in growth. For Peterson, development policies are, and should be, decided by an economic elite which possess the "technical knowledge needed to design effective developmental policies." These elites are, presumably, forced into their decisions by the sheer weight of economic pressures. Thereby, they have no need to consider whether their values, norms or goals coincide with those of society. This behavior is, of course, predicted, or at

least implicated, by Tillian's reading of modern society.

The second reason forms the basis of Peterson's general prescriptions for urban policymaking, and extends from the logic of market-economics. In essence, too great a concern for social welfare policies dooms a locality to stagnation and decline.

This line of logic, or what has become popularized as "trickle down economics," is equally evident in the work of Kasarda (1980) and Hicks (1982), both of whom were influential in the report of the McGill Commission, Urban America in the Eighties, (1980). Peterson would find reassurance in the Commission's conclusions -- that cities should be restricted to developmental (i.e., growth-oriented) policies,⁴⁹ and that they should avoid redistributive (i.e., social welfare) policies. Their rationale was similar to Peterson's -- redistributive policies at the local level lead to stagnation and decline. Thus, for the sake of enhancing market-wide growth, or what Stone (1989) calls "productive capacity," both Peterson and the Commission come to the same conclusion -- that some residents, and some cities, must be viewed as "expendable."

⁴⁹ Development expenditures, unlike, for example, spending for the poor, rewards a very comfortable and powerful constituency. Thus, the economic approach to urban development reflects a highly selective view of the role of local government.

In similar form, news writer Joel Garreau (1991) advances a journalistic account of the post-World War II dispersal of economic activity from the central city to outer suburbia. His work considers the concentration of destructive social behavior within the central city, and concludes that since these phenomena are inevitable, they should be expended.

However, a handful of revisionists, beginning with Harvey Molotch (1976), and including Stephen L. Elkin (1987), John R. Logan and Todd Swanstrom (1990), Stone (1989), Terry N. Clark (1983), Neal R. Peirce (1993a, 1993b) and Robert Mier (1993) have taken exception to the deterministic logic of the market-economy perspective. Each writer is still, as Stone (1989) predicts, primarily concerned with enhancing productive capacity. However, as noted earlier, they tend to make social or distributive equity arguments as to the benefits of this productivity. Indeed, they tend to do so from a descriptive, political-economy perspective. Molotch's (1976) version of urban political-economy, serves as a conceptual basis for some of the more powerful attacks on the market perspective (Elkin, 1987; Stone, 1989).

For Molotch, a city is conceived as an areal expression of the capital interests of a land-based governing coalition. This coalition is called a "growth machine." It has, at its core, a set of corporate and other land-based interests who view their futures as

linked because of a common desire to increase the monetary value of their individual parcels. This value is increased whenever they intensify the usage of their land.

Typically, this is done by increasing local population, attracting new industries, or by expanding commercial/ housing development and financial activity.

The "senior partners" of growth machines are particularly interested in land use and other developmental policies. They include developers, contractors, mortgage bankers and related real estate businesses. "Junior partners," those who have a lesser stake in developmental matters, include building trade unions. However, Logan and Molotch (1987) argue at length, that there is little evidence that urban growth eases problems of high unemployment, of high housing costs, or of impoverished city budgets. Nevertheless, union members are generally convinced that urban growth is unproblematically linked with an increase in jobs, and that their fates are thereby connected.⁵⁰ Indeed, this belief has become one of the basic arguments used by local governments to sell development projects to the public, even though in most instances residents benefit differentially from urban growth.

⁵⁰ The point they make suggests construction trade unions and others who place their faith in the efficacy of the trickle-down argument, have indeed, misplaced their faith (Logan & Molotch, 1987).

The main function of local government within Molotch's growth machine thesis is to promote a "good business climate"⁵¹ -- an idea which clearly supports Stone's (1989) social-production model. In this way, the growth machine thesis captures government authority in cooperation with private interests -- each supplying something the other needs. However, for most urban political-economists, these interests typically use growth as a means of benefiting themselves and their communities, and in that order.

Building from Molotch's growth machine, Elkin (1987) introduces the notion of the "urban political regime." He defines the regime as a distinct pattern of policymaking or "mode of governance," one that is shaped by an alliance between local politicians, businessmen, city bureaucracies, and/ or electoral interests. Elkin generalizes three patterns of regime formation as "privatist," "pluralist," and "federalist." These to refer to different types of accords between the public (i.e., government) and private (i.e., market) sectors of the community. Collectively, these regime patterns exhibit different approaches to questions of procedural fairness, distributive equity and public accountability.

⁵¹ Again, a "good business climate" is exemplified by a community with low business taxes, a sound infrastructure of municipal services, vigorous law enforcement, an eager and docile labor force, and a minimum of business regulations.

However, urban regime analysis involves two schools of thought (DiGaetano, 1989: 262). One stresses historical context, viewing urban regime formation as a fairly uniform phenomenon across cities within a given era of urban politics (Elkin, 1985; Fainstein & Fainstein, 1983). A second approach, popularized by Stone, focuses on the variation of urban regime formation among cities within a particular historical period (Judd & Ready, 1986; Stone, 1987). Interestingly, the weakness of each school is remedied by the strength of the other. Where the first approach ignores unique variations of regime formation among cities within a given historic period, the second addresses these variations. And, where the second ignores the broader patterns of regime formation across cities within a given era of urban politics, the first addresses these patterns.

Urban regimes should not be confused with governing coalitions even though the terms are often used interchangeably (Stone, 1987). The term "governing coalitions" refers to an alliance of political interests that controls local or state government. Particular combinations of economic and political elites endeavor to fashion urban political regimes according to their interests. "Political regimes," on the other hand, refer to the authoritative allocation of certain things that are valued among persons or groups via a certain pattern of policymaking by a governing coalition (Easton, 1965; DiGaetano, 1989; Kerstein, 1991).

Elkin distinguishes his urban regime thesis by blending empirical and normative argumentation. Given the particular division of labor that develops between local government and local markets, the kinds of politics that can flourish at local levels may be "limited" (Peterson, 1981) -- but, he adds, these are significant. Thus, for Elkin, the necessary exercise of political discretion creates dilemmas on the one hand, while on the other, it becomes the basis for an optimistic discussion of the prospects for achieving equality and efficiency at local levels.

Elkin's (1987) recent case study of Dallas, Texas focuses on the city's politics, which he finds to have a strong economic orientation. Neither virtue nor honor are the defining concerns of this enterprise. Thus, for Elkin, there is a strong tendency for political leaders and businessmen to find themselves in tacit or open alliance with one another. This results in:

foreshortened public agendas, and the corresponding problems of systematic bias and ineffective problem solving, and a citizenry ill-suited to the running of the sort of republic that we wish to be.

Liberal democracies are unlikely to flourish if they rely on the view that politics is simply economics carried out in non-market settings. Something is missing in this

view. And, to the extent that it is also missing in urban political study, these analyses are radically incomplete.

SUMMARY AND ANALYSIS OF LITERATURE

One problem, which is fundamental for both the community power and urban politics literatures, has to do with their reliance on what Mills (1959) calls, "abstracted empiricism." Mills uses this term to describe the output of social science researchers who inappropriately allow methodologies, derived from the natural sciences, to dominate their work in the social sciences:

Mills uses the term to castigate those researchers who, along with 'grand' theorists, have abandoned what he sees as being the central task of sociology, that of grasping 'history and biography and the relations between the two within society. . . . No social study that does not come back to the problems of biography, of history and of their intersections within a society, has completed its intellectual journey' (Mills, 1959: 12, cited in Burrell & Morgan, 1979: 105, n. 61).

From Mills' (1959) sociological frame of reference, he would categorize the output of most social science theorists who engage in empirical research as "abstracted

empiricism" (Burrell & Morgan, 1979: 105).⁵² This research uses the term in a slightly different sense. Here, the term refers to empirical research of urban development policy that is abstracted from the normative problems of governing the urban political-economy. In this sense, the more comprehensive understanding of urban governance begins and ends with the central issues of normative political philosophy, which of course focus on governance.⁵³

To clarify the main problems with the urban literature, I will begin with the community power debate. The reader will recall that this debate began with the sociological (i.e., elitist) school. Floyd Hunter (1953), argued that Atlanta's economic power structure had rendered the city's policymaking processes "undemocratic." This arrangement, he noted, "[did] not square with the concepts of democracy we have been taught to revere" (Hunter, 1953: 1). Depending on how the

⁵² A similar abstraction (i.e., the "politics/ administration dichotomy") arose in the field of public administration. Those who created the field of public administration placed their faith in science, rather than classical political philosophy. This led to an impossible, and undesirable, limiting of the political roles of administrators, particularly in the governance process.

⁵³ Indeed, by combining empirical and normative argumentation to argue for just distributions of urban growth, many urban political-economists (Elkin, 1987; Mier, 1993) make the same point: that the urban politics literature has not fully completed its intellectual journey, one that is most fundamentally associated with the normative issues of governance.

term "democratic" is defined, his argument may be interpreted as philosophical. But, Hunter did not present it as such, and others did not interpret it as such, so I will ignore that possibility for the time being.

Instead, the political (i.e., pluralist) school of community power interpreted Hunter's research as a challenge to the efficacy of the democratic structures and processes the field of political science had come to revere.⁵⁴ After all, elite domination is inconsistent with democratic rule (Ricci, 1979). Thus, pluralists were troubled by elitist concepts like "class conflict" and "institutional power structure." For them, these concepts were foreign and difficult, if not impossible, to deal with empirically.

While this difficulty should have been taken as an indication that the use of empirical methods would have been unproductive, it was not. Indeed, empirical methods dominated both sides of the debate.⁵⁵ In and of itself, this was not surprising --

⁵⁴ In addition to challenging the analytical tools of political science, Hunter's findings cast a shadow of doubt on the social myth that America was a classless society. And, since wealth and poverty have become increasingly trans-generational and/ or non-random phenomena (Lowi, 1979: 233-235; Galbraith, 1992), Hunter's findings questioned the economic myth of impartial economic forces.

⁵⁵ One reason stems from the fact that social scientists do not generally receive the type of rigorous training in normative analysis that they receive in empirical analysis. As a result, they tend to rephrase normative questions into the more familiar, positive form - which presents problems.

most social sciences had, by the 1950's, come to distinguish empirical methods as superior to other, more subjective, ways of knowing. However, this unfounded preference was allowed to guide the course of the debate. Both sides engaged in a debate that had more to do with the technicalities of empiricism than with the appropriateness of Atlanta's governing arrangement, given democracy.

Ultimately, the participants were unable to rise above their methodological preconceptions. All of which meant sociologists were unable to relate their arguments to their central task: that of grasping "history and biography and the relations between the two within society" (Mills, 1959: 12). And, urban political scientists were equally unable to relate their arguments to what, in my opinion, should have been their central task: grasping the normative and practical problems of governing the urban political-economy.

Had Hunter's initial concern (i.e., "undemocratic" policymaking) been argued on normative rather than methodological grounds, either of the opposing schools of thought would have been in a position to stipulate the traditional canons of constitutional democratic theory as a highly acceptable basis for interpreting the apparent character of policymaking in Atlanta. Methodological differences, at that point, could have been identified as such, and issues of governance could have been

distinguished as the more important analytical issues. Indeed, by using democratic theory as a normative guide, it would have:

(a) informed theorists that democratic governance structures cannot function effectively where political processes are undemocratic. They fail effectiveness because, at base, they fail legitimacy (Wamsley, et al., 1991);

(b) found the existence of power elites a contradiction to the fundamental notion of democratic urban governance; and,

(c) acknowledged the political/ constitutional role of public administration. This role provides theorists with a theoretical/ legal basis for specifying appropriate and responsible solutions by way of an administrative apparatus which has been legitimized, authorized, and rightly charged with the obligation of defending certain principles and coming up with viable solutions to political problems.

While it would seem that the current generation of urban scholars should have shown more sensitivity to problems of the preceding community power studies, this has not

been the case. Instead, contemporary urban scholars seem to be as dominated by empirical methods as their predecessors. One would expect as much from market-economists since their field is unable to accommodate normative theory. This is not the case, however, with those scholars who approach urban development politics from a political-economic perspective. This particular framework, as noted earlier, is able to accommodate, or at least acknowledge, normative theory. Thus, to the extent most political-economists have not done so, they have yet to confront the central tasks of their field.

If nothing else, the urban development politics literature informs us of the need to (a) openly discuss and garner consensus as to an appropriate distribution of the long-term costs and benefits of social-production; and, (b) to stipulate an institutional framework which will reflect this consensus for those developments which extend costs and benefits over the long term. However, this literature has chosen to take the apologetic route of focusing narrowly and descriptively on the nature and dynamics of urban political-economy (Peterson, 1981; Kantor & David, 1988; Elkin, 1987; Stone, 1989); the nuts and bolts of constructing, maintaining, and expanding public-private governing coalitions (Stone, 1989; DeLeon, 1992); and, on the many ways in which the power elite has augmented the productive capacities of local government (Elkin, 1987; Stone, 1989; DeLeon, 1993).

Even in the midst of their fascination with productive capacity, scholars of urban development politics seem to have lost sight of the fact that, in several instances, many of the private elites they glorify have been directly responsible for either engineering or reinforcing the limitations (Peterson, 1981) and dependencies (Kantor & David, 1988), and "facts of life" (noted above) that face local government (Galbraith, 1992; Greider, 1992; Swanstrom, 1985; Magnet, 1989).

Further, by concerning themselves narrowly with productive capacity, urban scholars have ignored the doors they have opened to elite policy analysts and practitioners who may use this stream of literature to support an agenda which seeks to further reinforce existing networks of private power in a political-economy which, many suggest, has long suffered from lop-sided distributions of power and wealth (Lundberg, 1937; Mills, 1956; Lowi, 1979; Logan & Molotch, 1987; Stone & Sanders, 1989). Absent a broader concern for democratic urban governance, policymakers:

- (a) provide local public administrators with an incentive to act as technicians since the descriptive logic of "social-production" (Stone, 1989) provides no basis for justifying the values of democracy over

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those of elite domination;⁵⁶

(b) provide developers with an incentive to build within the downtown sections (which are more profitable for them) to the exclusion of urban neighborhoods. The sites chosen for development are important to the public because these are often subsidized by local taxes;

(c) provide the urban middle class with an economic incentive to move to the suburbs in order to dodge the rising costs of financing the fiscal crises going on in most urban areas;⁵⁷ and,

(d) create even greater differences in employment and education between various races (Hill & Rock, 1992; Harrison & Gorham, 1992;

⁵⁶ In this capacity, administrators act in concert with pro-growth regimes by default, having no concern for governance, justice, equity, or diversity. I focus on the role of local administrators because where they fail to take on these types of normative responsibilities, no other organized group has the legal authority to do so and the major decisions of urban development will return to those who are totally unaccountable to the public.

⁵⁷ Here, the upper class is affected marginally, since few live in the inner city. But, those who are least able to pay, have no choice but to stay and pay from what little they have.

Global changes will, of course, continue to alter the urban political-economy, regardless of whether it is consciously governed or not. However, by attempting to develop a system of democratic urban governance, urban society is in a better position to specify political-administrative responses. These may be designed to bring the urban political-economy more in line with democratic expectations, in light of these changes.

On the whole, the fields of community power and urban development politics have been rightly criticized for failing to (a) develop a normative view of the relationship between political (e.g., equality, justice, etc.) and economic (e.g., efficiency, effectiveness, economy) issues that gives due regard to each; and, for (b) failing to develop arguments for correcting the inequities of urban policymaking, especially those that would be helpful in addressing the normative issues of democratic urban governance, and in guiding political-administrative practice (Elkin, 1987). If the literature of urban development politics continues to follow in the footsteps of the

⁵⁸ Economic incentives enforce increasingly stark polarities in the racial compositions of urban areas. Absent some normative rationale for conducting urban policymaking differently, these conditions will be allowed to worsen.

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community power literature, it will also fail in its most fundamental task: to relate urban research to urban democratic governance.

CHAPTER III.

METHODS AND MODEL

The previous chapter considered the intellectual tradition of the urban literature. It sought to interpret this tradition in terms of its historical setting, leading scholars and dominant themes, on the one hand -- and on the other, to evaluate its shortcomings. With the possible exception of a few recent writers, there exists a core of consistency: commitment to the cognitive interests that are served in society; explanation of the area of urban politics that is thereby made comprehensible; and, obsession with the methodological approaches of social science. Thus, the literature, on the whole, reflects an ethos.

The objective of this chapter is to explain the methods and techniques that were used to conduct this research.

INTERVIEW PROTOCOL AND SELECTION TECHNIQUE

This research began with hopes of interviewing a representative sample of the public and private architects of Cleveland's developmental agenda, particularly those who had been responsible for the Gateway Project. Thus, I scheduled a preliminary interview with the Director of the County Planning Commission in April, 1993. The

director was a trusted personal acquaintance, one who proved to be of great assistance as a "sub-system scout," and as someone whose opinions would be valuable in testing the accuracy of my findings, as they accumulated.

During my two-hour interview, the director evaluated the appropriateness of a list of preliminary questions I had prepared for his consideration.⁵⁹ Afterwards, he identified a number of individuals who were in positions to ensure that the Gateway Project became a reality. For most of these individuals, he was also able to identify "who might be able to introduce me to whom" -- introductions which would ultimately lead to other interviews (Hunter, 1953).

Previous to each of the following interviews, I assumed the discussion would be most relevant to one of my five criteria areas, even though each interviewee proved he or she was able to shed light on more than one area. I made the presumption, nonetheless, thinking this approach would narrow the focus of my questions. As well, it seemed more appropriate to focus on those areas where the interviewee was known to have unique expertise. For instance, before interviewing the Mayor's Chief

⁵⁹ These questions were later dismissed after having decided that it would be more useful to focus on themes rather than specific questions -- this would allow the interviews to be more open-ended, and would more closely reflect my exploratory interests.

of Staff, I assumed her views, relative to my "vision" criteria, would be more helpful than those related to my "independent analysis" criteria. This was based on my knowledge that she had worked very closely with the Mayor, and with those in the private sector who had enormous influence in orchestrating the city's "vision."⁶⁰ Thus, our discussion focused primarily, though not exclusively, on those issues associated with vision.

Each interview began with an explanation of my research interests. Each individual was reassured that his or her comments would remain anonymous, and that they would be used only within the context of this research. Each interviewee accepted my reassurances, and several went so far as to state that they would be willing to assist me in whatever way they could.

After facilitating an acceptable context for our discussion, I would ask the individual to explain, chronologically, the course of events that had led to the present (i.e., construction) phase of the Gateway Project, according to their recollections. After giving the individual ample time to explain the events, I would then ask that they either explain or comment on certain issues (i.e., themes). Although the issues for

⁶⁰ A fuller discussion of the City's Civic Vision Program is provided throughout Chapter Four.

each interviewee had been "pre-selected," I would, from time to time, ask for their opinions on other issues, related to other criteria areas -- especially where it seemed they felt comfortable discussing more than I had anticipated.

After each interview, I would immediately record the highlights of the interview on paper. These recording sessions, which were always private, would last between fifteen and thirty minutes. In addition to noting the gist of the interview, I would note whether I had gathered any information that seemed surprising, unexpected, or whether any of it had either confirmed or negated any other information I had gathered previously.

My interviews were not tape-recorded, nor did I choose to take notes during the interview sessions. I was concerned that either activity would disrupt the logical flow of our conversations, or inhibit the interviewee -- especially since the Gateway Project had been controversial for several years. The interviews lasted between forty-five minutes and two hours and took place in the interviewees' offices, in indoor restaurants, and in a classroom at Cleveland State University.

I increased the size of my sample by using a technique known as "snowball sampling" (Biernacki & Waldorf, 1981). In the community power literature, this technique is

called the "referral method" (Hunter, 1953; Presthus, 1965). At the conclusion of each interview, I would ask for an introduction to another individual who had been closely involved with the Project, particularly those I had pre-selected. Many already knew these individuals -- often, they had been mutual acquaintances for several years. In fact, one interviewee was willing to introduce me to two other individuals from my list, and another was willing to introduce me to three more. Some suggested I would do well to consider speaking with others, even though they had not previously considered.⁶¹ In this way, evidence provided by one interview method (i.e., positional) could be used as a foil, against which the evidence provided by the other method (i.e., snowball/ referral) could be tested and modified (Presthus, 1965).

Following an introductory phone call, many of the individuals to whom I had been introduced, were interviewed as well. By the time I had finished using the snowball technique in the fall of 1993, I had conducted fourteen (14) interviews: six with individuals who were either on my initial list, or who had been called because of their organizational position; another four with people located through the snowball technique; another three with people who had been referred by colleagues; and, one

⁶¹ During the course of the interviews, I also asked about the experiences of other individuals, involved in the Gateway or in some other development project, with which they were familiar. This provided me, in an indirect sense, with an even broader sample.

with a personal acquaintance.

Still, I should mention that one is never clear about how many interviews are "necessary" in conducting this type of research. Sociologists Glaser and Strauss (1967) argue that there is no one right number. Rather, that the interviewing phase of one's research should stop when the researcher reaches the point of "saturation," that is, when no new patterns of experiences are being found. Thus, as the number of interviews accumulated, I would place less emphasis on those issues which I had come to understand, and more emphasis on those I was still seeking to understand.⁶²

Using this approach, Susan Ostrander (1984) found that interviews with thirty-six upper-class women in a large Midwestern city were enough to give her a very clear picture of the main concerns and routines within the lives of these women.

Ostrander's findings were supported by subsequent interview and observational studies in cities on the East and West coasts (cited in Zweigenhaft & Domhoff, 1991: 182-183). Similarly, by the time I had conducted my first ten interviews, a distinct pattern of experiences had begun to emerge -- including the ideas that:

⁶² As such, we were working, in part, within the tradition of the interview as an "inductive method of discovery" (Glaser & Strauss, 1967; Ostrander, 1980).

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(a) Cleveland's public-private partnership had been, as one interviewee states, "born out of crisis";

(b) those interviewed held fast to a collective faith in the business community's wisdom and continued support; and,

(c) they believed, at base, that economic development was a "unitary interest," and one that could only be furthered by promoting professional sports and other types of tourist attractions.

Indeed, though most recent studies of urban development policymaking use approaches which do not rely on interviews, most report very similar findings (Euchner, 1992; Elkin, 1987; DeLeon, 1992; Stone & Sanders, 1987). As noted in my review of community power and urban politics, the notion of power has remained important. However, it has moved, conceptually, from the individual and institutional level of analysis (within the community power literature) to that of the environment (within the urban politics literature). The older, community power studies relied more on the type of techniques I used for this research (i.e., interviews, archival analysis), while the more recent urban politics studies rely more heavily on historic and political-economic studies, and socio-demographic factor analyses.

In addition to my fourteen formal interviews, I interviewed, either in person or by telephone, two practicing economic development consultants, one individual who recently published a book on the politics of leveraging sports to generate urban economic development, three university professors who conduct research within the field of urban development politics, two professors whose research interests focus on the non-profit sector, three Cleveland news journalists who report on local economic development, and scores of everyday observers of the city's political regime.

Interviews were not, however, my only source of information. I was able to draw from the logic of a number of other studies, old and new. Presthus' (1964) research, for instance, was highly suggestive in that he relied on two popular methods for identifying elites (i.e., decisional and reputational) as foils against which, contrary findings could be tested. And, although Hunter's (1953) has been recognized mostly for his use of the reputational method, I found his work more useful as a point of reference -- noting how his initial concerns had more to do with the undemocratic character of policymaking, rather than with methods.

Some recent studies of urban economic development were highly suggestive for their historic analyses and conceptualizations (Molotch, 1976; Elkin, 1987; Stone, 1989).

Others were more valuable for their journalistic account of the professional sports industry (Euchner, 1993). Still others provided valuable analyses of the dynamics of an urban political-economy (Peterson, 1980; Kantor & David, 1988).

Other sources of archival, journalistic, and anecdotal data were also drawn upon. This material included annual reports published by the Gateway Corporation; books about community power, urban development, and city, policymaking; articles appearing in journals about urban regimes and urban agenda formation; articles concerning the structure and operation of non-profit organizations; legal documents concerning various appropriations for the Gateway Project; and, wall-sized maps of the Gateway Project planning area. As the author lives less than three minutes away from the Project site, I was able to observe its continued progress on a daily basis. A more detailed account of my data sources is provided in Appendix A. As well, a list of the names of the interviewees and their institutional affiliations is provided in Appendix B.

I made use of all my interview notes and materials in an attempt to understand the development policymaking process and its politics, as these played out for the Gateway Project. Along the way, I noted its similarities and differences from other large-scale urban developments with which I had become somewhat familiar. As

well, I tried to appreciate the goals and aspirations of those I interviewed -- on their own terms. The quotations I provide were furnished by those interviewees whose experiences and comments most clearly exemplified the patterns I found.

INTERVIEW THEMES

The overall purpose of this research was exploration. It was guided, in general, by the following themes:

(a) what opportunities exist for public participation, and for the inspection of public documents within the policymaking process? To what extent can we be assured that these opportunities are genuine, or the information made available is indeed reliable? Who, or which interests, drive urban development policymaking?

(b) does development policymaking follow the guidelines of some overarching vision of what the city is and/ or what development policy should strive to accomplish? Was the vision formulated democratically? Has the vision been publicly-articulated? To whom are development policymakers primarily accountable?

(c) do development studies determine the feasibility of a project from a variety, or from a singular (i.e., market-economic), perspective? For whom do these researchers work? To what extent are the interests of those who conduct feasibility studies the same as those who develop the projects?

Guided by themes rather than specific questions, I allowed the interviews to be open-ended -- a quality which reflects my primary purpose of exploration. Since development policymaking has rarely, if ever, been researched from a democratic governance perspective, I needed to allow room for the discussion of subject-matter which, at first, may have seemed unrelated.

This was first, an investigation of a public-private development policymaking process and second, an evaluation of that process from a distinct perspective. While my findings should be of considerable importance to state and local governments and non-profit development corporations, the operation of these types of entities was not my main concern. It was not a study of the various types of arrangements (e.g., public-private partnership, joint ventures, contracting out, etc.) used to implement urban development policy. Rather, my focus was on one such arrangement (i.e., the public-private partnership).

The research design chosen to address the themes noted above was based on the single case study method, which is fully discussed by Robert K. Yin (1987). Yin's perspective on the case study differs from that which views it as merely a teaching tool, as an ethnography or participant observation, or as a "qualitative" method. The case study, in his hands, was specifically developed as a tool for conducting social science research. However, since this design differs from the analytical-empirical design one often finds in the social sciences, it called for the collection of various forms of narrative data on:

- (a) the political-economic context of urban development;
- (b) the many issues that are at stake in the development policymaking process -- particularly those that are often ignored;
- (c) the vision behind urban development (or the lack thereof); and, on
- (d) the approaches that most practitioners use to understand, and thereby conduct, urban economic development.

Appendix (B) provides a detailed account of the narrative data and source materials. The following section describes the materials and methods used in this research. It operationalizes the five standards of democratic urban governance as a set of interview guidelines, and as comparative research guides. Collectively, these serve as the basis for a normative evaluation of the policymaking process in a case study involving Cleveland's Gateway Complex.

NORMATIVE MODEL

Throughout this research, the concept "democratic urban governance" is used as a basic normative standard against which policymaking is judged. Five criteria are drawn, or interpreted, from this standard and each one is defined below (Whicker, Strickland, & Olshfski, 1993). Together, these five criteria constitute my normative model. In order to evaluate the adequacy of the policymaking process in this case, I need to spend some time examining the operating definitions that will serve as a basis for my judgments.

According to the Oxford English Dictionary (1989), my root term, govern, means "to rule with the authority of a sovereign," "to direct and control the actions and affairs of a people," or "to guide, direct, or lead." This implies the act of governance, for any governing body, requires legal authority and a functional capacity to get things

done, especially those things that matter -- things like jobs, health care, education, housing, etc. Where governing bodies fail to be effective in these and other important respects, they are essentially reduced to mere formality.

Although local institutions bear most of the formal power and responsibility for governing urban areas (i.e., they have "power over . . ."), they lack the resources and scope of authority to govern without the active support of the higher levels of government and the cooperation of significant corporate interests (i.e., they lack the "power to . . ."). Without this support, efforts to decentralize government, such as those witnessed under the Reagan-Bush administration, tend to increase the dependency relationship cities have with respect to corporate interests, while decreasing the quality of life for those who depend on local government services (Stone, 1989).

Selznick (1992) extends this understanding by explaining how governing bodies, especially those that expect to be viable, must take into account not only those interests that affect the "viability and competence of an institution" (or in this case, of a community) -- but also those that affect its "moral character." After all, as Selznick insists, governance must also be legitimate. Legitimacy refers to the general satisfaction of citizens and other political actors (such as elected officials, constituency

groups, and institutional members) with policymaking. Here, I pay most attention to procedural or process legitimacy, focusing on how decisions are made rather than any particular goal or outcome, even though legitimacy will inevitably have substantive components as well (Hult & Walcott, 1989: 66).

For Selznick, legitimacy returns to the governing body that is concerned with the well-being of the entire community, rather than with some segment thereof. As such, governance requires a healthy respect for local norms, values and for a community's sense of fair play. As a functional requirement, legitimacy is quite different from authority. My first (i.e., Oxford) definition seems to tell me that a sovereign has legal authority to control, or command, the actions and affairs of a community. What it does not tell me is that, in order to govern effectively, the sovereign's authority must be legitimate -- which is something he/ she cannot command. Legitimacy is granted out of the respect a community has for its sovereign and for the perceived fairness of their policymaking processes.

Also, as a matter of function, governance implicates vision. Vision represents the "what" or the expected outcome of a certain course of action. One of the more important roles of vision is that of reconnecting the fragmentation found in the

intergovernmental system.⁶³ As both the above definitions imply, governance involves directing, leading or guiding -- not simply for the sake of guiding, but for a purpose, towards an object, or along a straight course. All of which presupposes citizens and leaders are informed in their actions by a vision of their cultural, social, political, and economic environments.

Clark is one of the few scholars who also includes the notion of autonomy as a prerequisite for urban governance. He defines autonomy as a structural rather than a functional condition -- one where local units of governance have the power of "initiation and immunity" within the urban political-economy. As ideal types, initiation refers to the actions that local governments may rightfully undertake. Immunity, Clark argues (1985: 68) is "the power of localities to act without fear of the supervisory authority of other tiers of the state."⁶⁴

From the above discussion, "democratic urban governance" is defined here as:

⁶³ Our other four criteria (e.g., openness, participation, accountability and independent analysis) would represent, in part, the processes by which that vision is accomplished. For a comprehensive review of intergovernmental relations, see Wright (1989).

⁶⁴ Gurr and King (1987: 57) incorporate Clark's criteria and add a second dimension, the ability of local polities to pursue their interests "without being substantially constrained by local economic and social conditions."

A viable, democratically organized system of guidance or steering whereby local institutions exercise public authority, leadership and representation of the interests of all, rather than some, of the relevant population. Local public institutions are involved in this process to the extent they are accountable to, and draw their legitimacy from, those citizens subject to their authority. Where these conditions are met, these institutions collectively act to enhance the long-term welfare of citizens, to meet their common needs, and to further social justice.

From this definition, I derive five standards which, together, constitute my normative model of development policymaking. I present these as heuristics in much the same way that Harmon & Mayer (1986: 34-53) provide three "vectors" against which they evaluate the adequacy of various organizational approaches to administrative action. My objective is similar -- to inform and evaluate the adequacy of urban development policymaking from a urban democratic governance perspective. My model includes:

(1) Openness

The term openness refers to the quality of being open, of being available, frank, or generally free from control (Oxford American, 1980). Where I refer to policymaking

as being "relatively open," I use the term in this sense, with respect to the availability of public information. As a criterion for democratic governance, openness is satisfied where public agencies and/ or public laws maintain standard operating procedures which provide for:

(a) the prompt availability of "information" pertaining to participant organizations and actors, their functions, policies, decisions, procedures, operations, or other activities.⁶⁵ This and the next aspect point to the importance of unfettered monitoring, and when necessary, the importance of public access to information which might indicate whether the activities of administrative agencies or public officials should be redirected;

(b) information made, received, or preserved by public agencies or officials which would allow interested parties to determine whether, or the extent to which, all pertinent laws have been obeyed (e.g., APA Sunshine Law, Subcontracting laws, Affirmative Action), no pertinent

⁶⁵ The term "information" is borrowed from the Code of Federal Regulations (CFR), and includes all books, papers, maps, photography, or other documentary materials made or received by the focal agencies. The term does not include copies of the records of other governmental agencies or non-governmental entities (22 CFR, 212.1).

laws have been broken, or whether new laws might be needed; and,

(c) written notification, a basic rationale, and the right to appeal any denied request for access to information. This aspect insures citizens have some means of legal recourse where requests for information are denied.

I establish the openness of policymaking by comparing opportunities provided in this study with requirements typically imposed on the administrative process. These are explained in the Administrative Procedure Act (5 USC, Sec. 552). Most states, including Ohio, have similar statutes and related provisions that attempt to ensure some degree of uniformity in agency operations. In fact, the differences between the Ohio and the federal statutes are minor. The set of rules governing fair information practices constitutes the longest provisions of the Act. These include the Freedom of Information Act (APA Sec. 552), and the Privacy Act (APA Sec. 552a). Both establish useful procedures and remedies for abuses by administrators. Other useful procedures, which specifically involve economic development, have been established

by the Agency for International Development (A.I.D.).⁶⁶ Specifically, the Agency's general policy on Public Information, (22 CFR, 212.1A) states, in its entirety:

(a) information about its objectives and operations [is] freely available to the public in accordance with the provisions of Public Law 89-487 (80 Stat. 250), as amended by Public Law 93-502; and, that

(b) all records of A.I.D. shall be made available to the public upon compliance with the procedures established in this regulation except to the extent a determination is made to withhold a record exemptible under 5 U.S.C. 552(b), as amended.

This part of the federal regulations directly addresses the first two aspects of my model (i.e., monitoring). The part of the regulations that deals with my concern for legal recourse is explained under Denial of Request for Access to Records, (22 CFR, 212.36D). For instance, where it is determined that A.I.D. cannot comply with all or part of a request for records, this section states:

⁶⁶ Though A.I.D. operates at a different level of government than the agencies in our case study, this issue has little bearing on our concerns, since all levels of government are subject to the same democratic principles which guide our system.

the person making the request shall be immediately notified of the determination, the reasons for the determination, the name and title of each officer responsible for the denial, and the right of the person to appeal the adverse determination.

(2) Participation

The term participation refers to the quality of being involved, of having one's views incorporated, or of at least having a chance to discuss and react to public policies while they are being formulated. As a criterion for democratic governance, participation has direct implications for the question of "Who must be heard on developmental issues?" It is implied by one of the fundamental canons of democratic theory -- popular control by those who are directly affected by public decisions, and by those whose assent appears critical to the acceptability of those decisions (Mayo, 1960). Mayo identifies popular control as

the most characteristic feature of modern democracies: the meaningful choice of different candidates who are free to run for office, where their supporters are free to press their claims publicly, to put forth alternative policies, and to criticize present decision-makers.

The existence and extent of these liberties, as manifested in the "freedom to oppose," is perhaps the most crucial test of the extent of any democracy. This criteria clarifies the extent to which a development project is presented and/ or controlled as a "fait accompli," and is relevant in that it is emphasized as both:

(a) a right of citizens to knowledge about their government (as evidenced by passage of the Freedom of Information Act and other "sunshine" legislation at both national and state levels), and

(b) a necessary consideration for the development of a "conscientious citizenry" (i.e., one that is able to exercise its rights intelligently)

(Harmon & Mayer, 1986: 46-47).

Participation is satisfied where public agencies actively seek (Stivers, 1990, 1993) and provide meaningful opportunities for interested groups or individuals to participate in public policymaking. I determine the extent to which public agencies seek public involvement by comparing their efforts with those made in the recent Camden Yards development in Baltimore, Maryland.

Given this comparison, many would think that almost any attempt to represent a variety of opinions in the policymaking process should be applauded (for its own sake), and maybe they are right. For research purposes, it provides us with something concrete to analyze. For practical purposes, however, it leaves much to be desired. One could still ask, for example, whether the process counted for much -- after all was said and done -- or, whether it was just "staged" to develop a critical mass of public support (quite possibly, for a sales tax). This is an important question. However, it is also one which ultimately compares processes or inputs with outputs, and is therefore beyond the scope of this research. After all, the Gateway Project is still in the construction phase -- thus, there are few observable outputs.

However, it is useful to recognize that the APA would be of some assistance -- especially since the Project receives some federal funding, and therefore, its construction falls under the equal employment opportunity standards which were set during the Nixon administration. The APA discusses participation in terms of agential rule making. The section on rule making, Section 553(c), states in part:

After notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without

opportunity for oral presentation.

As such, it would seem to relate to the management and/ or control of the business and property of the Corporation. After all, the objective of the latter is to coordinate subcontractors and generally oversee the development of a construction project, an operational activity which does not necessarily preclude public participation. For purposes of this research, we will consider these, along with other, opportunities for public participation.

Thus, the provision of meaningful opportunities to participate in public policymaking is determined by comparing opportunities in the Gateway case with requirements typically imposed on the administrative process. These requirements are itemized in the Administrative Procedures Act (5 USC, sec. 551 et seq.), which governs administrative practice in federal agencies. Where fair information practices are at issue, the Federal Advisory Committee Act (5 USC, App. 2) provides a useful set of procedures which may be used as a guide.

(3) Independent Analysis

Before floating a revenue bond issue, the respective government must, among other things, estimate the cost of the development project. The nature and revenue potential

of the project are the focus of what is called a feasibility study, since the debt service will presumably be repaid from the revenue generated by the project itself. For large projects like the Gateway Complex, the study may require assistance from one or more consultants, accountants or other specialists (ICMA, 1987).

My independent analysis criteria refers to the feasibility studies that are conducted, and paid for, independent of those parties who have primary interests in the development project under consideration. Independence, in this case, provides the public with an empirical basis for believing what is fully implied, if not stated -- that no significant costs were intentionally hidden, and that the project at hand has been designed to advance primarily public, rather than private, interests. Thus, where feasibility studies are not conducted independently, the public's trust in government (or what's left of it) is potentially compromised.

The independent analysis criteria is generally satisfied where it may be shown that the public's trust in government has not been compromised. More precisely, the conditions that satisfy this criteria parallel those that pertain to openness. Where actual feasibility studies are available to interested parties, this may be considered a step in the right direction. It does not fully satisfy this criteria, however, because I also need to know that the studies in question were not conducted, and/ or paid for,

by parties who have primary interests in the development project. Thus, I need to be able to determine:

(a) which firms were selected to conduct the various financial and/ or feasibility studies? Who paid them?

(b) were similar studies conducted independently? If so, by whom? Who paid for them?

The above questions get to the heart of what I mean by independent analysis, and each of these is asked of those government officials responsible for requesting the studies. Since I am interested in determining whether the nature and revenue potential of the Gateway Project was or was not reported accurately, a post-evaluation of two of the feasibility studies is also useful.

(4) Vision

The term vision is widely used in business today. As with most popular terms, the meaning has become distorted. For present purposes, vision denotes an explicit, shared image of a city's political-economic character, and of what that city should strive to become. Powerful visions provide a basic ideology for understanding and

guiding a city's discretionary choices. When industry, local politics, the city's administrative inheritance, its financial constraints, and the competitive dynamics within the "urban hierarchy" are taken into consideration,⁶⁷ a vision may help determine the capital markets within which a city intends to compete, and its specific plans for establishing or sustaining a favorable position within those markets.

Plans are incapable, however, of determining whether a city will be successful at establishing itself within these markets. Indeed, the ideas that cities are limited politically, and are severely dependent on various forces beyond their control (Peterson, 1980; Kantor & David, 1988; Stone, 1989)⁶⁸ have almost become tenets of urban political studies. I still find the term useful in my broader discussion of democratic governance because where visions are successfully established (which usually takes several years), they tend to reinforce or even create changes in institutions, classes of wealth, and in local systems of power. These may be made more responsive or accessible to individual classes or groups of citizens (i.e., minorities and women) who may have been victimized, historically, by the dominant

⁶⁷ As well, visions may extend to include other aspects of urban life (e.g., environmental, educational, social, cultural, political).

⁶⁸ By overlooking political limitations (Peterson, 1980) and private-sector dependencies (Kantor & David, 1988) -- Walter & Choate (1984), in their discussion of vision, overstate the stability of local government's environment.

institutions of government and the private sector.

The point here, is that in guiding a city from the present into some future ideal state, a civic vision may, along the way, have to consider a core set of democratic issues such as "Who gains?," "Who pays?," "Who must be heard on development policies?" and "Who may be safely ignored?" These types of issues are always at stake in the policymaking process, and eventually, each of them has a bearing on the distribution of values in society.

Accordingly, I find certain works within the urban politics literature of particular interest -- mostly because of how they use the market-economics model as something of a smoke screen for what is, essentially, conservative propaganda.⁶⁹ Peterson (1981),⁷⁰ for instance, a political scientist by trade, capitalizes on liberalism's broad acceptance by using it, under the guise of market-economics, as a basis for

⁶⁹ To a lesser degree, the same applies to Kasarda (1980) and Hicks (1982).

⁷⁰ The work in question, City Limits (1981), won the Woodrow Wilson Foundation Award in 1981 for the best book published in the United States on government, politics, or international affairs.

prescribing a policy of broad-based decentralization.⁷¹ However, liberalism does not directly deal with issues of justice or equity -- least of all in an urban setting, where inequalities of power are so glaring and, by Peterson's own admission, where the means of controlling the exercise of power are so limited. These and other aspects of market-economics leaves it open to charges of being apolitical, immoral, naive, or some combination thereof.

The problem is that broad-based decentralization leaves local government without the resources and/ or the scope of authority it needs to effectively deal with problems like urban crime, environmental protection and non-random poverty (Lowi, 1979: 232-233).⁷² These, as noted earlier, are becoming more regional, rather than more local,

⁷¹ Peterson argues that cities should focus exclusively on distributive (i.e., wealth generating) policies; they should avoid redistributive (i.e., social welfare) policies altogether; and, these types of concerns should be left in the hands of state and national government. He might argue -- although he does not -- that he takes preferences, as he finds them, as normative indicators. However, this belies the fact that he also presumes urban interests are unitary.

⁷² According to Theodore Lowi (1979):

The phenomenon we fight today is in fact not poverty at all. The phenomenon is the injustice that has made poverty a nonrandom, nonobjective category. . . The real task of our time [is] to attack injustice and change social rules and conduct (underline added) in order that poverty become and remain a random thing, an objective category (Lowi, 1979: 232-233).

in nature.

Thus, in the present case, I needed to note whether Cleveland's governing body imposed or debated a vision of Greater Cleveland -- especially one that involved the case study, the Gateway Complex. As well, I needed to understand the extent to which the general public had accepted that, or some other vision of Greater Cleveland. Indeed, unless various urban interests (i.e., corporate, homeowners, small businesses, etc.) are as "unitary" as pluralists and others suspect (Peterson, 1980) -- there may be room for competing visions. After all, some believe "competing visions" should be the content of local political campaigns (Keller, 1993).

(5) Accountability

The normative basis for accountability is established in democratic theory. It gets to the heart of "who answers to whom" and reflects the need, from time to time, to alter certain parties or parts of the policymaking process. In order to determine which party or part needs to be altered, one needs to be able to trace, as closely as possible, the source of public decisions. More importantly, one needs to know that, where the trust citizens place in government has been misplaced -- we have some mechanism for correcting the situation. Usually, at all levels of government, there are several administrative and/ or political mechanisms for correcting unaccountable situations.

Through the election of representatives and the creation of a bureaucracy, the public gives its officials independence in enacting and implementing public policies. The public retains a manner of control, or accountability through the threat of removal from office (Gray, 1978). Thus, accountability refers to the quality of being chargeable, responsible, and in some instances, liable. I use the term in a structural sense. While it is generally thought that hierarchical, and other top-down structures, are ideal settings for ensuring accountability -- several others may conceivably meet this requirement (Harmon & Mayer, 1986; Hult & Walcott, 1990).

For the purposes of this research, accountability is determined in two ways -- through interviews and through comparisons. In this case, I discuss accountability as a general theme with officials at the Gateway Economic Development Corporation of Greater Cleveland (hereinafter, the "Gateway Corporation" or the "Corporation"), since it has been charged with the construction, development and operation of the Gateway Complex. Here, I seek to determine the organization's lines of accountability, who selects Gateway officials, who oversees them, who evaluates them, whether independent or ongoing audits are performed, and whether mechanisms exist for determining the validity of these audits.

The interviews provide me with information which will be used as a base-line for the

comparisons which will follow. I compare the administrative structure of the Gateway Corporation to other structures charged with the construction and/ or operation of large-scale economic development projects in other cities. But, before proceeding to the next section, which describes the Gateway Complex, a few words should be said, in summary, about the stringency of my criteria.

When we consider the landscape of democratic theory, and my definition of democratic governance, my criteria are quite minimal. They do not ask, for instance, for the direct consent of all voters. They do not insist on having proportional representation of minority or female citizens. Nor do they presume which outcomes are in the public interest.

Rather, the model is designed in this way so as to allow policymakers to determine, based on their own norms, values and those of their community, whether additional criteria would prove helpful.

CHAPTER IV.

THE CASE STUDY

If the Gateway developmental strategy is to be understood, it must be construed in relation to Cleveland's economic developmental strategy. The objective of this chapter is to explain, conceptually and chronologically, the relationship between these two strategies.

For the past several decades, Cleveland's economic development strategy has been to integrate the downtown area with existing and proposed centers of activity.

Presumably, urban spaces with complementary publicity, signage, uses and transit would be attractive destination points for area residents and tourists. In general, these activity centers include:

(a) retail activity focused around Public Square and Tower City, a major mixed-use center and rail hub in the historic core of the city, and at the Galleria, a recently developed downtown shopping mall;

(b) office activity along East 9th Street, and west to Public Square;

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(c) a complex of theaters at Playhouse Square, where three renovated theaters host a wide range of theatrical and musical events;

(d) nightlife in The Flats, an entertainment area along the Cuyahoga River;

(e) a convention center, recently developed by Cleveland State University;

(f) a new complex of public attractions on the lakefront at North Coast Harbor, including the Rock and Roll Hall of Fame and Museum, the Great Lakes Museum of Science, Environment and Technology, and the Cleveland Aquarium; and

(g) Gateway, the multiuse sports and entertainment complex.⁷³

THE COMPLEX

Since its inception, the Gateway Complex has incorporated the redevelopment of a

⁷³ At present, there are no plans to renovate the old Cleveland Stadium. It remains the home of the Cleveland Browns.

considerable amount of adjacent public-financed property. It is being built on an area bounded by East Ninth and Seventh Streets, Ontario Street, Carnegie Avenue, Prospect Avenue, Huron Road and Bolivar Road in downtown Cleveland.

The City of Cleveland has just completed its renovations of East Ninth Street. These renovations include new pavement, sidewalks, trees, trash receptacles, street lighting and traffic signals. Additionally, a number of area merchants and land and building owners have worked to upgrade the environment around the Complex. Thus, the coming of Gateway has not only attracted new businesses to downtown Cleveland and prompted existing ones to undergo improvements, it has also given some nearby property owners the incentive to pursue major development opportunities.

The Gateway site is within three blocks of Public Square, the center of downtown Cleveland. It is adjacent to the access ramps for Interstate Highways I-77, and I-71, and I-90, and near the light rail lines of the Regional Transit Authority -- which connect the eastern regions of the County with the downtown, the west side of Cleveland, Cleveland Hopkins International Airport, and several other public transportation bus routes.

THE BASEBALL STADIUM

Architecture and urban design, or the art of shaping civic space, are important aspects of Gateway's bid to retain major league sports. The design for its \$160.7 million baseball stadium incorporates,⁷⁴ for instance, the latest theories on how to make the ideal building for baseball. It will be an open air, natural turf baseball stadium, suitable for other outdoor entertainment events, with a seating capacity of approximately 42,000 people. Both the ballpark and stadium will be more accessible to the physically challenged than any other facility in Cuyahoga County. In addition, the Stadium eliminates the support columns that blocked one's view at the 60-year-old Cleveland Stadium, and incorporates three levels of luxury loges, which push the upper tier of economy seats farther from the field than the same seats at Cleveland Stadium.

The new Gateway Stadium was inspired by Baltimore's new Camden Yards ballpark, home of the Baltimore Orioles. Camden Yards has been widely praised for the way it evokes a nostalgia of the old-time ballpark like the artificial ballpark constructed for

⁷⁴ Presumably, Gateway documents refer to this building as a "stadium" rather than as a "ballpark" because if the Cleveland Browns, at some future date, decide to abandon Cleveland Stadium, the city may be able to entice them to move to Gateway by expanding the ballpark to accommodate football. To call it a ballpark would, in the meantime, verbally exclude this expansion from future considerations.

the movie Bull Durham. The Baltimore inspiration is direct in that the Gateway Stadium was designed by the same architectural firm -- Hellmuth, Obata & Kassabaum of Kansas City. In at least some respects, the all-out effort to retain major league sports must be considered successful since Gateway has become the home of the Cleveland Indians as of the beginning of their 1994 season.

THE BASKETBALL ARENA

The Arena will be a multi-functional facility for sporting and entertainment events, located on the Gateway site, adjacent to the Stadium. It will seat approximately 20,000 people. For a number of months, the design for this \$120.9 million basketball Arena was in flux until the Gateway Corporation was able to negotiate a balance point between what it could afford and what it would take to entice the Cleveland Cavaliers to move downtown from nearby Richfield Arena. However, the franchise agreements have been signed and the Cavaliers will begin their 1994 season at the Gateway Arena. In addition, the Arena will host the Cleveland Lumberjacks' hockey and the Thunderbolts football games, circuses, concerts, and various other events.

According to architects, the single most significant element in the Arena's design is its location. It is designed to sit closer to Cleveland's downtown core (i.e., Public Square) than the baseball Stadium for two main reasons, one of which is structural:

the building's shape fits more naturally on the portion of the Gateway site that is closest to Public Square. The other reason is convenience: its location makes the Arena easier to reach during the cold winter months of the basketball season, since it sits closer to the bulk of downtown parking and mass transportation. The Arena is expected to be completed by August, 1994.

COMMON AREAS AND OTHER FEATURES

Gateway's Common Areas total approximately 575,000 square feet, or 13.2 acres. The Common Areas will primarily include Gateway Square, a recreational area drawing outdoor entertainment and activities, an underground service area accommodating both the Stadium and Arena facilities, and the on-site parking structure, with capacity for approximately 2,100 cars. The Common Areas features more than \$1.5 million in newly-created works of public art by nationally-known artists. The site design, which features park-like areas outside the buildings, has already received three prestigious, national awards.

The Complex, as a whole, minimizes the bulk of the space taken up by the Stadium and Arena by lowering the basketball court 18 feet below street level. Other features of the Complex include:

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(a) a 200-by-500 foot street-level shopping plaza which allows for direct (downward) viewing into the ballpark;

(b) a 90,000 square foot underground truck garage at the center of the Sports Complex, making service vehicles invisible;

(c) a physical link between Cleveland's Colonial and Euclid Arcades, and a possible covered-walkway to mass transportation at nearby Tower City Center and Public Square.

THE FINANCIAL PLAN

Gateway's financial plan addresses its obligations under the Indians and Cavaliers' leases. It attempts to assure sufficient financing is made available in order to complete the Stadium by February, 1994, and the Arena by August, 1994. According to currently available information, the financial plan relies on:

(a) proceeds from the issuance and sale of certain bonds by Gateway, totaling \$148,054,320;

(b) proceeds from the issuance and sale of bonds by the County,

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totaling \$75,000,000;

(c) an aggregate of \$21,885,000 of expected revenues from the licensing of prepaid premium seating in the Stadium;

(d) \$67,200,000 of anticipated revenues from a portion of the Luxury Taxes approved by County voters on May 8, 1990;

(e) an aggregate of \$28,000,000 in loans to Gateway by the Cleveland business community, acting through the Cleveland Development Partnership;

(f) an aggregate of \$25,000,000 of expected grants from the State's capital budget;

(g) proceeds of an additional loan from the State to cover a maximum of \$12,000,000 of construction contingencies related to the Stadium;

(h) expected grants and allocations from federal, State and local highway funds, totaling \$6,000,000 for road and infrastructure

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improvements at, or adjacent to, the project site;

(i) anticipated investment earnings totaling \$7,384,124 on certain bond proceeds and other revenue sources;

(j) an aggregate of \$1,170,945 of parking revenues, including interest, from the project site;

(k) an anticipated \$20,000,000 from licensing and sponsorship fees relating to the naming rights for the Gateway Stadium, Arena and its Common Areas; and,

(l) proposed grants from several Cleveland area foundations, totaling \$4,000,000. Each of the components of the finance plan is briefly described in the Official Bond Statement (relating to the issue of \$40 million in taxable economic development, variable rate, demand revenue bonds by the County, on September 24, 1992).

THE NON-PROFIT DEVELOPMENT CORPORATION

The Gateway Economic Development Corporation of Greater Cleveland (hereinafter,

the "Corporation") was incorporated in the State of Ohio on May 31, 1990 as a private, non-profit corporation, organized under Chapter 1702 of the Ohio Revised Code.⁷⁵ The Corporation is exempt from federal income taxation, pursuant to Section 501(a) of the Internal Revenue Code, as an organization described in Section 501(c)(3).⁷⁶

⁷⁵ Under the laws of the State of Ohio, the Gateway Corporation is considered an Ohio "nonprofit corporation" as defined in Section 307.696(a)(2) of the Ohio Revised Code for the purpose of constituting a "corporation" for purposes of the Enabling Act (e.g., Substitute Senate Bill No. 188, signed March 20, 1990). There have been no court cases, as of yet, which have tested its legal responsibilities beyond those associated with its status as an exempt organization under the Internal Revenue Code or under the Ohio Revised Code.

⁷⁶ I.R.S. Regulation Section 501(c)(3) includes:

corporations, and any community chest, fund, or foundation, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition (underline added) (but only if no part of its activities involve the provision of athletic facilities or equipment), or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private shareholder or individual, no substantial part of the activities of which is carrying on propaganda, or otherwise attempting, to influence legislation, (except as otherwise provided in subsection (h)), and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

See (Internal Revenue Code, Including The Revenue Reconciliation Act of 1990 and all other 1990 Amendments, 1990: Vol. 1, Income Taxes Section 1 - 1000).

On September 15, 1992, the Corporation, the City of Cleveland, and Cuyahoga County entered into a three-party agreement, whereby the Corporation was authorized to construct, own, and provide for the operation of the Gateway Multiuse Sports and Entertainment Complex, and certain other economic development activities. Substantially all of the Corporation's assets are restricted as to their use.

THE NON-PROFIT ENVIRONMENT

Non-profit corporations like the Gateway Corporation have an unclear legal status, one which falls between the law of trusts and that of business corporations. The law of trusts prohibits self-dealing, holds trustees liable for simple errors of judgment, and disallows delegation of managerial responsibilities. Business corporation law, on the other hand, is less stringent. It allows self-dealing when there is proper disclosure, holds directors liable only for gross negligence, and allows for delegation of managerial duties with its Board maintaining supervisory responsibilities (Middleton, 1987: 142). As such, Board members of non-profit corporations are left on their own to negotiate the gray area between both ends of this legal continuum. Case law has only recently begun to address these types of issues (Middleton, 1987).

However, to the extent that the law of business corporations is generally less stringent than that of trusts -- one might reasonably expect that whatever requirements apply to

business corporations would, or should, apply even more to non-profit corporations. Thus, while it would appear that information generated by the Gateway Corporation might otherwise be restricted, due to the fact that it is partially owned by private investors,⁷⁷ this may not excuse the Corporation from its obligations to the public, particularly those that serve the interests of a democratic society (i.e., open meetings, public participation and accountability).⁷⁸

Before proceeding, however, we need to distinguish the Corporation's organizational form as an important, but separate, issue from that of its IRS status.⁷⁹ While the State of Ohio establishes the Gateway Corporation's organizational form, by authorizing it to operate as a "corporation" -- the IRS provides it with its tax-exempt

⁷⁷ After all, private ownership rights cannot be ignored, especially when the public has not yet established itself as a co-owner by assuming some amount of debt and/ or risk. Previous to that point, one may argue that the public's rights are merely hypothetical.

⁷⁸ In addition, four of the five criteria that we use for this research (e.g., openness, participation, accountability and independent analysis) may be considered critical tests for whether a non-profit corporation, at least in its attempt to attain a non-profit tax-exempt status, is conducting itself in a manner, or according to a process, that society has recognized as "valuable" (Easton, 1965). Certainly each of these four processual criteria are implicit in democratic theory, and would therefore be consistent with the fundamental purposes of a democratic society.

⁷⁹ Legal status determines which specific statute or group of statutes will determine how an organization must be operated or dissolved, and what supervision it can expect from public authorities (Lane, 1980:12).

status.

Given this separation, I argue that the Corporation has certain duties or obligations to the public which extend from certain benefits. The Corporation derives these benefits as a result of its organizational form, on the one hand, and from its tax status, on the other.

ORGANIZATIONAL FORM

In that the law of business corporations is less stringent than that of trusts, and that the legal status of the non-profit corporation falls inbetween these two extremes -- one might reasonably expect that the (open) information disclosure requirements which apply to private corporations would, or should, apply to non-profit corporations.⁸⁰

As a fundamental principle of contracts, the public is due some consideration for its investment in the Project. Arguably, this consideration should be similar to that

⁸⁰ Even though this comparison leaves the non-profit corporation open to inferences which may cause it to forfeit its tax-exempt status -- form and status are two different questions.

which is enjoyed by the corporate stockholder (i.e., right to information).⁸¹ Thus, for the public, their consideration should include the right to copy Gateway's internal information. As well, the public should be entitled to information about other participant actors/ corporations, as well as the functions, policies, decisions, procedures, operations, and other activities pertaining to the Gateway Corporation.

TAX-EXEMPT STATUS

The Corporation's legal status as a 501(c)(3) corporation⁸² means that it is not obliged to pay federal income taxes -- which, of course, is a financial benefit for the

⁸¹ Whatever burden is placed on the Corporation by allowing public access to its internal information is considerably less than the value of the public's investment in the Project. Further, to the extent this access presents a burden, it is not so much as to prevent the Corporation from reaching its stated objectives.

⁸² According to a letter, dated June 23, 1992, from the Internal Revenue Service (hereinafter, IRS) to the Gateway Corporation:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3).

As the letter explains, the IRS expects to treat the Gateway Corporation as a publicly-supported organization, as described in Section 501(c)(3) of the Internal Revenue Code. In the meantime, the IRS has authorized the Corporation to operate as a public-supported organization, and federal laws govern in case of any conflict with State laws (i.e., contractual laws to do with ownership).

Corporation.⁸³ However, the flip side of this benefit is that it acts as a burden for those taxpayers who remain liable to the costs of running government, the protection and services of which, the Corporation enjoys. Because the Corporation has been extended this benefit, it should be held to certain duties or obligations that correlate with, or extend from, the benefits for which it has been authorized.

In other words, the general public has incurred an increased burden in order to benefit the Corporation. This burden was evidenced by way of:

(a) the public's initial investment into the Project, which came from its agreeing to the luxury (i.e., "sin") tax on May 8, 1990;⁸⁴

(b) the State of Ohio authorizing the organization to operate as a "non-

⁸³ As well, donors may deduct contributions to the Corporation as provided in Section 170 of the Code. Bequests, legacies, devises, transfers or gifts to the Corporation or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of Sections 2055, 2106 and 2522. Further, organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code (Letter from IRS to Gateway, June 1992).

⁸⁴ The objective of the vote was (a) to levy "luxury" taxes on the sale of alcohol and cigarettes county-wide; (b) to pledge the revenues from that tax towards the payment of certain debt service charges; and, (c) to provide revenues for the purpose of paying not more than one-half of the costs of providing a public sports facility, together with related redevelopment and economic development projects (Collective Agreement, 1992: 5-6).

profit corporation" on May 31, 1990; and, by

(c) the IRS's agreement to provide the Corporation with the tax-exempt status (still pending an advance ruling period).

The public has a legal right to some consideration from the Corporation. Similarly, the Corporation has a legal duty to provide some consideration to the public. Arguably, that consideration should contain, at a minimum, information about other participant actors/ corporations, as well as the functions, policies, decisions, procedures, operations, and other activities pertaining to the Gateway Corporation. This consideration serves the educational interests of a democratic society, and by withholding this consideration, the Corporation acts outside those powers stated in its Articles of Incorporation and Bylaws, and beyond those implied powers (i.e., ultra vires) which are reasonably necessary for carrying out its stated purposes. According to its Articles of Incorporation,

The Corporation is organized exclusively for charitable, educational and scientific purposes, specifically for the purposes of constructing and operating a sports facility in the City of Cleveland, Cuyahoga County, Ohio and for the additional purposes of conducting redevelopment and

economic development activities within the City of Cleveland, Cuyahoga County, Ohio, and all matters incident thereto.

As such, the consideration noted above would seem consistent with the Corporation's general purpose of education, specifically where this consideration seeks to educate the public as to the intended effects (e.g., economic, political, social) of the Corporation's economic development/ redevelopment activities within the City of Cleveland.⁸⁵

Previous to May 8, 1990, the public had accepted no legal burden pertaining to the Gateway Project. Therefore, I would not argue that the public had a legal right to certain considerations before that date. These considerations would include, for instance, the specifics of private discussions between elected officials and private investors with respect to the Project. However, after the County obtained the approval of the majority of its electorate through a vote on May 8, 1990, residents

⁸⁵ In addition, four of the five criteria that we use for this research (e.g., openness, participation, accountability and independent analysis) may be considered critical tests for whether a non-profit corporation, at least in its attempt to attain a non-profit tax-exempt status, is conducting itself in a manner, or according to a process, that society has recognized as "valuable" (Easton, 1965). Certainly each of these four processual criteria are implicit in democratic theory, and would therefore be consistent with the fundamental purposes of a democratic society.

might reasonably argue that they are due certain considerations from the Corporation, and that the Corporation has certain duties to the public.

I present this line of argumentation for two reasons. First, because of the unclear legal status of non-profit corporation, and because the law of non-profit corporations, that of trusts, and that of business corporations -- say very little about the types of (democratic) considerations which constitute the focus of this study. This line of logic provides a basis for understanding how the public might reach these types of considerations.

Since this research attempts to determine the adequacy of the policymaking process, it is important for me to be able to present a line of argumentation which addresses this issue in the midst of an otherwise unclear legal context. The next section builds on this line of logic, and provides an explanation of Cleveland's political climate.

NATURE AND RECENT HISTORY OF CLEVELAND POLITICS

For several decades, Cleveland politics has basically followed the "political machine" model. This model was a pyramidal form of political organization, one that "centralized power by organizing and disciplining strong voter support, starting at the precinct level, and including the various wards occupied by predominantly working-

class immigrant voters" (Persons, 1992: 170).

After Cleveland's default (1978) under the Kucinich administration [Democrat, 1978-1980],⁸⁶ E. Mandell de Windt, the now retired CEO of Eaton Corporation, and unofficial "dean of Cleveland businessmen," sent a representative to implore Republican Lieutenant Governor George Voinovich, a former Cuyahoga County commissioner, to return to Cleveland and run for mayor. Upon his election, Voinovich [Republican, 1980-1988] served to re-build the trust between the business community and City Hall; Michael White [Democrat, 1989-present], his predecessor, would build on Voinovich's apparent success. However, Windt devised the initial strategy, and is credited with setting in motion what he called a "benign conspiracy" of private executives and entrepreneurs in 1978 (Magnet, 1989: 106). By doing so, de Windt formalized what had previously been an informal network of Cleveland's largest private businesses and institutions into an organization that is now known as

⁸⁶ Several of the local CEOs, who were glorified for having "saved a sick city" (Magnet, 1989), were responsible for engineering the city's default. One civic leader stated that the banks called in the city's loan (causing the default) as a way of "teaching Kucinich a lesson." The lesson being, that the city needed business as much as business needed the city. For better or worse, few have outwardly disagreed with the wisdom of acknowledging a major role for business in local politics, one which might be desirable if it followed from a legitimate democratic decisionmaking process.

Cleveland Tomorrow.⁸⁷

The membership of Cleveland Tomorrow was restricted to CEOs, mostly from banks, real estate developers, utility companies, insurance companies, retail firms, hospitals, and newspapers. This was an important organizational strategy which, first, meant each member had a long-term, vested interest in remaining in Cleveland. Second, it meant each member would be able to commit considerable time, effort and funding to civic projects without delegation. This unique capacity provided the organization a cohesive and stable base of power. It also meant the organization could act very swiftly to protect its interests. For instance, several corporations that sought to takeover Cleveland-based corporations found their plans thwarted as other Cleveland-based corporations immediately lined up, and offered to buy at even higher prices -- as a strategy to discourage outside takeovers (Bartimole, 1993).

Since Cleveland's default, its elected officials have increasingly developed progrowth policies and programs as a means of regarding its supporters and legitimating local government (Persons, 1992). Mayor White's administration remains true to the

⁸⁷ As one corporate leader stated, "Of course we're all on [the boards of] the banks. Everyone I've mentioned is on a bank. I'm on a bank. We all know each other. We all belong to the Union Club. We all call each other. We have no hesitation to call each other for help" (Bartimole, 1993).

progrowth agenda to the extent it:

(a) attempts to promote a "good business climate." Again, that is a community which has low business taxes, a sound infrastructure of municipal services, vigorous law enforcement, better schools, less urban violence, an eager and docile labor force, and a minimum of business regulations;

(b) relies on, and benefits from, the considerable support of Cleveland's corporate business community (Bartimole, 1993);

(c) appeals to voters on transcendent, bipartisan, and especially developmental issues;

(d) envisions a new, more prosperous direction for Greater Cleveland; and,

(e) directly benefits those in the professional/ entrepreneurial classes whose occupational roles and business contacts enable them to take

advantage of its development policies.⁸⁸

Whether the Mayor's relationships with business interests (e.g., Cleveland Tomorrow, the Cleveland Growth Association, the Cleveland Round Table, the alleged "Fifty Club," the Gund Foundation, etc.) have been democratic or whether they have been based on reciprocity or not depends on where one sits. Raldo Bartimole (1993) reports that the Greater Cleveland Growth Association ran a full page photograph in a 1990 newsletter which hints of a harmonious relationship between powerful business interests and City Hall. The photograph shows Mayor White sitting and Dick Pogue (i.e., Jones, Day, Reavis & Pogue, the second largest law firm in America) standing behind him, with his hand resting on the throne-like chair. The picture was titled, "Chairman Pogue and Mayor White share vision for Greater Cleveland" (Bartimole, 1993).⁸⁹

⁸⁸ At the same time, it abandons efforts to change the political system in ways of substantive benefit to the underclass about as much as its predecessors (Persons, 1993: 187). However, since there is no reason to expect a "black urban regime" (Bennett, 1992) would be any less limited (Peterson, 1981) than any other regime (if anything, it might be subject to more limitations), there is no inherent reason to expect the nature of the political system would change.

⁸⁹ For twenty-five years, Roldo Bartimole, a former Cleveland Plain Dealer and Wall Street Journal reporter, has "persistently pursued a dedicated task of watching events to preserve an historic perspective to better understand how Power works and who it benefits" (Bartimole, 1993). Bartimole publishes a newsletter entitled *point of view* [not capitalized], and often provides commentaries for the *Free Times* and for the *Cleveland*

According to several civic leaders, the city relies heavily on the initiatives of organizations like the Cleveland Tomorrow -- which tends to advance projects rather than a coherent "vision," as I use the term. As one might expect, those who work closer to the more powerful institutional positions both in and outside local government, see things just the opposite. In either case, certain facets of his relationships with businessmen are relatively clear. In Cleveland, Gateway became a very prominent "city-wide" issue, and for many, its acknowledged success led to Mayor White's re-election. Yet, remnants of machine politics remain in ways that will become apparent in the next chapter. In the meantime, the next section consists of a chronological time-line of the case history. For some readers, this may provide a clearer sense of the flow of events.

CHRONOLOGY OF THE CASE

The Gateway Project has a long and irregular history, one which many trace to the year 1984, when Cuyahoga County voters defeated a ballot issue to build domed stadium in downtown Cleveland.⁹⁰ The idea behind the stadium was that it would be entirely funded by an increase in property taxes. Although the ballot was defeated, it

Edition. He is considered a "first-class muckraker" by almost every individual interviewed.

⁹⁰ For more detail, refer to Appendix C, Chronology of the Gateway Project.

seems evident that the idea of replacing or refurbishing Cleveland Stadium had somehow established a place in the minds of many community leaders.

Later, that same year, these leaders met to re-evaluate the concept of developing a new downtown sports facility and within a few months, they formed a civic committee to take their recommendations a step further. After re-evaluating the feasibility of the concept, they agreed that a new, state-of-the-art downtown domed stadium should be built on the old Central Market site -- the site which eventually became the Gateway site. What was different about their recommendation, was its financial plan. In consideration of County voters' concern that they not be asked to shoulder new taxes, the committee proposed a combination of public and private funding, the idea of the 50-50 split.

Although the "civic committee approach" had not relied on public input, it was able to develop the concept quite fast. In June, 1985 the committee was re-organized as the Greater Cleveland Domed Stadium Corporation and, as such, the corporation was given permission to act on behalf of the citizens of Cleveland. In fact, the project had developed so much support that over the next few months -- the City, State and federal government all donated money, property, and/ or services towards its completion. Within a year, lease negotiations had begun with the Cleveland Indians.

Two issues, to do with funding and stadium design, developed within the Domed Stadium Corporation's first year of operation. Both were resolved by changing the Corporation's charter so as to allow it to consider alternative (non-domed) stadium designs. In the process, the Corporation's name was changed to New Stadium Corporation.

Although the next few years were productive, they were marked by a series of deadlocks, most of which had to do with the public-private financial plan (i.e., the 50-50 split). Republican Mayor Voinovich had, at that time, already served the maximum of two four-year terms in office. Therefore, his political influence was on the decline, and he was unable to break the deadlocks.

However, in 1990, a series of events took place which would, indeed, break the deadlocks and push the project over one of its most crucial hurdles. First, Michael White won the election as Mayor, and used his overwhelming popularity to back the Gateway Project. Within a few months, a coalition of public officials ratified a revised luxury tax on alcohol and cigarettes to finance the Complex, and placed the initiative on an upcoming County primary ballot. The tax passed by a slim

margin.⁹¹

By June, the Gateway Economic Development Corporation of Greater Cleveland was formed and later, merged with the New Stadium Corporation. Gateway took responsibility for the New Stadium Corporation's debts and was given ownership of its properties.

Soon thereafter, Gateway, the City of Cleveland and Cuyahoga County approved a tri-party agreement to support and back the sports/ entertainment complex project. Private investors bought into the Project by immediately purchasing all \$148 million worth of tax-exempt bonds on the same day they went on sale. Cleveland business leaders invested in the Project by loaning \$28 million to the Gateway Corporation through the Cleveland Development Partnership. As well, the Cleveland Cavaliers and Cleveland Indians signed memorandums of intent in 1990, which set in general, the monetary terms of their forthcoming leases with their respective facilities (i.e., the Indians at the Stadium and the Cavaliers at the Arena).

Within a year of this breakthrough activity, the Indians and Cavaliers took the next

⁹¹ The passage of this tax was helped by the fact that the Cleveland Cavaliers had recently signed a letter of interest to move into the new sports complex (April, 1990).

step and signed long-term leases (20 years for the Indians and 30 years for the Cavaliers) to play in the Gateway Complex. In doing so, they committed to one of the largest financial contributions ever made by a major league baseball or National Basketball Association team to the development of a new sports facility.

By the end of 1991, all remaining negotiations had been settled. Cuyahoga County Commissioners and the State Controlling Board agreed to help Gateway cover any gaps or overruns in its financial plans and the Ohio Senate passed a bill which capped Gateway's property yearly taxes at \$400,000. With all the financial "ducks" aligned, and with the physical site cleared, the excavation of Gateway's baseball park began shortly after the New Year celebration in 1992.

FIGURE 4.1



ARTIST'S RENDERING OF THE GATEWAY BALLPARK

FIGURE 4.2



ARTIST'S RENDERING OF THE GATEWAY ARENA

CHAPTER V.

ANALYSIS

This chapter analyzes the case study findings with respect to the five normative criteria. The substance of what follows derives from interviews with top level decisionmakers, although other primary sources are used as needed. In the interest of consistency, I have taken the liberty, where appropriate, of translating the original language of some of my findings into concepts which have been introduced in earlier chapters.

OPENNESS

As mentioned earlier, the term openness means being open, available, frank, or generally free from control. The democratic governance approach uses this term in reference to agency meetings and the availability of public information. Since Ohio statutes do not provide a clear framework for understanding rights and responsibilities between non-profit corporations and the public, we have likened the Gateway Corporation to an administrative agency. And, in many instances, it has conducted itself as such.

Thus, openness is established, in this case, by comparing opportunities provided by

the Gateway Corporation with requirements typically imposed on the administrative process. The Corporation would be governed by the Administrative Procedure Act (APA) at the federal and State level --- both of which share the same language with respect to the open meeting requirement. Section 552(b) of the federal Act, which governs open meetings, states:

Members shall not jointly conduct or dispose of agency business other than in accordance with this section. Except as provided in subsection (c), every portion of every [underline added] meeting of an agency shall be open to public observation.

The APA is clear: "every meeting of an agency shall be open to public observation."

From there, the Act sets forth a number of exemptions to the open meeting requirement, then continues, under subsection (f)(1), to state:

The agency shall maintain a complete transcript or electronic recording adequate to record fully the proceedings of each meeting, or portion of

*a meeting, closed to the public . . .*⁹²

From the Gateway Corporation, alone, three executive managers and two Board members were interviewed. Each made available information pertaining to agency policies, decisions, procedures, operations, and other activities. All written information was provided on a timely basis, and a few individuals allowed time for several follow-up discussions. The interview atmosphere was always cordial and somewhat open. The same could not be said, however, for certain agency meetings.

Like the APA, Gateway's Articles of Incorporation provides for open monthly Board meetings (Articles of Incorporation, Article III, section 9). The Articles do not, however, provide for open committee meetings. Article III, section 9, which governs the conduct of meetings, states:

⁹² Attorney General Lee Fisher recently formed an Open Government Task Force to conduct a comprehensive review of Ohio's "Sunshine laws," which provide citizens with rights and responsibilities concerning open meetings and public records. Though these laws may or may not relate to the Gateway Corporation -- in their present form, they are "vague, ambiguous, and obsolete." In essence, Fisher states that they have reduced the public's right to open government to a lawyer's game of "hide and seek." According to Fisher, "fundamental concepts like the definition of a public record, how much it should cost to duplicate and how quickly it should be made available remain prime areas of dispute. Significant changes in the technology of public information storage and retrieval have added a new, growing area of ambiguity and contention" (Fisher, 1993).

Meetings of the Board of Trustees shall be open to the public. The members of the Board of Trustees may, however, hold an executive session after a majority of a quorum of the Board determines to hold such a session . . . for the sole purpose of the consideration of any of the following matters.

The Article goes on from there to list six exceptions to the general rule. Presumably, these exceptions act to protect the Corporation's employees and/ or the public interest. An example of which would be where the Board considers the competitive purchase or sale of property. A premature disclosure of its intent to consider either activity would give an unfair competitive or bargaining advantage to private interests. The Board is empowered to discuss this type of business in private (Articles of Incorporation, Article III, section 9).⁹³ Other instances would include conferences with Corporation attorneys concerning legal disputes which are the subject of pending or imminent court action (Article III, section 9(c)).

Still other instances include preparations for bargaining sessions with unionized Gateway employees (Section III, subsection 9(d)). This exception, however, is

⁹³ One executive of the Corporation proudly reported how Gateway had let 80% of its contracts publicly, even though it had not been legally obliged to do so.

troublesome. It states:

Preparing for, conducting, or reviewing negotiations or bargaining sessions with employees [underline added] concerning their compensation or other terms and conditions of their employment.

This exception applies to employees of the Corporation. Professional sports franchises and their employees, however, are not considered employees of the Corporation. Rather, they are considered private entities. This concern emerged in 1990, during lease negotiations between the Corporation and the owners of the Indians and the Cavaliers. Because the teams are considered private, the meetings were totally shrouded from the public's view, and until public pressure developed (mostly through the news media), the Corporation denied requests to disclose the resulting contents of the lease agreements.⁹⁴

The issue here, is that millions of public dollars depend on the terms of the leasing agreements, an expense which would seem central to the Corporation's often-stated

⁹⁴ A similar instance had to do with a news media request for the names of the parties who had bought private lodges at the stadium. The Corporation denied their request because the buying parties were private and had requested that their identities remain confidential.

"public interest." For this reason, one would expect these meetings would be conducted in full view of the public, especially since the Corporation's Articles of Incorporation state, as a general rule, that "meetings of the Board of Trustees shall be open to the public," and no provision is made for conducting closed meetings with private entities. After all, in this situation, neither party is either materially affected, or given unfair competitive advantage, as a result of holding public negotiations.

Nevertheless, one of the results of this situation, was that Tony Garofoli of Climaco, Climaco, Seminatore, Leftkowitz and Garofoli was hired to negotiate for the Gateway Corporation and George Forbes, former Cleveland City Council President, was hired to negotiate for the Indians. And, as any long-time observer of Cleveland politics would explain, these are not just two individuals -- they are "old political buddies." Thus, "negotiations" between them were not perceived by most Clevelanders as legitimate. Indeed, it would be closer to the truth to suggest they were both concerned with making sure the Indians got what they wanted, regardless of public interests. The Indians' "ace in the hole" was that they could leave the Cleveland area altogether, and therefore had no incentive to publicize what they wanted from Clevelanders in order to stay in town. This, of course, would have caused even more

controversy.⁹⁵

In this instance, the Gateway Board of Trustees used its discretion, absent a legal provision, to close meetings which would, otherwise, reveal the Corporation's conduct with respect to an issue which was of considerable financial consequence to the public. In this rather crucial instance, policymaking was closed -- the public was prevented from knowing, at that time, whether or not those who were trusted and paid to act on behalf of the public, had indeed done so. It also prevented the public from learning, in retrospect, whether new laws or new institutional arrangements might be needed in the future.

This is not to inflate the importance of the open meeting provision. Clearly, where private interests insist on having their way, to the exclusion of the more public interests, there will always be opportunities for them to do so. In short, so long as someone is buying -- someone else is selling.

⁹⁵ Much of the controversy had to do with the fact that two previous proposals for a new stadium had already failed. The first failed attempt took place in the early 1980's. Its proponents envisioned a new stadium which would be 100% financed by local property taxes; the second failed attempt envisioned a domed stadium, which was unable to secure proper financing although it was able to purchase the parcel of land upon which the Gateway Project would ultimately be built. As well, the sales tax for the current Project was defeated in the City hands-down -- even though it passed, county-wide. Thus, for almost a decade, the Project had been very controversial.

Nevertheless, the elements of the lease -- which still cost the public millions of dollars -- were eventually made public (in summarized form). All of which went to support a characteristic statement made by Raldo Bartimole (1990):

Those who operate these authorities which depend heavily upon public subsidies, but want to avoid public accountability, depend on the public's lack of information and almost non-existent public memory
(Bartimole, 1990).

Bartimole, a Cleveland-based newswriter, is perceived as the "archetype muckraker" by the mainstream press, by local businessmen, and local government -- mostly because he has been a social critic in a city which, like most, has a strong progrowth regime, with remnants still lingering, of machine politics.⁹⁶ These perceptions are generally based on the substance and tone of Bartimole's news columns, which over the past twenty-five years, have consistently bashed the alliance between local government and private corporations. For instance, a few of Bartimole's headlines

⁹⁶ Bartimole does not, however, seem to be perceived negatively by the general public. Indeed, aside from his regular editorial column in a variety of smaller local newspapers, his name is rather obscure in Cleveland. However, his editorial column suggests his opinions have been newsworthy.

include the following:

- (a) "Feeding the Monster: Back to the Trough for the Slurping Gateway." *Cleveland Edition*, (7) 2; (1990)
- (b) "Gateway to a One-Sided Deal: The Public Gets Skunked Again." *Cleveland Edition*; (November 8, 1990)
- (c) "Asleep at the Wheel? The Lack of Opposing Voices in Council." *Cleveland Edition*, 6 (3); (August 29, 1991)
- (d) "Water Boys for the Establishment." *Cleveland Edition*; (October 14, 1993)
- (e) "What makes [Mayor] Mike [White] Run? Corporate Leaders Set \$1 Million Kitty to Scare off Foes." *Free Times*, (1) 3; (1993).

It seems important to introduce Bartimole because, in four interviews at Gateway and elsewhere, I was asked specifically whether or not this research "had anything to do with Bartimole." This would, presumably, tell them whether I was a friend or foe,

and accordingly, what type of information they should provide (i.e., information which could be used for public relations purposes, or the truth, as they knew it).⁹⁷

In some instances, it seemed the interviewee's curiosity (this research was unique for Gateway in that it was not connected with the news media), and the fact that I had been referred by a professor at a local university, aided my research efforts. In other instances, however, those who would have been able to introduce me to other individuals who had been intimately involved with the Project, were unwilling to do so. Promises were made, but never carried out -- particularly when it came to meeting individuals at Cleveland Tomorrow, an organization of about fifty corporate leaders (one woman, no blacks), that many refer to as Cleveland's "shadow government."

Indeed, casual observers of this research were surprised to find that people involved with the Project had been willing to share their experiences at all. Although I can only speculate as to the real reasons behind their surprise, it seems safe to presume that much of it had to do with the controversy which had surrounded the Project.

⁹⁷ Nevertheless, according to executives at Gateway, there have been very few instances (and no court cases) where the Corporation's internal information has actually been denied to Bartimole or any other requesting party.

Overall, however, the observed information disclosure process was about as open as one could expect, considering the uncertainty of rights and responsibilities, and the political environment. However, what may seem to be satisfaction with respect to the openness criteria should not be interpreted too broadly. There are still concerns with respect to those resources which were given away (during closed meetings), prior to the creation of the Corporation. These resources were similar to those which were given up in the Camden Yards development: tax breaks, loans, influence with the federal government and donated properties. Because these resource decisions were made prior local government's actual involvement in the Project, they could be considered non-issues.⁹⁸ And, because these devices were indirect, challenges (after the fact) could be blunted.

Although the sin tax, which supported the construction of the Project, was direct, the Project involved so many indirect arrangements as to obscure its real costs. Thus, the City and County were able to claim that the Project imposed little or no financial burden on the public. Indeed, in speaking with the Finance Director of the City of Cleveland, he proudly explained how the City was able to bring the Project into fruition without incurring "any real expenditures" -- at least, for City government.

⁹⁸ One school of local thought presumes Dick Jacobs, owner of the Indians, will eventually seek state tax exemptions for the Complex.

Because of the dynamics noted above, what citizens learn about an elected officials' civic vision is crucial. What is equally crucial, is citizen involvement in the process of developing a civic vision. An explicit statement of civic vision will, or at least should, provide citizens with some set of expectations concerning the basic interests of its officials -- especially since its officials can be expected to protect the interests of private investors by holding closed, preliminary meetings.

PARTICIPATION

Participation refers to the quality of being involved, of having one's views incorporated, or of at least having a chance to discuss and react to developmental policies while they are still being formulated. The democratic governance approach uses this term to guide an examination of the extent to which a development project is presented as a "fait accompli." Participation is determined in two ways,

(a) by comparing opportunities in this project, with those provided in the recent Camden Yards development in Baltimore, Maryland (this gets at the notion of public policymaking at the policymaking stage); and,

(b) by comparing opportunities provided by the Gateway Corporation

with requirements typically imposed on the administrative rule-making process (this gets at the notion of public participation at the operational stage).

There are, of course, several points in the Gateway policymaking process that lend themselves to the first type of comparison. So, I chose to focus on one which was designed specifically to meet these types of needs -- Mayor Voinovich's Civic Vision 2000 Program (1986-1988). This program established a comprehensive set of urban development and revitalization plans which included the Gateway Project. However, true participation goes much further than formal requirements. It must be actively sought (Stivers, 1990, 1993). Thus, during the course of developing the plans, the City actively sought recommendations from residents, civic organizations, the business community, and political leaders. Approximately one thousand Clevelanders participated in the various Civic Vision community meetings. As well, a quarterly newsletter was mailed to organizations and interested individuals, aired over local television news broadcasts, and placed in local libraries and public buildings in an effort to keep residents informed of any progress on the plan.

However, the heart of what was promoted as an "inclusionary process" was a series of neighborhood meetings. These meetings provided residents, many of whom were

not affiliated with organizations, with input into the development of the Citywide Plan (see letter (c) below). According to archival records, residents were both invited to ask questions and to contribute their ideas to the plan. Chronologically, the Civic Vision 2000 Program involved a four-step process:

(a) Citywide Analysis (1986): a citywide framework for planning was established through projections of such factors as population, employment, housing, land use, commercial development, industrial development and public facilities, based on linear extensions of past trends;

(b) Regional Analysis (1987): detailed plans were prepared for each of the city's eight neighborhood planning regions in accordance with the preferences expressed by local residents. In addition to recommending changes in the use of land, the plans proposed improvement strategies tailored to housing, commercial and other conditions unique to each neighborhood within the region;

(c) Citywide Plan (1987-88): the eight regional plans were then merged into an overall Citywide plan, ensuring consistency across the

individual regional plans. The completed plan was then presented for final public review and for eventual adoption by the City Planning Commission and the City Council as Cleveland's "official land use and development policy";⁹⁹

(d) Zoning Revisions (1987-88): proposals were prepared to amend the city's Zoning Code, revision both the text and map to reflect land use and development recommendations of the Citywide plan.¹⁰⁰

The Civic Vision 2000 Program was, if nothing else, a step in the right direction. This Program was a first in Cleveland politics, and it has not been repeated since then. In comparison, however, the very idea of public participation runs contrary to how developmental policies were decided in Baltimore, previous to the Camden Yards development. The state of Maryland adopted to use the public authority to implement

⁹⁹ The comprehensive Citywide Plan would eventually become known as Cleveland Civic Vision 2000, (1989).

¹⁰⁰ After the County obtained the approval of the majority of the electorate at the election held on May 8, 1990, the public's role in the Gateway Project was formalized. By May 31, 1990, the State of Ohio had authorized the Gateway Corporation to operate as an Ohio non-profit corporation, providing an institutional framework for further policymaking. As such, the public's hopes and aspirations to be included in the policymaking process would be addressed by various provisions of the Gateway Corporation.

their development, a choice which spared the government the "inconvenience" of public scrutiny.

As Robert A. Caro has elaborated, a public authority, in addition to having "the powers of a large private corporation," possesses certain "powers of a sovereign state," such as the power of eminent domain and "the power to establish and enforce rules and regulations for the use of its facilities." Caro calls this "in reality nothing less than the power to govern its domain by its own laws" (Caro, 1974: 623, cited in Euchner, 1993: 120).

In Baltimore, the Camden Yards development was designed to support the growth agenda of a shadow government Governor Schaefer had established when he was Mayor of Baltimore. Molotch's notion of a "growth machine" would appropriately identify the primary, if not exclusive, benefactors of the Camden Yards development - the central institutions of capital and landowning elites. These types of developmental efforts neutralize political opposition by

masking the costs of development, separating the public from the decision-making process [by defining the stadium as an "essential public service"], preventing the systematic collection of useful

information for public judgment of projects, and using such indirect means for financial development as tax breaks, bond authority, loans, influence with the federal government, and donated property, which appear to require no real government expenditures" (Euchner, 1993: 120-121).

Thus, public authorities and similar types of arrangements are, in the words of Robert P. Stoker, "public enough to garner [public] resources yet private enough to limit popular participation" (Stoker, 1987: 258, cited in Euchner, 1993: 121).

Turning to the second method of determining participation, we need to compare opportunities in this case, with requirements typically imposed on the administrative rule-making process. The APA's section on rule making, Section 553(c), states in part:

After notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments with or without opportunity for oral presentation.

Thus, while I have mentioned earlier, that the Corporation operates in some respects like an administrative agency, it is worth repeating that it does so at its convenience. Again, no law states that it must. In fact, the Corporation's Articles of Incorporation states that "the business and property of the Corporation shall be managed and controlled by a Board of Trustees, duly appointed in the manner set forth in" (Articles of Incorporation, Article III, section 1). It makes provisions for the public to observe, but not to participate in operational (i.e., managerial) level decisions. Those managerial decisions which are not expressly dealt with by the Board of Trustees, and most are not, are dealt with by the executive management of the Corporation. The same arrangement applies to Camden Yards. This presents a number of legal and political problems, as noted earlier with the lease negotiations situation.¹⁰¹

However, if we ignore, for the time being, the need for public participation in managerial level decisions, and focus more closely on its participation in policy level

¹⁰¹ Gateway has, however, earned local recognition for the efforts of its Board and executive management to involve minority and female businesses on the project. Currently, the percentage of minorities working on the project stands at 22.8 percent -- above the 22.6 percent hiring goals established by Gateway. Female employment on the project has reached 5.3 percent -- the highest level of female employment on any construction project in northeast Ohio since the standard for federal projects was set by the Nixon administration (Abshaw & Biskupich, 1993).

decisions, we can claim some headway. Indeed, as the Camden Yards development shows, there is much work which still needs to be done, in terms of gaining public participation at this level -- much less, an even more specific level of decisionmaking. Doing so allows us to appreciate the value of the Civic Vision 2000 Program. The next step with a program like this would seem to be that of making sure public participation makes a difference in terms of outcomes. This would then ensure that its inclusionary efforts are not wasted on a project that was, after all the public's hard work, a "fait accompli."

INDEPENDENT ANALYSIS

The term independent analysis refers to the feasibility studies associated with the Project. The democratic governance approach is concerned that these studies conducted, and paid for, independent of those parties who have primary interests in the development project under consideration. Independence, in this case, provides the public with an empirical basis for believing what is fully implied, if not stated -- that no significant costs were intentionally hidden, and that the project at hand has been designed to advance primarily public, rather than private, interests.

To understand the extent to which the feasibility studies were independent, it is first important to understand that the City, County and sports franchises developed a

cooperative financing plan for the Gateway Project. Afterwards, the city commissioned a feasibility study which was conducted by Price Waterhouse (November, 1990) and the County commissioned another such study which was conducted by Deloitte & Touche (February, 1992).

The Gateway Corporation provided me with a copy of the latter study, Financial Analysis of the Gateway Project. The Corporation requested that the County issue bonds, totalling \$54.1 million, to provide the Corporation with additional financing for construction and other expenses related to the Gateway Project. As such, the objective of this study was to establish the feasibility of the County's revenue bond issuance. According to the study, Deloitte & Touche was hired to "analyze the projected cash flows to be pledged to the County as repayment on its loan and identify the risks to the County on its potential long-term commitment."

The Deloitte & Touche study begins by acknowledging the transaction between Gateway, the City, the County, and the sports franchises as "extremely complex." According to the firm, much of the complexity stems from the fact that several aspects of the Corporation's financial plan had not been finalized at the time of their study. Nevertheless, the study was conducted. It highlights those revenue sources which may be considered less than definite over the thirty year course of the loan

payback period. Taken together, these indefinite revenue sources amount to \$67 million or approximately 20% of the total cost of constructing the Gateway Complex. While I consider the fact that the Deloitte & Touche study was made available for my consideration a positive step, I interpret the significance of the study cautiously.

My initial caution has nothing to do with the accuracy of the study. Rather, it seems almost impossible to expect "independent analysis" -- even from a reputable consulting firm -- knowing that (a) growth machine logic does not rely on formal "membership," but rather common interests and a common ideology (i.e., the efficacy of free markets); and that (b) any reputable consulting firm, in the eyes of most practitioners, would be one which agrees with the logic of market-economics, along with its accompanying biases -- the most basic of which is that "growth, in whatever form, is always good."

More importantly, for several years prior to the study, Gateway, the City, the County, and the sports franchises had "spent a considerable amount of time and effort in developing the financing plan for the Gateway Project" (Deloitte & Touche, 1992: 1). This considerable expenditure of time and effort would seem to constitute a full-fledged interest in the project. The consulting firm was aware of this interest, as it had been the topic of considerable public discussion for several years. As such, the

decision to go through with the Project had already been made by parties who had primary interests in it, regardless of what they stood to gain.¹⁰²

This knowledge, some say, may be used to bias the consultant as to their findings, especially where the analysis involves a number of "indefinites." Further, where the consultant is interested in protecting any future business with the client, the firm has an incentive to produce a report which makes their client's interests look as viable as possible.

This suggests the studies were less "independent" than one would expect, if they had been conducted blindly. In other words, if Deloitte & Touche had conducted several studies of several development projects -- without knowing which particular project would further their client's interest -- I would have been in a better position to establish the independent character of their findings.

In this respect, studies of this type may not have an independent character worth

¹⁰² Although the governmental representatives did not stand to benefit financially from the Project (at least not to my knowledge), they stood to benefit politically. Large projects like Gateway provide considerable political capital which may be used to further political careers. On the other hand, the franchises had a financial interest, or stood to benefit directly from the Project -- if it was implemented.

considering -- thereby placing an increased burden on those who decide, for whatever reason, that a community should back "Project A" over "Project B." But, even here, this proposition is flawed in that large-scale urban development projects are rarely presented in this manner. More often than not, they are presented in a "go/ no go" manner, a proposition which negates any possibility for comparison.

Thus, the Price Waterhouse and Deloitte & Touche studies could determine the extent to which an already determined course of action stood on solid financial ground. They could not, however, determine whether the Gateway Project was overpriced, whether it would accomplish the level of development or deliver the number of jobs that had been envisioned, whether the public was giving too much money into the project, or more importantly, whether it represented a "just" distribution of costs and benefits with respect to the general public.

VISION

As noted above, the vision criteria denotes an explicit, shared image of a city's political-economic character, and of what that city should strive to become. The democratic governance approach uses this criteria to determine whether the city's public-private governing body imposed or debated a vision of the city -- especially one that, in this case, involved the Gateway Project. Additionally, it seeks to

determine the extent to which the general public accepted that vision, or some other vision of their city.

Our findings support the view that the City of Cleveland actively sought to develop an explicit, shared image of Greater Cleveland -- again, through the Civic Vision 2000 Program. It is important, however, to understand what role this vision played in the development of the Gateway Project.

To begin with, the city hosts three professional sports teams. For more than a decade, the Cleveland Cavaliers have played in a suburban arena and since the 1950's, the Indians have shared a stadium with the Cleveland Browns football team. For the Cleveland Indians, this arrangement has never been comfortable. After all, the team has rarely filled even a third of the stadium's 70,000 seats. For this reason, many speculate that ongoing financial disputes between Art Modell, the owner of both the Cleveland Stadium and the Browns, and Richard Jacobs, owner of the Indians, precipitated much of the impetus for the Gateway Project, rather than any explicit vision.

Nevertheless, these disputes, between two of Cleveland's most influential millionaires, were followed by a series of threats from both the Indians franchise and the

Commissioner of Baseball -- that the team would leave unless a new ballpark was soon constructed. These threats -- as much as anything else -- prompted statewide public and private development interests to take the Gateway Project seriously (Euchner, 1993: 7).¹⁰³

Thus, in 1985, the Voinovich administration acted to secure a statement of civic vision through its implementation of the Civic Vision 2000 Program. Again, the Civic Vision 2000 Program sought to establish a comprehensive set of developmental goals which were both "visionary" and "practical" -- the first such goalsetting endeavor since 1949, when the city was nearly twice its present size.

But, aside from anything else, the city had already purchased the land upon which Gateway Complex would be built.¹⁰⁴ This also played a significant role in the Gateway saga. Indeed, many suggest, without really saying, that, since the land for the Gateway Complex had already been bought, the "camel's nose" had been already been placed under the proverbial tent for a number of years.

¹⁰³ As in most cities, when a professional ballteam leaves, a number of key political careers are most assuredly lost in the process.

¹⁰⁴ The land that the city purchased from the Domed Stadium Corporation is identified in the Central Market Community Development Plan, (accepted, September, 1986).

Additionally, since the idea of such a Complex had already received its "blessings" from both City Hall and the business community, the Program merely served the purpose of legitimizing expensive downtown developments that were to be built one way or another. The legitimation process would be conducted, nonetheless, by bringing the public into the planning phase -- making residents feel as if they all had something to gain.¹⁰⁵ At the same time, the Complex would serve the purpose of reconciling the dispute between Modell and Jacobs.

Nevertheless, the Civic Vision Program was presented as a non-political approach to establishing a comprehensive set of urban development and revitalization plans. The comprehensive plan, which mentions the Gateway Project in passing, would eventually become known as Cleveland Civic Vision 2000, (1989).¹⁰⁶ Its plans were to be both "visionary" and "practical" -- visionary to the extent they reflected

¹⁰⁵ Indeed, some suspected the Baseball Commissioner may have been coaxed into threatening the city in the first place -- that the threat was fabricated.

¹⁰⁶ In actuality, Civic Vision 2000 is merely a reference document around which a more coherent governing agenda might be set. In general, it provides a base-line study of Cleveland's population and employment trends; land use proposals in relation to its downtown industrial, office, governmental, retail, housing, hotel and open public spaces; general proposals to do with the city's infrastructure; and, specific policies in relation to each conceptual area of downtown development.

the aspirations of Clevelanders,¹⁰⁷ and practical to the extent they were achievable over the next fifteen years.

In developing its vision, the city sought to include recommendations from neighborhood residents, civic organizations, the business community, and political leaders. The city worked with consultants in preparing projections of future regional conditions (e.g., population, employment, offices/ industry, housing and retail), based on a linear extension of past trends.

In addition to a general plan for land use, the program produced specific recommendations for development policies which would support the resulting vision and a set of strategies for expanding housing, office, retail and industrial development. However, the heart of the effort to include residents in the planning process involved a series of over thirty neighborhood meetings, held in eight conceptual planning regions throughout the city.¹⁰⁸ These provided more than one

¹⁰⁷ It should be noted, however, that this Program was sponsored in part by the following organizations: The Cleveland Foundation, The Gund Foundation, The Standard Oil Company, Cleveland Tomorrow, The Greater Cleveland Growth Association, and the Building Owners and Managers Association. As noted earlier, each of these organizations represents large corporate, property interests.

¹⁰⁸ Mayor White forged ahead with the civic vision that had been developed under Voinovich, with minor changes.

thousand residents, many of whom were not affiliated with formal organizations, with opportunities to ask questions and contribute their ideas to the plan. Altogether, the Civic Vision Program included four primary components representing both a "plan" and a "process" for its implementation (Hirzel, 1993; City Planning Commission, 1989: 121-124); we have already encountered part of this framework, but I repeat it here for the sake of a more comprehensive outline.

(a) Citywide Plan

(1) Citywide Analysis (1986): a citywide framework for planning was established and based on linear extensions of past trends;

(2) Regional Analysis (1987): detailed plans were prepared for each of the city's eight neighborhood planning regions in accordance with the preferences expressed by local residents;

(3) Citywide Plan (1987-88): the eight regional plans were merged into an overall Citywide plan, ensuring consistency across the individual regional plans and eventually adopted as Cleveland's "official land use and development policy";

(4) Zoning Revisions (1987-88): proposals were prepared to amend the city's Zoning Code to reflect land use and development recommendations of the Citywide plan.

(b) Downtown Plan

(1) Inventory: a complete inventory of the office, hotel and retail space in the city's downtown. An accurate assessment of the current strengths and weaknesses of downtown would presumably help identify opportunities for improvements;

(2) Design Guidelines: to ensure that Cleveland's downtown is well maintained and has a combination of the best historic buildings and new skyscrapers, the plan establishes design guidelines. The guidelines show a preference for quality architecture, combined with attractively designed streets and parks which will enhance the visual quality of downtown. The city presumes to "take the lead" in promoting quality projects, and efforts such as restoring the Playhouse Square theaters, the rebuilding of Public Square, and creating a waterfront park are expected to continue;

(3) Implementation: the Planning Commission stated the general goals and created specific policies which would guide future development in the downtown area. Although one of the plan's main goals was to assure that there were adequate opportunities for "area residents" and business people to take part in the creation of the plan -- very few people actually live downtown. Thus, resident participation in the Downtown plan would be held to a minimum.

(c) Citywide Development Strategy and Program

to ensure that Cleveland's development goals were acted upon in a logical and timely manner, the city established an inter-departmental management process to identify priorities and formulate strategies for action. Once general priorities were set, decisions on the funding and scheduling of public improvements were made through the city's annual capital budgeting process.

(d) Neighborhood Planning Capacity

through the creation of eight regional Development Services Teams, the

city established the staff capacity to provide planning and development assistance in response to local opportunities.

According to David Hirzel, managing principal on the Gateway Project for Sasaki Associates, Inc.,¹⁰⁹ the Downtown portion of the plan "integrate[s] downtown's existing and proposed centers of activity -- through complementary uses, design, publicity, signage, and transit -- into an attractive destination for area residents and visitors" (Hirzel, 1993). Again, these activity centers include:

- (a) retail activity focused around Public Square and Tower City;
- (b) office activity along East Ninth Street and west to Public Square;
- (c) a complex of theaters and hotels in and around Playhouse Square;
- (d) nightlife in the "Flats," an restaurant and entertainment strip;
- (e) the Convention Center, recently built by Cleveland State University;

¹⁰⁹ Sasaki Associates, Inc. of Watertown, Massachusetts, served as project planner, urban designer, traffic planner, and landscape architect for the Gateway Project.

(f) a complex of attractions including the Rock and Roll Hall of Fame and Museum, the Great Lakes Museum of Science, Environment and Technology, and the Cleveland Aquarium; and

(g) Gateway, the Multiuse Sports and Entertainment Complex.

As of yet, public and private interests have not established the institutional mechanisms necessary to insure a long-term commitment and realization of the goals outlined in the Downtown Plan (Cleveland City Planning Commission, 1989).

However, both are convinced that the City's competitiveness with other cities depends, at least in part, on its ability to attract a critical mass of tourists. Indeed, they are convinced of this even in light of information which establishes that most public stadiums, arenas and convention centers have been unable to meet their proposed annual loan payments (Peterson, 1989: chap. 1).

ACCOUNTABILITY

Accountability means being chargeable, responsible, and in some instances, liable. It is determined in two ways -- through interviews and through comparisons. In this case, I seek to determine the organization's lines of accountability, who selects Gateway officials, who oversees them, who evaluates them, whether independent or

ongoing audits are performed, and whether mechanisms exist for determining the validity of these audits.

The mechanism adopted to implement the plan for the Gateway Project was the "non-profit corporation." As such, it has many characteristics which are quite similar to those of a "charitable trust" (Lane, 1980). For instance the Corporation received its funding from a combination of public and private sources; and the Corporation's funds are held, but not distributed, except in accordance with its "purpose statement" (see Articles of Incorporation). The Gateway Corporation reports to a publicly-appointed Board of Trustees (hereinafter, the "Board" or "Trustees") which manages and controls the business and property of the Corporation. Gateway's staff is hired by, and is accountable to, its Executive Director, Thomas V. Chema.

The Board of Trustees is made up of nine individuals. The initial slate of members is appointed by the Board of County Commissioners of Cuyahoga County and the Mayor of the City of Cleveland. The County appoints four, the Mayor appoints four more, and one is appointed jointly by both parties. Of the nine members, two are ex officio members, one serving on behalf of the City, the other on behalf of the County. Trustee appointments are for seven year terms, which began May 31, 1990. At the end of the initial seven years, "staggered" appointments are again made by both

parties. This means that each party appoints one member whose term of office lasts three years, one for four years, one for five years, and an ex officio member for seven years. And, together, both parties appoint one member whose term lasts four years.

Each trustee is considered a "member" of the Corporation. As such, they are not allowed to bring or defend suits in the name of the Corporation. They have the power, and an obligation, to act on behalf of the Corporation -- but their power is fiduciary/ managerial in nature, not proprietary. Legal ownership of Corporation property is held by the Corporation, rather than by its Board of Trustees. Thus, the powers of the Trustees inhere in the Corporation, not in themselves (Lane, 1980).

As well, the Board has the power to make or change rules in order to govern the Corporation and, except where it is provided by the Corporation's Bylaws, each Trustee is given one vote. As noted above, non-profit corporations have an unclear legal status which falls inbetween the law of trusts and that of business corporations (Middleton, 1987: 142).

Again, where trust law prohibits self-dealing, business corporation law allows self-dealing, so long as it is properly disclosed. Where trust law holds trustees liable for

simple errors of judgment and disallows delegation of managerial responsibilities, business corporation law holds directors liable only for gross negligence and allows its board to delegate managerial duties, so long as it maintains its supervisory responsibilities (Lane, 1980; Middleton, 1987). However, the duties of Board members are fairly straight-forward. These involve:

- (a) the administration of the trust (i.e., the Gateway Corporation) according to its provisions (i.e., the "purpose statement" of the Articles of Incorporation) in good faith, without seeking personal benefit;
- (b) the protection and preservation of the trust property by administering the trust in a businesslike manner, in full compliance with applicable law;
- (c) making the trust property productive, including the duty to review and change investments continuously; and, by
- (d) defending the trust against attack (Lane, 1980: 56).

While one might expect that the law regarding non-profit corporations would clarify

the question of whether, for instance, its Board of Trustees is more accountable and/or responsible to the corporation's donors or to its beneficiaries -- state statutes on non-profit corporations do not, at present, provide a clear framework.

From a political standpoint, one might reasonably expect that each member sees his or her role as being most accountable to their appointing party. However, case law has only recently begun to address these types of issues (Middleton, 1987). And, in Ohio, there have been no court cases which have actually tested the legal responsibilities or accountabilities of the Gateway Corporation or its Board of Trustees.

Some authors, according to Middleton (1987), reveal how the lack of clarity regarding the legal responsibilities of the non-profit board has resulted in carelessness, on the part of trustees -- the idea "they are accountable to no one." After all, the legal standard of performance to which trustees are held is that of "the ordinary skillful and prudent man in the management of his own affairs" (Lane, 1980: 55). However, the idea that non-profit trustees are totally unaccountable has been challenged in an important case.

In Stern v. Lucy Webb Hayes National Training School, (381 F. Supp. 1003 [D. DC,

1974]), Judge Gerhard A. Gesell found the trustees liable for nonmanagement because they had failed to hold meetings and to supervise the management of investments by hospital employees. To some extent, he applied the law of business corporations, stating that financial management can be delegated but must be supervised, and not totally prohibiting self-dealing. On the other hand, his standards for supervision of financial management and conflict of interest were higher than those usually applied under corporate law (Mace, 1976, cited in Middleton, 1987).

Though this case provides a basis for expecting more accountability from trustees, the concept remains in the proverbial "gray area." This is unfortunate since usage of mechanisms like the "non-profit corporation" and the "quasi-public authority" will probably become more, rather than less, prevalent in years to come.

In the meantime, the mechanism used to implement the Gateway Project afforded less accountability than one might find with a department of local government, but more than one finds with similar mechanisms. For instance, the Board of Trustee may appoint agents or representatives of the Corporation to conduct independent audits, but these are not required.

Three other cities -- Chicago, Los Angeles and Baltimore -- adopted the public

authority to implement their plans for new baseball stadiums. In Baltimore, this was called the Maryland Stadium Authority (MSA), and according to Charles Euchner (1993: 120), the MSA

was designed to operate above the tangled politics of Baltimore City. It had the power to select a stadium site and to condemn property in the area without negotiations. The authority did not consider renovation of the existing Memorial Stadium or a wide range of alternative sites for building a new stadium. Its extensive powers liberated it from the inconvenience of arguing with local interests.

Thus, it is well to remember that the decision to adopt the non-profit development corporation could have been much worse.

CHAPTER VI.

CONCLUSIONS

American society is a democracy, one that seeks to assure broad participation, open access to public information, adequate accountability to citizens, and in each of its endeavors, a rough sense of honesty between government and society. None of these principles has ever been perfected in practice. They have, however, been widely accepted as an appropriate basis for determining the adequacy of democratic policymaking.

But what happens when a field of literature focuses, instead, on descriptive matters -- those which have little to do with how we ought to conduct public policymaking? What happens is that you wind up with more and more studies which tell you less and less of that which is of particular significant about policymaking in a democracy.

This is not to suggest that important urban issues have nothing to do with, for instance, the descriptive notion of "social production" (Stone, 1989). They do. Social production, as a synonym for urban development, remains quite useful although its use is restricted by its normative context. And, in the field of urban development politics, normative contexts are rarely stipulated. As Dwight Waldo (2d

ed., 1984: 193) argues with respect to the notion of efficiency as it is applied within the field of public administration: it [efficiency] is useful "within a framework of consciously held values."

Developmental projects are not, following Stone's logic, "productive" or "nonproductive" in and of themselves. They take on these attributes in relation to a given purpose such that Project "ABC" may be productive for purpose "XYZ," but nonproductive for purpose "LMNOP." Thus, for those who would agree that government is, or should be, an essentially normative enterprise -- Stone's (1989) assertion that social production is the central issue of urban development politics -- is only partially correct.

In this research, I have resigned myself to the idea that social production (or urban economic development, for all practical purposes) is an important issue, but that it is more usefully understood as a secondary matter. The more immediate research problem would seem to be one of stipulating a normative context (i.e., a broadly accepted set of values such as those of democratic urban governance) and judging the adequacy of social production (i.e., specific developmental projects) in light of that context.

This research, which follows this format, finds the development policy process inadequate and dangerously short-sighted. There are, however, certain approaches which seem more appropriate, and promise to be more effective, than those which were used in the Gateway case. But, before I reveal the approaches I feel would improve policymaking in other developmental projects (i.e., like Gateway), it would help to first recollect my findings.¹¹⁰

Openness

The first criteria, openness, alerted us to importance of the indirect arrangements (e.g., tax breaks, loans and donated properties) that had been set up (during closed meetings), prior to the creation of the Gateway Corporation. While the lack of openness ensured that the real costs and benefits of development would remain obscure, the indirect arrangements ensured that business interests will reap their rewards, and that the city and county will have a reasonable basis for claiming that the project imposed no financial burden to the public.

After the creation of the Gateway Corporation -- a non-profit corporation whose

¹¹⁰ The five criteria of democratic urban governance are, by the way, only analytically distinct. In practice, they are so closely intertwined that, in describing any one of them, it is necessary to bring in one or more of the others.

responsibilities to the public were known to be unclear -- access to financial information concerning private entities was effectively limited. This was made apparent in those situations concerning the leasing agreements, and the sale of private loges. For developmental interests, the decision to create a non-profit corporation acted to undermine their opposition. By doing so, however, it also acted to prevent the public from learning, in retrospect, whether new laws or institutional arrangements might be needed in the future to better secure their interests.

Although these same dynamics have been observed by other researchers, using purely descriptive frames of reference -- none of them would have taken on much significance, absent a normative frame of reference. A normative (i.e., democratic) frame of reference may, in turn, suggest alternative strategies for urban policy and targets for intervention which would not have been conceivable from a purely descriptive perspective.

Participation

The developmental process gets fairly high marks for participation. These are due, in large part, to the efforts of the Civic Vision 2000 Program. Recommendations were actively sought from more than one thousand residents, organizations, and civic

leaders.¹¹¹ In addition, a quarterly newsletter was mailed to interested organizations and individuals so as to keep them informed of progress on setting the developmental agenda.

Without knowing how many recommendations wound up on this agenda, it is difficult to determine whether public participation actually counted for much. Indeed, given the fact that so many indirect arrangements had been set up informally, it is reasonable to suspect that much of the agenda had already been planned, and that the real objective of the Program was to make it appear otherwise -- that public participation still mattered. The next step with a program like this would seem to be that of making sure public participation matters, and that it is not wasted on a "fait accompli."

Independent Analysis

From a democratic governance perspective, the independent analysis criteria is probably more important for its concern for "independence," than for "analysis." In this case, independence was probably more of a mirage than anything else. Indeed,

¹¹¹ Again, the Program sought to establish a set of goals which were both "visionary" and "practical" -- criteria which may mean different things to different people. Still, the effort was an improvement over the way in which the developmental agenda was constructed in Baltimore.

the same would probably hold true for most other urban development projects.

I do not say so because of factual or empirical evidence to this effect, but because of the incentives for even reputable consulting firms to protect any future business with their clients. This is not to say that they would be less valuable to their clients if they told them something they obviously did not want to hear -- indeed, they would probably be worth more to their clients if they did. It is to say, however, that by including a number of "indefinites," most consultants should be able to craft their analyses strategically to make their client's interests look as viable as possible, while protecting their own professional reputations.

This particular case involves a number of tax breaks, loans and donations which are worth enough to private interests such that, in the larger scheme of things, private interests will likely be served one way or another. The same may not be said for the public's interests. Thus, the role of the "independent consultant" seems much like the role of the Vision 2000 Program -- to develop or maintain an appearance of technical neutrality in the politics that guides development.

Vision

Although the city actively sought to develop an explicit, shared vision through the Civic Vision 2000 Program, a critical question remains unanswered: "How much of the agenda was set prior to the public's involvement in this program?"

Like several of our concerns that have cropped up with other criteria, this is has to do with outcomes, and may remain unanswerable, at least for now. However, in addressing this question, it is important to remember that:

(a) the city had already purchased the land upon which the Gateway Complex would be built;

(b) the idea of a Complex had already received the "blessings" of the business community; and,

(c) some suspect that the Baseball Commissioner may have been coaxed into threatening the Indians' move in the first place. After all, an ongoing dispute between two of the city's most prominent millionaires needed to be reconciled, and the Gateway Project would have done the trick.

Thus, many would argue that, if nothing else, Civic Vision 2000 and the development of a shared "vision" served the purpose of legitimizing an expensive downtown development that was going to be built one way or another.

Accountability

Although this criteria seeks to ensure a reasonable amount of popular control, the decision to place the implementation of the Gateway Complex in a non-profit corporation acted to ensure that its responsibilities to the public would remain in a "gray area" between the law of trusts and that of business corporations.¹¹²

Currently, state statutes on non-profit corporations do not provide a clear framework for determining whether, for instance, Gateway's Board of Trustees is more accountable to the corporation's donors or to its beneficiaries. Case law has only begun to address these types of issues.

For Gateway's Trustees, this lack of clarity may suggest they need not be accountable to anyone -- if not to those who appointed them. After all, the legal standard of

¹¹² In certain respects, this has the same "markings" as the indirect measures which ensured a blurring of the costs and benefits of this Project.

performance to which they are held is merely that of "the ordinary, skillful and prudent man in the management of his own affairs" (Lane, 1980: 55). What this standard does not seem to recognize is that self interests and public interests are two entirely different matters -- particularly when it comes to making decisions in an open and participative manner.

Summary

Taken together, our findings serve to underscore two general points. One has to do with the means used to implement development policy, the other has to do with its goals. The first point should be familiar to anyone who has thought about, or been involved in, public policymaking: organizational arrangements are not neutral.

Different arrangements tend to give some interests and perspectives more effective access to those with policymaking authority than others -- and, in so doing, vested interests emerge which become resistant either to change or to an occasional reordering of the public's priorities. Whenever public power is exercised by private elites, there are additional risks involved. Serious distortions are liable to occur in the distribution of costs, benefits and risks associated with the project.

What this suggests is that the basic issues of public policy implementation may have to less to do with which arrangement seems to be more efficient, and more to do with

power: who controls it, and to what end? Arguments to the contrary ultimately stand on the irrational premise that the significance of having some influence over a few hundred million dollars worth of tangible, divisible resources is somehow negligible.

And, for those who are still persuaded that their elected officials will "sweat the details" to make sure government is responsive to the needs of all its citizens -- they may just have to think again. Clearly, those who seek to hold onto, or achieve, public office require a steady flow of inducements to sustain the public's support.¹¹³ For this reason, most politicians can be expected to push for those arrangements that are most likely to produce the inducements she/ he needs -- arrangements that just so happen to favor business interests.¹¹⁴ The more shrewd politicians may be able to carve out a small helping of set-asides, but not so much as to disturb the project's net distribution of costs and benefits.

The point here, is that when public and private officials come together to formulate

¹¹³ Research suggests public officials are typically interested in inducements that are tangible and divisible. One example is a major downtown land-use project: this generates a stream of benefits that is tangible, divisible and may be channelled by politicians so as to build and sustain public support (Elkin, 1987).

¹¹⁴ Because of these incentives, elected officials and local businessmen are said to construct fairly "natural" alliances (Elkin, 1987).

development policy, they often do so without any coherent basis for articulating broad-based public interests. They operate, in most instances, from the unstated presumption that "what's good for business is good for the general public."¹¹⁵ As such, the general public is left without any guarantee that urban development will serve, or have any relation to their, long-term needs or civic visions.

Indeed, none of the interviewees in the present case provided evidence which would suggest that the decision to place the administration of a major portion of Cleveland's Civic Vision into the hands of a non-profit development corporation was anything other than routine. It was not discussed publicly; there were no reports that it had been openly contested; nor was it treated with any significance in local newspapers. Yet, this is a classic example of an issue which should be of particular concern for those, involved in development policymaking, who take democratic urban governance

¹¹⁵ This presumption, as a reflection of the traditional, market perspective, is not only inadequate for understanding that which is at stake, but it is dangerously narrow. Society's need for job creation, for example, is poorly understood, if at all, from the market perspective since it presumes this is unproblematically linked with capital investment. Nor is this perspective capable of explaining the need to ensure a fair distribution of the costs and benefits of development. It is reserved about distributive issues in general, and dismisses the role of politics altogether. From this perspective, market mechanisms automatically create fair distributions -- even though, after more than two centuries of American liberalism, the top fifth still receives as much after-tax income as the other 80 percent of the population combined. Taken to its logical conclusion, this perspective presumes no need for governance altogether.

seriously.

A second point has to do with the economic significance of large-scale projects: tax concessions in the form of property tax abatements and government loans constitute indirect taxes on educational systems and capital budgets, both of which depend on this revenue source. The result is to impair the area's long-term economic competitiveness (Wolman, Hanson, Hill, Howland & Ledebur, 1992). When this happens, local governments become even more dependent on, or vulnerable to, private interests (Kantor & David, 1988).

In addressing this issue, Charles Euchner (1993) argues that, in the absence of public standards for equitable arbitration between cities and teams, the sports industry has the ability to steer negotiations in a way that leaves cities more vulnerable.¹¹⁶ They have greater leverage, in part, because of what he refers to as their "overall economic insignificance." In other words, since the demands of a sports franchise do not

¹¹⁶ In 1982, for instance, the Chicago White Sox pledged to keep the team in Chicago if the city would approve a \$5 million tax-exempt bond to finance the construction of luxury suites at Comiskey Park. The city approved it. A few years later, when Comiskey Park was in need of renovation, the owners threatened to move the team to Florida unless a new stadium was built (much like in Cleveland). A site was chosen near the old stadium, property was condemned, residents were evicted, and a new stadium was built.

directly affect many interest groups, opponents of stadium projects usually find it difficult to build coalitions to oppose them. As a result, local governments often succumb to the blackmail tactics of professional sports (Euchner, 1993). Indeed, in most instances, if local government does not succumb to these pressures, the next town over gladly will.

However, Euchner does not give the sports industry due credit. In the name of professional sports, residents are evicted, multi-million dollar stadiums are built, countless millions more (in taxes) are abated, and crucial governmental functions are placed in jeopardy. This suggests the sports industry is, indeed, quite significant -- not only in an economic respect, but in a strategic one as well.

The important point here is that the implementation of large-scale projects, like Gateway, inevitably affect the capacity to assemble and use needed resources for other policy initiatives. Unlike most other projects, whose costs are more moderate and therefore more manageable -- these are of great magnitude. They affect the city's capacity to govern over the long term. The implications of defining governance in this way -- not as a task of comprehensive control, or as one of social production, but as one of constructing a vision democratically, and treasuring the capacity to perform a multitude of needed functions -- are not only basic, they are far-reaching.

For instance, if public officials are convinced that development projects of this significance are worth risking the city's ability to fulfill other needed functions, they would do well to reconsider the risks involved. After all, "footloose" sports teams have left behind such a trail of public debt, empty facilities, and angry fans that some cities have attempted legal action in order to keep them from exploiting their bargaining advantages.¹¹⁷ Thus, where the team and the developmental project still appear worthwhile in spite of their costs and risks, both should be thought of in terms of a comprehensive purchase agreement.

As a matter of local policy, buying the Indians' franchise along with Gateway would be a no-lose proposition: even if it results in a minimum increase of economic activity, the team will improve the quality of life for residents and tourists, and the city will not have to risk being blackmailed every four or five years for renovations, and thereby torn away from its more traditional responsibilities. The idea is that, if a professional sports team is worth risking the city's financial future, the city can at least make sure it has something to show for its risk.

¹¹⁷ In 1980, the city of Oakland, California, unsuccessfully tried to buy the Oakland Raiders professional football franchise by invoking their power of eminent domain before the team could move to Los Angeles. Baltimore, Maryland sought to bring similar action in 1984 when the Colts football team decided to suddenly move their franchise to Indianapolis, where a new stadium and financial incentives awaited them (New York Times, 2 April 1984: A14).

More than anything else, this line of reasoning acts to conserve a stable basis for future planning. By purchasing the Indians' franchise along with Gateway, the city may consider itself more of a "senior partner." As such, it would be less dependent on private interests, and in a much stronger position to govern its own affairs. The same line of logic has already been used in Cleveland, in the case of the Cleveland Public Power Company, an electric utility that is now owned by the city. While many would differentiate a utility company from a sports arena on the basis that the former is a more "crucial" public service, I would argue that any development is crucial to the extent it represents the values of the citizenry, and has the capacity to jeopardize other important public functions.

In theory, competition between rival cities can, indeed, be healthy. But, when it is abstracted from the notion of productivity, it fails growth. When sports franchises have superior bargaining leverage, it fails equity. And, when economic elites have more effective access to policymakers, competition fails democracy. The ideal of urban democratic governance, once removed from the esoteric realm of academic debate, is to see that it fails none of these, but that it is given a normative context within which it might encourage growth, equity, and especially democracy.

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APPENDIX A.

DOCUMENTARY SOURCES OF INFORMATION

The documentary information sources for this case study include dozens of newspaper and magazine clippings, and several narratives from the Gateway Corporation. Most of which includes the following, in date order:

(a) Central Market Community Development Plan

A fifteen page document, prepared by the Planning Commission, City of Cleveland, for redeveloping an approximately twenty-eight acre parcel of blighted land in downtown Cleveland. This parcel was designated in the Downtown Plan (infra.) and was used as the site of the Gateway Project (accepted September 29, 1986; amended November 5, 1990 and June 17, 1991);

(b) Amended Articles of Incorporation of Gateway Economic Development Corporation of Greater Cleveland

A twenty-five page legal document which limits the purposes of the Gateway Corporation to those described in Section 501(c)(3) of the Internal Revenue Code. It empowers and restrains the

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Gateway Board of Directors and summarizes the Corporation's administrative processes (May 31, 1990);

(c) Cuyahoga County Financial Analysis of the Gateway Project

A fifty-two page document, prepared by the accounting firm, Deloitte & Touche. It analyzes the Gateway Corporation's Financial Plan, (supra.), to determine whether the Corporation will be able to meet its proposed annual loan payments to the County over a 30-year period, beginning in 1995 (February 25, 1992);

(d) Letter

A letter from the Internal Revenue Service, Department of Exempt Organizations, to the Gateway Corporation. It confirms a recent determination by the Service, of the Corporation's legal status as a "non-profit organization," as described in Section 501(c)(3) of the Internal Revenue Code. This determination exempts the Corporation from federal income taxes under Section 501(a) of the Code (June 23, 1992);

(e) First Amended and Restated Agreement Relating to Ownership, Financing, Construction and Operation of a Sports Facility and Related Economic and Redevelopment Projects

A copy of a forty-six page legal document, referred to as the "Collective Agreement" between the City of Cleveland, Cuyahoga County, and the Gateway Corporation. It outlines the basic responsibilities between the three principal parties to the Gateway Project (September 15, 1992);

(f) Official Statement: \$40,000,000 County of Cuyahoga, Ohio Taxable Economic Development Variable Rate Demand Revenue Bonds, Series 1992B (Gateway Arena Project)

A copy of a one hundred-twenty page bond statement, prepared and delivered by the Board of County Commissioners and the Gateway Corporation. It relates to the Board's September, 1992 issuance of \$40 million (of a total \$75 million) worth of bonds to assist the Corporation in constructing, equipping and improving the arena, the site's common areas, and related uses (supra., #3 of Gateway's Financial Plan: September 24, 1992);

(g) Gateway's Minority Business Enterprise (MBE)/ Female Business Enterprise (FBE) Policy Statement

A copy of a twelve page policy statement, prepared by the Gateway Corporation. It encourages the utilization of MBEs and FBEs in construction of the Gateway Complex, and explains the Corporation's support of "race-neutral alternatives to aid smaller and otherwise disadvantaged businesses in the bidding process" (n. d.);

(h) Gateway Project: Equal Employment Opportunity Policy for Construction and Supply Contracts

A copy of a nine page policy statement, prepared by the Gateway Corporation. It implements an Affirmative Action Plan for Equal Employment Opportunity (n. d.);

(i) Packet

A packet of information, prepared by the Gateway Corporation, which includes:

(1) two page Indians Lease Summary;

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(2) three page Cavaliers Lease Summary;

(3) three page, Genesis of Gateway, which lists Project development highlights, chronologically, from May, 1984 to September, 1993;

(4) five page, Gateway Economic Development Corporation of Greater Cleveland: Sources & Uses of Funds, which summarizes the Corporation's Financial Plan (supra.);

(5) Gateway Annual Report: 1992;

(6) two newsletters published by the Corporation;

(7) two glossy photographs, one of the arena and one of the stadium; and,

(8) about one dozen Project "fact sheets" (n. d.).

As well, I have referred to several books which explain the Corporation's federal tax exempt (i.e., 501(c)(3)) status:

(a) Internal Revenue Code, Including The Revenue Reconciliation Act of 1990 and all other 1990 Amendments. (1990). Vol. 1, Income Taxes Sections 1 - 1000;

(b) Income Tax Regulations, Including Proposed Regulations, As of June 9, 1991. (1991). Vol. 2, Section 1.301-1 - 1.638-2, Chicago: Commerce Clearing House, Inc.; and

(c) 1992 U.S. Master Tax Guide. (November, 1991). Chicago: Commerce Clearing House, Inc..

Other related, narrative documents have been provided by administrators at the City of Cleveland. These include:

(a) Cleveland Civic Vision 2000: Downtown Plan

A one hundred forty-five page book, published by the Planning Commission, City of Cleveland. It serves as a guide to future

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land-use and development decision-making within the City.

This document was developed under the Voinovich administration, but was used as a visionary document (with few revisions) by the succeeding White administration. It outlines the City's strengths, weaknesses, opportunities, and recommends policies and strategic actions to ensure its continued growth (1989).

(b) The Economic Impact of Oriole Park at Camden Yards

A thirty-two page survey and analysis of fan spending for the 1992 Oriole's baseball season. Prepared by the Department of Planning, City of Baltimore, it focuses on whether their new ballpark succeeded in generating an expected level of economic activity in the community surrounding the ballpark (December, 1992).

(c) Program Guidelines: Small Business Revolving Fund

A five page program guideline, prepared by the Department of Economic Development, City of Cleveland. This document stipulates the conditions under which the City is willing to loan

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up to \$150,000 to Cleveland businesses (revised August, 1993).

APPENDIX B.
INTERVIEWEES

1. Paul Alsenas, Director,
Cuyahoga County Planning Commission
Personal acquaintance

2. Roldo Bartimole, News Writer
point of view, The Free Times
Referred by colleague

3. Anthony Costanzo, Secretary,
Board of Zoning Appeals
City of Cleveland
By position

4. Alan DePetro, News Reporter
WEWS, Channel 5
By Roy Weissinger

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5. David N. Goss, Vice President, Economic Development
Gateway Economic Development Corporation of
Greater Cleveland
By position

6. Barbara Grothe, Staff Analyst
Greater Cleveland Round Table
Referred by colleague

7. Kenneth Lumpkin, Councilman, Ward 6
City of Cleveland
Referred by colleague

8. Darlene McCoy, Chief of Staff,
Mayor's Office
City of Cleveland
By position

9. Rev. Marvin MacMickle, Member
Gateway Economic Development Corporation of

Greater Cleveland

Board of Trustees

By position

10. Joseph A. Marinucci, Director,
Department of Economic Development
City of Cleveland
Referred by Darlene McCoy

11. Al Matthews, Esq., Project Manager,
Gateway Economic Development Corporation of
Greater Cleveland
Referred by David N. Goss

12. Timothy P. Offtermatt, Chief Financial Officer
Gateway Economic Development Corporation of
Greater Cleveland
Referred by David N. Goss

13. William J. Reidy, CPA, Partner

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Coopers & Lybrand

Referred by colleague

14. Steven Strnisha, Member

Gateway Economic Development Corporation of
Greater Cleveland

Board of Trustees, and

Director, Department of Finance

City of Cleveland

Referred by Darlene McCoy

15. Roy Weissinger, Anchor/ Reporter

WEWS Channel 5

By position

APPENDIX C.
CHRONOLOGY OF THE GATEWAY PROJECT

- 5/84 Voters in Cuyahoga County defeat a ballot issue to increase property taxes for building a 100% publicly funded domed stadium in downtown Cleveland.
- 12/84 Community leaders meet to re-evaluate concept of a new downtown sports facility.
- 1/85 Civic committee formed to make recommendations regarding type of sports facility, location and funding.
- 3/85 Civic committee recommends a new, state-of-the-art downtown domed stadium to be built on the old Central Market site with a combination of public and private funding.
- 6/85 Greater Cleveland Domed Stadium Corporation organized to implement civic committee recommendations.

- 9/85 City of Cleveland designates corporation to act on public behalf and donates property and services to the project.
- 10/85 State of Ohio provides \$2 million grant to assist with initial project costs.
- 11/85 U.S. Congress grants transition rule permitting tax-exempt financing to be applied to sports facility until December, 1990.
- 12/85 First property acquisition occurs.
- 2/86 Ohio General Assembly approves legislation enabling collection of a luxury tax to help finance public portion of project financing.
- 3/86 Lease negotiations with Indians begin.
- 4/86 Program design objectives agreed upon by sports teams.
- 12/86 Major League Baseball approves sale of Cleveland Indians to Jacobs brothers.

- 4/87 Due to funding issues and a desire by the sports teams to play on natural grass, the Corporation adopts charter change to consider alternative (non-domed) designs. Domed Stadium Corporation changes name to New Stadium Corporation.
- 6/87 Demolition of site begins.
- 10/87 Numerous financing alternatives investigated.
- 4/88 100% site control achieved.
- 1988-89 Ongoing financing discussions continue in attempt to break deadlock between various viewpoints.
- 10/88 Thomas Chema begins to serve as then-Ohio Governor Richard Celeste's representative in discussions.
- 1/90 Michael White sworn in as Mayor of Cleveland.

- 3/90 Coalition of public officials ratify revised luxury tax and place initiative on primary ballot.
- 4/90 Cleveland Cavaliers sign letter of interest to move back to downtown Cleveland.
- 5/90 Cuyahoga County voters pass the tax on alcohol and cigarettes to finance the sports complex.
- 5/90 Chema is appointed as Gateway's Executive Director by Mayor White and Cuyahoga County Commissioner Timothy Hagen.
- 6/90 Gateway Economic Development Corporation of Greater Cleveland is formed.
- 8/90 Luxury tax goes into effect.
- 11/90 Tri-party agreement between the county, the city and Gateway is approved.

- 11/90 The Greater Cleveland New Stadium Corporation merges with Gateway.
- 12/90 Cavaliers and Indians sign memorandums of intent that set the economic terms of forthcoming leases.
- 12/90 Cleveland City Council and Cuyahoga County approve bond credit enhancements.
- 12/90 Gateway sells out of tax-exempt bonds in one day.
- 1/4/91 The Cleveland Fine Arts Committee unanimously approves the Gateway design plan.
- 7/91 Cuyahoga County Commissioners agree to help Gateway cover any financing gaps in the proposed downtown sports arena.
- 7/91 The Gateway Board of Trustees approve a 20-year baseball park lease with the Cleveland Indians and a financing agreement with the Cleveland Cavaliers.

- 9/91 Architectural firms present schematic designs for the Indians ballpark and site plan to the Gateway Board of Trustees.
- 9/91 The Ohio Senate passes a bill providing a tax break for Gateway, which initially caps property taxes at \$400,000 for the sports complex.
- 12/91 Governor George Voinovich signs tax bill into law.
- 12/91 The State Controlling Board approves a \$13 million state credit line to cover unforeseen costs for the Gateway Project.
- 12/91 Cavaliers sign a 30-year arena lease with Gateway.
- 1/92 Architects unveil arena design to the Gateway Board of Trustees and public.
- 1/92 Implosion of Cold Storage Building marks the final, major building remaining on the Gateway site.
- 1/92 Excavation of baseball park begins.

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- 4/92 Arena excavation begins.
- 4/92 First concrete is poured at the baseball park.
- 4/92 Gateway and Cavaliers hold ceremonial arena ground breaking.
- 5/92 Gateway selects Black Trades Council and Hard Hatted Women to assist with monitoring of minority and female trade personnel on Gateway site.
- 5/92 Concrete foundation for ballpark is poured.
- 6/92 Cavaliers kickoff arena suite sales.
- 8/92 Concrete foundation for arena is poured.
- 8/92 First structural steel beams erected for ballpark.
- 10/92 Greater Cleveland Regional Transit Authority awarded \$8.6 million to construct passenger walkway connecting Tower City to Gateway

Complex.

- 11/92 Indians lease 100th luxury suite for ballpark.

- 1/93 Gateway outdoor public art unveiled.

- 1/93 Observation deck opens for the public to view Gateway construction.

- 2/93 Gateway, Indians and Bob Feller announce plan for public to purchase personally engraved paver stones to fund Feller statue for placement at Indians Square.

- 4/93 First structural steel beams erected on the arena.

- 5/93 Cavaliers select Cleveland restaurateurs, Denise Fugo and Ralph DiOrio, to operate restaurant at arena, named Sammy's at the Arena.

- 5/93 Gateway's permanent electric power service is established by the Cleveland Electric Illuminating Company.

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- 5/93 State of Ohio issues \$15 million Capital Improvements grant to Gateway to assist with construction costs.
- 6/93 Last piece of steel is raised on the ballpark.
- 6/93 First seats are installed in right field, upper deck at the ballpark.
- 7/93 First roof truss is erected on the arena.
- 9/93 Sod is laid in the ballpark's field.
- 9/93 Gordon Gund, principal owner of the Cavaliers, and his brother, George, Vice Chairman of the Cavaliers, make \$200,000 contribution to fund public art at Gateway.
- 4/94 Gateway's ballpark, now "Jacob's Field," opens to the public.

APPENDIX D.

VITA

Stephen Alexander Maclin
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Cleveland, Ohio 44113-4360
216. 241. 1262 (voice/ phonemail/ fax)
maclin@cua3.csuohio.edu (internet)

Higher Education: Ph. D., Public Administration and Policy
Center for Public Administration and Policy
The Virginia Polytechnic Institute and State University
Blacksburg, Virginia
Research Interests: Urban Development Policymaking, Public
Administration Theory, Management Information Systems
Dissertation Defense: June 16, 1994

Masters of Public Administration
Maxine Goodman Levin College of Urban Affairs
Cleveland State University
Cleveland, Ohio
Concentration: Public Administration

Bachelor of Arts
Department of Economics
Carleton College
Major: Economics
Northfield, Minnesota

Preparatory Education: Gould Academy
Bethel, Maine

Dissertation: Urban Development Policy-Making: A Democratic Governance Approach. This research extends the urban development politics literature by taking the ideal of democratic urban governance out of the esoteric realm of academic debate and applying it to a critical case study of large-scale urban development policymaking. Its components

are examined, and then used as a normative (i.e., democratic) framework for evaluating the adequacy of policymaking in the new Gateway Sports and Entertainment Complex at Cleveland, Ohio. Beyond extending the urban politics literature, its practical value is to provide a more comprehensive understanding of, and improvement in, the policymaking process in similar, developments.

Teaching Experience: Northern Illinois University, Division of Public Administration Assistant Professor, as of August 16, 1994.

Cleveland State University, College of Urban Affairs, Instructor, UST 200: Introduction to Urban Studies Spring Quarter, 1994.

Guest Lecturer for M.P.A. and Ph. D. courses at Cleveland State University, College of Urban Affairs and at Northern Illinois University, Division of Public Administration.

Original Research: "Privilege and Penalty: A Critical Assessment of Urban Economic Development," (1994). This paper sheds light on urban economic development, an important area of urban policy which, moreso than other areas, displaces critical assessment. Since the consequences of this displacement have been more harmful for some than for others, an important question asks whether, in a liberal democracy, these might be more evenly distributed. Alexander Hamilton's discussion of a "commercial society" is used as a normative guide for addressing this question, for re-thinking the adequacy of the urban economic development process, and for considering policy changes. Presented for the panel on "Theoretical Perspectives on the City," at the 24th Annual Meeting of the Urban Affairs Association at New Orleans, Louisiana.

"Politics, Administration, and Strategic Planning: Observations of a Public Transit Strategic Planning Process," (1991). A critical look at some of the seldom-considered theoretical assumptions and relationships that tend to structure our understanding of strategic planning. Absent critical evaluation, this paper argues, these biases suppress the inevitable tensions and disagreements that arise in a multiethnic society of growing inequalities and deeply ingrained capitalist values, one

which threatens the democratic fabric of our society. The strategic planning process in a major public transit agency is used as a case study for exploring these assumptions and their public policy consequences. Presented for the panel on "Urban Theory into Practice: Public Administration at the Street Level," at the American Society for Public Administration's Southeastern Conference on Public Administration at Charolette, North Carolina.

"Changing Patterns of State and Local Management," (1989). An historic overview of the roles played by state and local public administrators over the past two decades. Although broader, more politically-active roles may be needed in the 1990's, this research speculates why these needs may not be met, and the consequences for urban America. Presented at the American Society for Public Administration's 50th National Conference at Miami, Florida.

**Academic
Service:**

Contributed, during Fall, 1988, to the research for Zweiganhaft, R.L. and Domhoff, G.W., Blacks in the White Establishment?: A Study of Race and Class in America, (1991). This critical case study, of approximately twenty A Better Chance alumni, examines the relative importance of race and class in contemporary American society.

Conducted analysis and research on the demographics and major policy issues affecting Ohio's poor population. Final report was fundamental to the script used for *The Faces of Poverty*, (1989), a 27-minute videotape produced by Burges & Burges of Cleveland, Ohio.

Served on the 12-member Judicial Panel of the Graduate Honor System at The Virginia Polytechnic Institute and State University (1990-1991). Heard and assessed alleged student violations of the Constitution of the Graduate Honor System.

Volunteered for the Multicultural Alumni Network at Carleton College (1985-1994), and Alumni Admissions Representative for The Virginia Polytechnic Institute and State University (1990-1991).

Delivered Benediction Speech for the Doctoral Graduation Ceremony at The Virginia Polytechnic Institute and State University (May, 1991).

Academic Fellowships/
Scholarships: The Virginia Polytechnic Institute and State University:
Virginia Council of Higher Education Commonwealth Fellowship.
Awarded to the thirteen most outstanding Ph. D. students in the State of Virginia for "*exceptional academic and personal achievement.*"
Congratulated personally by Virginia Governor Douglas Wilder, received Certificate of Recognition and a \$5,000 cash award (8/90-8/91).

Virginia State Graduate Dean's Fellowship. Awarded to "*the most promising Ph. D. students in the State of Virginia.*" Received paid tuition, fees and a stipend of \$12,000/ year for three straight academic years (8/89-5/92).

Outstanding Leadership Achievement Award. Awarded for "*outstanding achievement as a student leader and for exemplary service to the academic community.*" Received Certificate of Recognition (4/90).

Unfunded Scholarship and Research Grant. (8/89-5/90).

Cleveland State University:
Minority Dissertation Fellowship. (1/92-12/93).
A.S.P.A. Conference Grant. (4/89).
Patricia Roberts Harris Outstanding Merit Award. (1/89).
Patricia Roberts Harris Fellowship. (1/88-12/88).

Carleton College:
Honeywell, Inc. Scholarship (9/73-5/76).
Carleton College Scholarship (9/72-5/76).

St. John's Preparatory School and Gould Academy:
A Better Chance, Inc. Scholarship of Boston, Mass. (9/69-5/72).

Public Service: Research Project Manager for "The City Manager and Policymaking: The Council/ Manager System in the 1990's," the fourth in a series of similar national surveys of the roles of City Managers, conducted by Dr. Lawrence F. Keller. Provided survey instrument re-design, coding scheme design, coordination of past with current data (including that which was provided by the International City Management

Association), data analysis, and other tasks to ensure validity and reliability. This research extends earlier studies by analyzing current data from an evolutionary perspective (Summer/ Fall, 1994).

Provided assistance as an Independent Research Consultant during the development of a municipal charter for the township of Brooklyn Heights, Ohio. Reported to Dr. Lawrence F. Keller and Mr. Sylvester Murray, both of Cleveland State University, Maxine Goodman Levin College of Urban Affairs (Spring, 1994).

Provided oversight for long-range (20-year) and strategic (5-year) business plans as Independent Planning Consultant to the Strategic Planning Department of the Greater Cleveland Regional Transit Authority of Cleveland, Ohio. Reported to Ms. Rosemary Covington, Assistant General Manager of Marketing and Development. Structured strategic planning process to reflect stated managerial objectives and coincide with various, ongoing managerial processes (Fall, 1991).

Provided staff support during graduate internship as Budgeting Analyst, Finance Department, City of Cleveland, Ohio, reporting to Ms. Betsy Hruby, Department Manager. Aided conceptualization, development and documentation of micro-computer database for retrieval, analysis, and presentation of accounting information. This work aided the formulation of political and administrative strategies (Summer, 1988).

Planned, coordinated and facilitated key operational objectives for three years as Operations Supervisor, and as Terminal Supervisor, with Greyhound Lines, Inc. at Cleveland, Ohio, reporting to Mr. Donald Bianchi, Regional Manager. Dispatched buses and co-produced daily, weekly, and monthly operational reports (1979-1981).

Compiled and analyzed State of Ohio House and Senate campaign committee financial reports, district demographics and legislative voting records as Independent Research Consultant to Burges & Burges of Cleveland, Ohio, reporting to Dr. William Burges, President. Much of this information had, previously, been unavailable. Therefore, it had to be reconstructed, and loaded onto a computer database. In this form, it could be used strategically by lobbyists (Summer, 1989).

Computer Experience: Accumulated fifteen years' solid, hands-on experience with various micro, mini, and mainframe computer configurations. Use advanced presentation spreadsheet, database, word processing, desktop publishing, telecommunications and other business applications for researching, compiling, printing and faxing professional documents and class assignments. Working knowledge of SAS and SPSSx (for micro and mainframe computers). Generally familiar with Lexis, WestLaw, LOGIN, bitnet, internet, and other research/ telecommunications networks. Very familiar with UNIX, MS-DOS, DOS-Windows -- and especially with the Amiga operating system and hardware line. Some programming skills in ARexx, SCRIPT and BASIC. Active member with two Greater Cleveland area computer bulletin board systems.

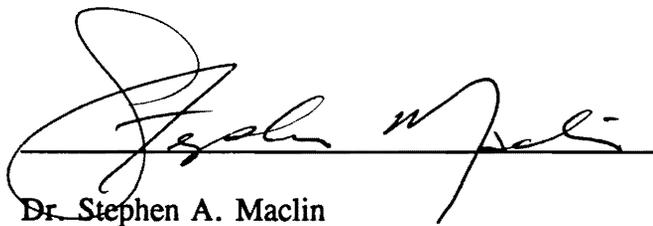
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Dr. Stephen A. Maclin