5 The Specter of Decentralization: Downtown During the Great Depression and World War II

By the mid 1930s the owners of Detroit's Temple Theater, a nine-story office building that had once been the home of the city's most successful vaudeville house, had had enough. In a city reeling from the Great Depression, the vacancy rate for office buildings was running between 35 and 40 percent. With tenants hard to find—and rents, which had been falling steadily, hard to collect—the Temple Theater no longer paid. In an attempt to lower property taxes and operating expenses, its owners did what other downtown property owners in Detroit and other cities had done. They demolished the building and turned the site into a parking lot. The demolition of office buildings, even nine-story ones, was nothing new, though never before had so many of them been demolished in so short a time. But hitherto these buildings had been torn down to make room for taller, more up-to-date buildings, which, it was assumed, would make more money. Now, in the depths of the worst depression in the nation's history, the owners were facing a unique situation, in which, said one real estate appraiser in 1934, "there is no demand for tall buildings representing the theoretical highest and best use of the site." It was "only natural," he added, that they should look for ways to reduce costs and "cast about for some means of securing the maximum income from a modest improvement until the lot is ripe for maximum development." Hence the demolition of buildings like the Temple Theater and their replacement by parking lots or one- and two-story garages, which were commonly referred to as "taxpayers."[1] The "taxpayers" were as much a legacy of the depression as the "Hoovervilles," bread lines, soup kitchens, and dance marathons. They symbolized downtown in the 1930s as much as skyscrapers, department stores, and high-rise hotels had in the 1920s.

As the proliferation of "taxpayers" revealed, the depression left downtown devastated. As economic conditions went from bad to worse, forcing some businesses to close their doors and others to reduce their workforce, the demand for office space decreased sharply. Coming after almost a decade of record construction, the consequences were catastrophic. Starting in 1930, rents fell—by as much as 30 percent in some cities. And arrears rose. By 1931 construction came to a standstill. More buildings were being torn down than put up, and still the vacancy rate soared. In an industry that considered 10 percent normal, it climbed from about 8 percent in 1926 to nearly 12 percent in 1929 and then jumped to almost 20 percent in 1932 and a whopping 28 percent two years later. Saddled with heavy debts and other fixed charges, many owners were hard pressed to hold on to their properties. By the mid 1930s many were in default. Driven mainly by the depreciation of office buildings, downtown real estate lost much of its value. Between 1928 and 1931 land values in the Chicago Loop fell 25 to 50 percent on some streets and even more on others. On a few streets land values were lower in 1931 than in 1910; and on one street they were lower in 1931 than in 1894. The total value of land in the Loop, which had gone up from $600 million in 1910 to $1 billion in 1928, dropped to $500 million in 1933.[2]

Department stores were also hit hard. With unemployment rising and wages falling, sales declined about 40 percent between 1929 and 1932. In Chicago, Detroit, and Pittsburgh they were down nearly 50 percent. In the meantime costs soared to what Malcolm P. McNair, director of Harvard University's Bureau of Business Research, called "a new all-time peak," climbing from 28 percent of net sales in the early 1920s to 40 percent in the early 1930s. As expenses "went through the roof," profits "went out the window." Although most department stores stayed in business, few made money. As a group they reported a net loss of 6.4 percent in 1932, down from a net profit of 3.1 percent in 1926. Hotels were hit even harder. Extremely labor intensive, they required a high occupancy rate to break even under ordinary circumstances. And by virtue of a great surge in hotel construction in the late 1920s, which culminated in the erection of the new forty-seven-story Waldorf-Astoria in midtown Manhattan, circumstances were far from ordinary after 1930. With far more rooms available than ever and far fewer businessmen on the road, the occupancy rate fell from nearly 70 percent in 1929 to roughly 50 percent in 1933. With room rates falling too, revenues dropped by about half. Unable to reduce operating expenses to a point where they could meet fixed charges, many hotels went under. By 1934, 80 percent of them were in the hands of creditors.[3]

Few Americans thought the depression would have a lasting impact on downtown. Late in 1931, by which time the vacancy rate in office buildings had reached 18 percent and showed no sign of leveling off, a journalist asked Raymond M. Hood, Ralph Walker, and other prominent architects their opinion about the future of the skyscraper—and, by implication, of the central business district of which it was the centerpiece. All were optimistic, confident, as Walker said, that when "people learn at last—as they must some day—how to use land," the skyscraper "would truly come into its own." None so much as mentioned the depression, much less attempted to estimate its long-term impact.[4] As most Americans saw it, downtown would return to normal as soon as the recovery got started—as soon, in other words, as the depression, the inevitable downside of the periodic business cycle, ran its course. As business improved, generating jobs and increasing purchasing power, vacancy rates would fall, retail sales would rise, and hotel rooms would fill up. Construction would resume, and property values would climb. Downtown would regain its prosperity—though for some businessmen and property owners it would be too late.

One reason few Americans thought the depression would have a lasting impact on downtown was that it was a national crisis, as devastating to the countryside as to the cities. And in the cities it hit the periphery as well as the center, the residential districts as well as the business districts, the outlying business districts as well as the central business districts. Consider Chicago. Between 1928 and 1933 land values dropped by 50 percent in the Loop, but by 60 percent in the city as a whole and by more than 75 percent in the outlying business districts. Very few office buildings were constructed, but even fewer residential subdivisions were recorded. Rents fell all over the city—by as much as 80 to 90 percent in some outlying business districts. Foreclosures reached record levels everywhere. Loop banks struggled, though with the help of the federal government most stayed open and even reported slightly higher deposits. Non-Loop banks, whose fortunes were closely tied to the outlying real estate market, fared much worse. More than 160 closed; and total deposits, which had soared from $50 million in 1910 to $800 million in 1928, dropped to $100 million by 1933.[5] Hence it is understandable that most Americans saw the plight of the downtown business and property interests not as a product of specific problems of the central business district but as the result of general problems of the American economic system, which would presumably be solved in the near future.

Another reason few Americans thought the depression would have a lasting impact on downtown was that it struck at the end of the biggest boom in American history, a boom that had produced a great deal of excess commercial space and left downtown extremely vulnerable to a downturn in the economy. Between 1925 and 1931, by which time there were eighty-nine buildings thirty stories or taller in Manhattan, the amount of office space nearly doubled in New York. It went up by almost three-quarters in Chicago, nearly two-thirds in Philadelphia, and more than one-half in Denver and New Orleans. At the peak of the boom new construction approached $500 million per year. The department stores also expanded in the 1920s—none more so than Macy's, whose store on New York's Herald Square was the largest in the world. So did the hotel industry, especially in New York. During the 1920s half a million new hotel rooms, many of them in the vicinity of Grand Central and Penn stations, were added to the existing stock. Between 1927 and 1933 eighty-four large hotels (including the famous triumvirate, the Savoy-Plaza, the Sherry-Netherland, and the Pierre, at the southeast corner of Central Park) were built, increasing the available space by two-thirds.[6] Americans thus had reason to believe that once the recovery got started the excess space would be absorbed and things would return to normal downtown.

By the mid 1930s there were signs that the recovery—slow and far from robust, but a recovery nonetheless—was under way. The gross national product, which had hit bottom in 1933, began to rise. So did industrial output and personal income. And unemployment, which had risen to nearly 25 percent in 1933, started to fall, dropping to 14 percent by 1937. The recovery slowed down in the late 1930s, but it picked up after the outbreak of World War II. And during the early 1940s the nation finally came out of the depression. There were also signs that the excess commercial space was being absorbed. Vacancy rates in office buildings dropped from 28 percent in 1934 to 20 percent in 1936, hovered at about 18 percent in the late 1930s, and then dropped sharply in the early 1940s, falling to less than 4 percent by 1945, an all-time low. In Atlanta, Hartford, and Dallas there was no vacant space at all. Department store sales, which had fallen to $2.5 billion by 1933, went up slowly in the mid and late 1930s, reaching almost $4 billion by 1939, roughly 10 percent less than in 1929, and then climbed sharply in the early 1940s. By 1945 they exceeded $7 billion. Occupancy rates in hotels followed the same pattern. From a low of 51 percent in 1933, they rose to 66 percent by 1938, fell a bit in the next couple of years, and then soared in the early 1940s, reaching 90 percent, an all-time high, in 1944. Revenues also soared, if not quite as sharply. An industry that had lost money in the early 1930s and barely broke even later in the decade now earned a substantial profit.[7]

But despite the recovery, things were not returning to normal downtown. Outside of New York (and perhaps one or two other big cities), downtown's daytime population, which had gone down during the worst years of the depression, was not going up much if at all afterward. As a Detroit traffic engineer observed in 1941, its growth had come to "a practical standstill" in most cities. A case in point is Chicago. From a peak of over 925,000 in 1929, the Loop's daytime population fell to under 760,000 in 1935 and then rose, slowly and sporadically, in the late 1930s and early 1940s. Not until World War II was over did it reach 925,000 again. Between 1929 and 1949, a time during which the population of the city went up 7 percent and the population of the metropolitan area twice as much, the daytime population of downtown Chicago went up one-third of 1 percent. By 1949 fewer than one-quarter of the residents of the metropolitan area went downtown each day. The pattern was much the same elsewhere. So were the consequences. According to cordon counts in eleven of the nation's twenty largest cities in the late 1930s and early (and, in one case, mid) 1940s, only in Boston, Milwaukee, and San Francisco did more than one-half of the residents of the city go downtown each day. Only in Milwaukee did more than one-third of the residents of the metropolitan area do so, and in six of the other metropolitan areas—Pittsburgh, Detroit, Los Angeles, Cincinnati, and Cleveland, as well as Chicago—fewer than one-quarter did.[8]

The growth of downtown's daytime population came to a standstill because most cities grew very slowly in the 1930s, far more slowly than at any other time in modern American history, and only a little faster in the 1940s. A few even lost population. The metropolitan areas grew somewhat faster, especially in the 1940s, though not nearly as fast as they had before 1930. But even in the few cities that grew rapidly after 1930, downtown's daytime population lagged far behind. Los Angeles is a good example. Between 1931 and 1947, during which time the population of the metropolitan area nearly doubled, the daytime population of the central business district dropped by almost two thousand. Per each one thousand residents of Los Angeles County, nearly all of whom lived in metropolitan L.A., downtown's daytime population fell from 307 to 192—and showed no sign of leveling off.[9] Downtown's daytime population also came to a standstill for two other reasons. One was that many Americans now worked, shopped, did business, and amused themselves in the outlying business districts. Some stopped going downtown, and others went much less often. The other reason was that more Americans now used automobiles rather than streetcars. Since the highways did not converge on the central business district to the same degree that the railways did, fewer Americans had to go downtown in order to get from one part of the city to another.

Another sign that things were not returning to normal downtown was that even after the recovery got under way retail trade grew much more slowly in the central business district than in the outlying business districts. A striking example is Los Angeles, where retail sales had dropped 46 percent downtown and 19 percent in the rest of the county during the worst years of the depression. Between 1935 and 1939, a time when retail sales rose almost 50 percent in the outlying business districts, they went up less than 10 percent in the central business district. From 1939 to 1948, retail sales more than doubled downtown, but nearly quadrupled in the rest of the county. The result was that downtown's share of the county's retail trade fell from about 30 percent in 1929 to 22 percent in 1935, 17 percent in 1939, and a minuscule 11 percent in 1948. It is true that retail trade had been more widely decentralized in Los Angeles than in other big cities since the late 1920s, that in few if any other cities did downtown decline so rapidly as a retail center in the 1930s and 1940s, and that in none of them was so small a share of retail trade carried on downtown in the immediate postwar years. But it is also true that what happened in Los Angeles occurred to one degree or another in other big cities, that throughout the United States retail sales not only went down much more sharply in the central business district than in the outlying business districts during the depression, but also went up much more slowly afterward.[10]

The decentralization of retail trade extended to a wide range of merchandise—to items that had once been sold mainly in the central business district as well as to goods that had long been sold mainly in the outlying business districts. Fueling the decentralization of retail trade was the continued growth of the chains, most of whose stores were located on the periphery. The chains had fared relatively well during the depression, when their sales declined by less than one-third as much as the sales of the department stores; and they prospered afterward. As an expert on retail trade wrote, much of their success came "at the expense of department stores," which were far more likely to be located in the center. Also fueling the decentralization of retail trade was the growth of outlying department stores, all (or almost all) of which were branches of downtown department stores. The development of branch stores, which had started in the mid and late 1920s, slowed down in the early 1930s, resumed later in the decade, slowed again during World War II, and, led by Macy's and other major retailers, surged after the war. The result was that downtown's share of department store sales dropped steadily, falling in the Loop, for example, from virtually 100 percent in the early 1920s to just over 60 percent in the mid 1930s.[11]

Yet another sign that things were not returning to normal downtown was that the "taxpayers"—which, it had been assumed, would disappear once the recovery got under way—were becoming a fixture in the central business district. Between 1932 and 1940 about 92 million cubic feet of commercial space, close to 10 percent of the total, was demolished in the Chicago Loop, most of it replaced by parking lots and one- or two-story garages. (Among the many substantial structures demolished was the Masonic Temple, an office building erected on State and Randolph streets in the early 1890s. Designed by Daniel H. Burnham and John W. Root, it had been the first twenty-story skyscraper in Chicago and for a short time the tallest building in the world.) By the early 1940s more than 18 percent of the Loop was either vacant or used for parking. The number of "taxpayers" also went up in downtown Detroit, where nearly one hundred buildings were torn down between 1936 and 1939. (Speaking of the many old and obsolete buildings still standing, one observer wrote in 1940 that "odds are high that many of these will be torn down in the near future.") In a business district where "almost every square inch of land [once] had a building on it," more than three-quarters of the blocks now had one or more vacant parcels. Things were much the same in downtown Los Angeles, where so many buildings were torn down and replaced by parking lots or "taxpayers" in the 1930s that by the early 1940s roughly 25 percent of the buildable land was used to store autos. In a business district of less than one square mile there were now more than nine hundred parking lots and garages, with space for more than sixty-five thousand cars.[12]

The proliferation of "taxpayers," which were found not only on inexpensive sites on the fringe but also on expensive ones at the core, ran counter to the conventional wisdom, which held that downtown property would be developed more intensively over time. But for the many property owners who were losing money, the theory was irrelevant. They were stuck with old

*Chicago's Masonic Temple, 1916 (*Architectural Record, *July 1916)*

*Downtown Detroit, ca. 1940 (*Architectural Forum, *January 1940)*

and obsolete buildings, "too far gone," wrote one observer, "for modernization." By virtue of the depression and competition from outlying business districts, the demand for commercial space downtown had not reached the point where it made sense to erect new buildings. Making matters worse, many institutional investors had "blacked out" (or, as we now say, redlined) chunks of the central business district, refusing to make loans there because of what *Business Week* called "progressively declining values."[13] By tearing down the buildings, the owners could lower their tax bills and reduce their operating expenses. By replacing them with parking lots or one- and two-story garages, they could capitalize on the growing demand for parking space and generate enough income to hold on to their property until the vacancy rate dropped to a point where new construction was warranted. By the time it did, however, the country was in the middle of World War II, and the government had imposed tight restrictions on all nonessential construction.

Perhaps the most striking sign that things were not returning to normal downtown was that even after the recovery began property values in the central business district did not rise much if at all. They did not go up nearly as much as property values elsewhere. Downtown Seattle is a case in point. From a peak of almost $68 million in 1929, the assessed value of the central business district dropped to about $51 million in 1935. It fell to about $46 million by 1940, hovered at around $45 million in the mid 1940s, and barely reached $48 million by the end of the decade. As property values elsewhere in Seattle fell less in the 1930s and rose more in the 1940s, downtown's share of the city's assessed value dropped from nearly 30 percent in 1929 to 27 percent in 1935, 24 percent in 1940, 22 percent in 1945, and just under 18 percent in 1949. The pattern was much the same in other big cities, among them Baltimore, St. Louis, and Los Angeles (where the assessed value of the central business district plummeted 60 percent in the 1930s). What Los Angeles city planner Gordon Whitnall called "the spectacular shrinkage of values in the commercial centers of American cities" would probably have been even worse were it not for a provision of the U.S. tax code that permitted new owners of old buildings, even buildings that were fully depreciated, to depreciate them anew on the basis of their purchase price—a provision that generated tax-free income and thus increased property values.[14]

Downtown values had fallen before. During the panic of 1873, for example, they dropped sharply all over downtown Chicago—by 50 percent on State Street, between Washington and Madison, at the center of the Loop, and by 33 percent on Franklin Street, between Wacker and Lake, on the fringe. But hitherto they had rebounded, often much more sharply. After falling from $1,000 a front foot in 1873 to $500 a front foot in 1877, property on State Street climbed to $14,000 a front foot in 1894. In the meantime property on Franklin Street, which had dropped from $300 to $200 a front foot, soared to $2,500 a front foot. By virtue of the shifts in the business district, property values had fallen for good in parts of downtown. But hitherto losses in some had always been offset by gains in others. When Manhattan's leading department stores moved north in the early twentieth century, a move driven by what their owners regarded as the encroachment of the garment industry, property values went way down near Union Square and Madison Square, but they went up even more near Herald Square and on Fifth Avenue above Thirty-fourth Street.[15] Never before had values downtown fallen so sharply and so widely for so long. Never before had values downtown fallen so much more than values elsewhere in the city. To make matters worse, the current decline in downtown property values could not be attributed to either a downturn in the business cycle or a shift within the business district.

By the late 1930s and early 1940s it was clear downtown was in trouble. In most cities its daytime population was still below pre-depression levels. So were its retail sales. Large hotels and office buildings were being demolished. With no new construction going on, buildings were getting older—and, in some cases, seedier. Once-valuable parcels were vacant or occupied by "taxpayers." Nowhere, wrote a journalist who visited Chicago, St. Louis, and a score of other cities in the winter of 1939–40, "is there any downtown activity to speak of after dark," not even in the entertainment districts. Theaters were boarded up; movie houses were "more than half empty," restaurants even emptier, and streets "woefully deserted."[16] By the late 1930s and early 1940s Americans were starting to realize that these problems were the product not so much of the collapse of the national economy as the decentralization of the urban economy. They were beginning to believe that downtown was in trouble not so much because the country was mired in the depression as because a large and growing number of people were going to the outlying business districts rather than to the central business district—that they were shopping in chain stores, doing business with branch banks, and patronizing neighborhood movies and roadside restaurants.

Decentralization had aroused only mild concern among downtown businessmen and property owners when they first became aware of it in the mid and late 1920s. As a Los Angeles realtor remarked in 1930, decentralization was a relatively new phenomenon, one whose long-term impact was hard to gauge.[17] Moreover, at the same time that downtown business interests were first becoming aware of decentralization, the central business district was undergoing the greatest boom in history. Retail sales were at record levels. So was new construction. Property values were at an all-time high. And downtown's daytime population was larger than ever—at least in absolute terms. Downtown had serious problems. But as its businessmen and property owners saw it, they were the result of too many, not too few, people coming downtown, and too much, not too little, business being done there. What concerned them was less the impact incipient decentralization of business might have one day than the impact full-blown centralization of business was having already. On their minds was less how to compete with outlying business districts than how to funnel hundreds of thousands of people a day into the central business district, how to relieve traffic congestion and provide adequate parking, and how to stabilize property values in a place that was constantly on the move.

All this changed after 1930. Decentralization was now at least a decade old. According to one real estate man, it had gotten started long before anybody had noticed. The boom of the 1920s was over. Gone were the soaring retail sales and rising property values, which had hidden the fact that the outlying business districts had already made sizable inroads on the central business district. As one journalist noted, the outlying business districts were also recovering from the depression at a much faster pace than the central business district. Unless something was done to stop (or at any rate to slow down) the decentralization, there was good reason to believe that before long downtown would be "a mere ghost of its former self," wrote John A. Miller, a transportation consultant.[18] To put it another way, there was good reason to believe that what had once been the business district and was now the central business district might end up one day as just another business district, and not necessarily the most important.

Downtown businessmen and property owners began to voice strong concern about what was called "the spectre of decentralization" in 1936. Among the first to sound the alarm was R. F. Hewitt of Seattle's United Pacific Realty and Investment Corporation. Speaking at the annual convention of the National Association of Building Owners and Managers (BOMA), Hewitt declared that decentralization was a "disease" afflicting the central business district of all American cities. Hewitt and John R. Fugard, a Chicago architect and building manager, warned about decentralization at BOMA's annual convention in 1938. And three years later the association held a session at its annual convention at which several prominent Americans, among them Leo J. Sheridan, president of the Chicago BOMA, and Philip W. Kniskern, president of the National Association of Real Estate Boards, talked about decentralization and the future of the central business district. The session was "without precedent," Sheridan said. It was the first time in history that BOMA had held a business meeting in the evening, a time its members had invariably set aside for socializing. Indicative of the concern about decentralization, the session was extremely well attended, and not only by members of BOMA, but also by many of Chicago's business and civic leaders.[19]

Downtown business interests voiced their concern about decentralization in a number of ways other than by talks at the annual convention of the National Association of Building Owners and Managers. They wrote articles for *Buildings and Building Management, Skyscraper Management, National Real Estate Journal,* and other trade publications. In 1940, for example, the *National Real Estate Journal* published a symposium in which Newton C. Farr, president of the National Association of Real Estate Boards (NAREB), Walter S. Schmidt, chairman of the association's committee on commercial districts, and other NAREB leaders discussed the problem of decentralization and what the association was doing to solve it. Downtown spokesmen also warned about the dangers of decentralization at meetings of professional and civic groups. By virtue of these efforts, decentralization emerged as a major public issue in the late 1930s and early 1940s—and remained an issue of interest during World War II. The National Conference on City Planning discussed the problem; so did the Western Society of Engineers. The American Institute of Appraisers even decided in 1941 to add a series of lectures on "the disintegration and decentralization of urban communities" to its regular summer courses at Columbia University in New York and Southern Methodist University in Dallas.[20]

Decentralization, Hewitt pointed out, was not "a movement of the retail district from one part of the [central] business district to another." Rather it was a process by which the outlying business districts grew "at the expense of the central [business] districts," said A. A. Oles, secretary of the Seattle BOMA. Every dollar spent in the outlying business districts was a dollar lost to the central business district, he wrote. And for every dollar lost, there is "a direct reduction in rental income and a consequent loss in capital value." As Hewitt noted, decentralization was more acute in some cities than in others. And as the editors of *Buildings and Building Management* said in 1940, it was more serious for some businesses than others. Of "all the interests now located in central business districts," they pointed out, "building owners and managers are almost the only ones who cannot escape the effects of decentralization by moving elsewhere." But as Leo J. Sheridan noted, decentralization was a serious problem for the department stores and other retailers. It was also a serious problem for the banks and insurance companies that held mortgages on downtown property and notes from downtown businesses.[21]

A "virulent" disease, in Hewitt's words, decentralization had a host of striking symptoms. Chief among them were the sharp decline in downtown retail sales and property values, which were "shrinking almost beyond recognition" in the Loop, said George Richardson, trustee of the estate of Marshall Field, the Chicago department store (and real estate) magnate. Another symptom was the proliferation of "taxpayers," which were springing up "like mushrooms," observed Graham Aldis, a Chicago real estate man, in 1938. It was shocking, if no longer surprising, that high-priced downtown real estate "cannot be put to more profitable use than storing itinerant cars." Other symptoms included record levels of bankruptcies, foreclosures, and tax delinquencies. Since the depression, Sheridan pointed out in 1938, more than one of every four of the Loop's 2,400 parcels of real estate had been delinquent for a year or more, and nearly one of every ten had been delinquent for at least five years. Still another symptom was what Fugard called the "no-man's land" (or "blighted areas") that "rings the [central] business district and forms a cancer which is slowly but surely gnawing away at the vitals of centralized business."[22] A few observers argued that some of these symptoms were the result of the overbuilding of the 1920s and the depression of the 1930s. But as the years went by, this argument was less and less compelling.

How did downtown businessmen and property owners explain decentralization? To a small degree, they blamed themselves. Downtown was losing its competitive edge partly because some property owners were neglecting their holdings. The result, wrote Kniskern, was that much of downtown was "dingy, noisy, dirty, and unattractive," not the sort of place likely to appeal to shoppers or others with money to spend. Other property owners were demanding unreasonable rents, forcing some businessmen to move to the outlying business districts. Still others were asking exorbitant prices—in the hope, wrote Aldis, that someday someone would decide to build a skyscraper on the site—and thereby preventing other businessmen from developing the property. As a group, wrote *Buildings and Building Management,* downtown businessmen and property owners were inclined to persist in "the wishful thinking that an improvement in general business conditions will solve all of their problems." To make matters worse, many of them were so preoccupied by the problems of a particular building or particular street that they were hesitant to join forces to defend the central business district as a whole against what Hewitt called "a common enemy."[23]

Downtown business interests also attributed decentralization in part to the misguided policies of local officials. As the history of Wilshire Boulevard revealed, these officials tended to bow to pressure to zone undeveloped land for commercial use. As a result, most cities had far more potential commercial space than they would ever need. Rather than exclude business from the outlying residential districts and thereby strengthen the position of the central business district, zoning spurred the development of the outlying business districts. According to downtown business interests, local officials also took other measures that gave the outlying business districts a competitive edge.

They imposed more stringent fire, sanitary, and building regulations in the central business district, a step that drove up the costs of doing business downtown. Even worse, they assessed central business property at a much higher rate, a practice that drove costs up even more. As a result, wrote Oles in 1935, a downtown Seattle lot that rented for five dollars per square foot a month was paying ten times as much in property taxes as a suburban Seattle lot that produced the same income. Local officials, downtown business interests complained, were assessing property not on a basis of its "revenue producing power," but on the basis of "a theoretical ad valorem figure"—a figure that was based on its potential, though highly unlikely, use as the site for a tall office building.[24]

Above all downtown businessmen and property owners attributed decentralization to two other phenomena, both of which had their origins in the late nineteenth century. One was traffic congestion. Americans had long assumed that traffic congestion was one of the principal threats to downtown's accessibility. A grave problem in the late nineteenth century, it grew even worse in the early twentieth, especially after World War I. Thus it is not surprising that when decentralization gained momentum in the mid and late 1920s Miller McClintock, Harland Bartholomew, and other experts blamed it on traffic congestion. Their view was supported by a study of traffic congestion and retail trade done by the U.S. Bureau of Foreign and Domestic Commerce in 1926. Downtown business interests promptly embraced this position, which was firmly established as the conventional wisdom by the late 1930s.[25] At its heart was the belief that most Americans still wanted to work, shop, do business, and amuse themselves in the central business district, but that they were finding it too hard to get there.

The other phenomenon to which downtown businessmen and property owners attributed decentralization was residential dispersal. Americans had long assumed that people would move from the center of the city to the periphery and from the city to the suburbs. And they had done so at a pace unmatched anywhere else in the world. Americans had also long assumed that the dispersal of population would be beneficial for the downtown business interests. By the late 1930s and early 1940s, however, it was clear that this internal movement was not only heavier than expected; it was also highly "selective," as sociologist R. D. McKenzie put it. The middle and upper middle classes were leaving the center. But the lower class, made up in large part of ethnic and racial minorities, was staying behind. As one member of BOMA said in 1937, the metropolis was caught in "a vicious circle," "growing out on the edge and dying in the middle." The results were disastrous. The central business district was losing many of its best customers, keeping many of its worst, and ending up surrounded by blighted areas, which were viewed as a cause as well as a symptom of decentralization. The belief in residential dispersal was so deeply ingrained that most downtown businessmen and property owners were reluctant to speak out against it. But as the central business district lost more and more trade to the outlying business districts, they were forced to acknowledge that residential dispersal might well be incompatible with business concentration. John A. Miller spoke for many when he wrote in 1941: "The basic question [a question that no one would have asked a generation ago] is whether we can retain the city as a central market place, and at the same time decentralize residences to the extent that everyone lives out in the suburbs or country."[26]

A few downtown businessmen and property owners held that the concern about decentralization was unwarranted (or at least exaggerated). One of them was Joseph Laronge, a Cleveland real estate man. Writing in *Buildings and Building Management* in 1938, he took the position that decentralization was a "natural" development, the product of the growth of the urban population and the emergence of outlying residential sections. "As long as I can remember," he said, Americans have always shopped at outlying business districts, patronizing neighborhood grocers, bakers, butchers, tailors, and druggists. These outlying business districts are growing, but they "only serve the residents who surround them." They "do not draw to any appreciable extent from downtown stores," even those with branches elsewhere. Contrary to the cries of the "alarmist[s]," downtown still had much going for it, Laronge argued. A "truly American institution," it had the huge department stores, where most people preferred to shop for everything but food and convenience items. It also had an enormous built-in market in the thousands of people who worked in its office buildings, passed through its railroad and bus terminals, and attended the conventions, expositions, and cultural and sports events that took place nearby. Other than to curtail its growth, decentralization would not have much of an impact on the central business district, he concluded.[27]

Among the other skeptics were Alan F. Schnell, secretary of BOMA of Buffalo, and George J. Eberle, a Los Angeles economist. According to Schnell, decentralization was "a threat more than an actuality." The outlying business districts had thus far had little impact on the downtown retail district, even less on the downtown office and financial districts. Downtown had its problems, Schnell admitted, especially high vacancy rates, low rental income, and obsolete office buildings. But these problems were not due to decentralization. According to Eberle, the concern was overstated even in Los Angeles, the nation's most highly decentralized metropolis. The outlying business districts posed a threat to the central business district, he remarked in 1941. But "there appears to be nothing [now going on] which would lead one to believe that the downtown area in the future will not uphold its dominant position." Downtown will change. Some activities will be "thrown out," others "drawn in or retained." But decentralization notwithstanding, it will remain the "governmental, social, and business center [of the metropolis], a heart, a core, a hub from which all or most major functions are directed."[28]

But most downtown businessmen and property owners were not so optimistic. Decentralization had already done serious damage, and in time it might destroy the central business district. To prevent this, the central business district had to be made cleaner, brighter, quieter, and more attractive, "so attractive," wrote Schnell, "that the woman who wanted to shop, unless she just wanted to buy a spool of thread, would come downtown for the fun of coming down and looking around." Even more important, the central business district had to be relieved of its heavy tax burden, which put it at a serious competitive disadvantage. Commercial property should be assessed on the same basis in the central and outlying business districts. Most important of all, the central business district should be made more accessible—which meant that a solution had to be found to the problem of traffic congestion. "If we are to encourage people to come downtown to shop," Richardson declared, "we must make it easy for them to do so." Lastly, the blighted areas surrounding the central business district should be eradicated and replaced by middle- and upper-middle-class neighborhoods, a step that would create a vast new market for downtown goods and services. As Miles Colean, an expert on housing, put it, residential dispersal, one of the oldest and strongest movements in American history, would have to be reversed to some extent.[29]

The downtown business interests were aware that these steps would not eliminate the outlying business districts. They were too well established. They had powerful economic and political backers. And they provided a valuable service to outlying residents, many of whom had no desire to go downtown each time they wanted to buy a shirt, see a movie, or deposit a check. Carlton Schultz, a Cleveland real estate man, spoke for many when he responded to an editorial in *Buildings and Building Management* urging downtown property owners to take the problem of decentralization more seriously. "I do not believe that the larger cities can successfully stop decentralization any more than you can keep a child from growing up," he wrote. But the downtown businessmen and property owners were confident that these steps could create a balance between the outlying business districts and the central business district—that they could save, in Schultz's words, "what we have left of the central business district." These steps, their backers believed, could boost retail sales, stabilize property values, protect the billions invested in real estate, and safeguard the mortgages and other loans for which this property served as collateral. There might not be a "cure" for decentralization, Schultz wrote, but there were "remedies," which would "alleviate the pain."[30]

To preserve downtown as, in Eberle's words, the heart, the core, and the hub of the metropolis, Schultz and his associates believed that the central business districts would have to be at least as well organized as the outlying business districts. To put it another way, the downtown business interests would have to form organizations devoted exclusively to the well-being of the central business districts, organizations of the sort that had already been formed in San Francisco and Los Angeles. The logic of this position was nicely spelled out by the *Downtown Merchantman,* a publication of the Downtown Association of Milwaukee. Downtown Milwaukee needed an organization of its own, it declared, because it could not rely on others. Not the Milwaukee Association of Commerce, an organization made up of business interests from all over Milwaukee that "can be expected only to sponsor such projects and proposals as will affect the entire city." Not the Milwaukee Real Estate Board, another citywide organization that "cannot throw its influence behind proposed legislation looking toward the advancement of a single area." Not the Milwaukee newspapers, which were unlikely to "take up the cudgel for downtown interests as against the interests of neighborhood business districts." And not the outlying businessmen's associations, who sought "the advancement of [the] neighborhood [business] districts."[31]

Driven by their concern about decentralization, downtown businessmen and property owners formed organizations of their own in one city after another in the 1930s. One of the best known was the Downtown Property Owners Association of Oakland, which served as a model for a number of other cities. The association was set up in 1931 in an effort to stop the movement of retail trade to uptown Oakland, a rival business district about half a mile north. Downtown Milwaukee's business interests formed the Downtown Association in 1935. And three years later Chicago's BOMA, whose members were troubled by the decline of retail sales and property values in the Loop, launched a campaign to create a separate organization for downtown Chicago, the absence of which had long been bemoaned by Loop businessmen and property owners. Within less than a year the Downtown Council of

Chicago was established, with George Richardson as chairman and roughly two hundred prominent businessmen and property owners as members. By the late 1930s the Detroit Business Property Owners' Association was at work too.[32] So were several older organizations, among the most noteworthy of which were the Down Town Association of San Francisco, the Central Business District Association of Los Angeles, and the Main Street Association of Buffalo, whose membership represented business interests in downtown Buffalo.

Downtown business interests followed suit in other cities in the early and mid 1940s. In Baltimore they formed the Downtown Committee in 1941. Organized to combat the decentralization of retail trade, the committee "will work for the downtown business section," said one of its members, "in precisely the same way that neighborhood improvement associations do [for] residential areas." Later that year a group of downtown Atlanta businessmen and property owners led by Robert Maddux, a banker, property owner, and former mayor, set up the Atlanta Central Improvement Association. Its goal, wrote *Skyscraper Management,* was "to swing back the trend of decentralization and build up the heart of Atlanta's business district." Downtown business interests took somewhat different approaches in St. Paul and Pittsburgh. In St. Paul they prevailed on the Minnesota legislature to authorize big cities to establish central business district authorities, quasi-governmental bodies empowered to condemn property, issue bonds, and take other measures to revitalize downtown. In Pittsburgh, Richard King Mellon and other leaders of the city's corporate elite created the Allegheny Conference on Community Development, a broad-based civic group whose principal objective was the redevelopment of the "Golden Triangle."[33] So successful were these organizing efforts that by the end of World War II most big cities had an association of one sort or another devoted exclusively to promoting the interests of the central business district.

The proliferation of these organizations reflected more than just the concern about decentralization and anxiety about the future of downtown. It also reflected a widespread loss of faith in the notion of spatial harmony. As downtown businessmen and property owners now saw it, the central business district was locked in a fierce struggle with the outlying business districts. Commenting on a proposal to remove buses from Wisconsin Avenue, one of downtown Milwaukee's most important streets, the *Downtown Merchantman* declared in 1943: "Strong forces are at work within the city to emasculate . . . the downtown business section." "Sectionalism" was getting worse and worse, turning the city into "a series of villages each fighting the other at every turn."[34] This proliferation also reflected the new belief that in order to curb decentralization the downtown interests had to work together. Businessmen had to join forces with property owners, retail merchants with building managers. The various parts of the central business district had to work together too. No longer could downtown Chicago leave its fate in the hands of the State Street Council, Michigan Avenue Association, and other groups that represented only parts of the Loop. Decentralization posed a threat to the downtown business interests as a group. And it was up to them to respond to it as a group.

How they responded varied from one city to another, even from one decade to the next. But in general the efforts to slow decentralization and shore up the central business district fell into two categories. In the first were promotional activities designed to entice people to go downtown. To give a few examples, the Downtown Association of Milwaukee sponsored a "Downtown Day" on June 17, 1944. By way of a vigorous advertising campaign, the association urged residents to spend the day downtown. "Shop where you can supply all your needs!" said the ads. "Visit banks and attend to other downtown business. Highlight the day by dining in downtown restaurants. . . . Plan, too, to attend a downtown movie or stage show." One year later the association launched "the most extensive promotional campaign of its history," a year-long effort in which it spread the slogan "Downtown Milwaukee Has Everything" on billboards and streetcars and in newspapers and on radio. "Through repetition of the slogan and of the idea," the *Downtown Merchantman* wrote, "[many] thousands of potential customers and clients will become downtown-conscious." Oakland's Downtown Property Owners Association also sponsored a Downtown Day, and Baltimore's Downtown Council a Downtown Week, which was highlighted by parades, fashion shows, and tours of historic sites. Closely related to these promotional activities were efforts to prevail on downtown business interests to give their buildings facelifts, install display windows, suspend flower baskets from light poles, and otherwise modernize and beautify the central business district.[35]

In the second category were what might be called political activities. These required action by municipal (and, in some cases, state and federal) authorities. They affected not only the central business district but also other parts of the metropolis; they tended to be very expensive or highly controversial or both; and they often aroused a good deal of opposition. Included in this category were efforts to help downtown property owners appeal to local boards to reassess the value of their land and buildings and thereby reduce their property taxes. Although Buffalo's Main Street Association, Oakland's Downtown

Property Owners Association, and a few other organizations had some success, these efforts had little impact on decentralization.[36] Also included in this category were efforts to persuade the authorities to build rapid transit, improve local highways, provide parking facilities, and thus increase downtown's accessibility. Included, too, were efforts to convince the authorities to eradicate the blighted areas surrounding the central business district, replace them with middle- and upper-middle-class neighborhoods, and thereby create a vast new market for downtown goods and services.

By the late 1930s the downtown business interests had also come to believe that decentralization was a national problem and that some sort of national organization was needed to deal with it. Their chief spokesman was Walter S. Schmidt, a Cincinnati real estate man who had large holdings in both the center and the periphery and was a past president of the National Association of Real Estate Boards, which represented all types of brokers, residential, commercial, and industrial. At the behest of Schmidt and his backers, NAREB set up a committee on commercial districts in 1938 and named him chairman. In a report issued a year later, the committee warned that decentralization had already done serious damage to the central business districts and, if left unchecked, would eventually do serious damage to the outlying business districts. It urged the downtown business interests to join forces to combat decentralization—to figure out its causes, to find short-term remedies, and, in conjunction with local officials and planning agencies, to develop long-range solutions. The committee also called on NAREB to create a central agency, "independent and free of control by any body politic," to gather information about decentralization and serve as a clearinghouse for it. This task should be entrusted to the National Real Estate Foundation, which NAREB had established in 1936, and, in particular, to its newly formed "research arm," the Urban Land Institute (ULI).[37]

With NAREB's blessings, the ULI took on the task of helping cities reduce the impact of decentralization. Schmidt was president of the institute and one of its twenty trustees. George Richardson was also a trustee. So was Philip W. Kniskern, president of the First Mortgage Corporation of Philadelphia, and George McAneny, chairman of the board of Title Guarantee and Trust Company of New York (the same McAneny who as borough president of Manhattan had been instrumental in the passage of the city's 1916 zoning ordinance). Other trustees included R. R. Deupree, president of Procter and Gamble, which was located in Cincinnati (Schmidt's hometown), and Harry Chandler, publisher of the *Los Angeles Times* and one of the largest landowners in southern California. With the exception of Walter B. McCornack, dean of the MIT

School of Architecture, all the trustees were prominent merchants, bankers, insurance executives, or property owners who had a large stake in the well-being of the central business district. As consultants to ULI, the trustees retained Harland Bartholomew, the city planner from St. Louis and past president of the American City Planning Institute, Miller McClintock, the traffic consultant and head of Yale University's Bureau for Street Traffic Control, and, among others, E. P. Griffenhagen of Chicago, an expert on municipal government and public finance.[38]

The ULI got off to a fast start. In April 1940 it published a report titled *Decentralization: What Is It Doing to Our Cities?* Based on a survey of more than five hundred real estate appraisers and brokers from over two hundred cities, the report spelled out the many "adverse results of decentralization," especially, though not exclusively, in the central business district. It also compiled a long but "far from complete" list of the causes of decentralization, which ranged from traffic congestion in the center to premature subdivision on the periphery and poor planning and zoning just about everywhere. "We cannot afford to let our cities destroy themselves through uncontrolled decentralization," said the report. At stake were not just the huge investments downtown and the fiscal solvency of the cities, but also "much of what we now prize as civilization." Later that year ULI published an essay by Harland Bartholomew titled *The Present and Ultimate Effect of Decentralization Upon American Cities.* What he described as "an almost subconscious desire to escape the city" was leaving in its wake large blighted areas, which threatened the economic well-being not only of the central business district but of the entire central city. To curb decentralization, Bartholomew recommended that local, state, and even federal authorities take steps to slow down residential dispersal on the periphery, rehabilitate blighted areas in the center, and help begin the process of rebuilding America's cities.[39]

With grants from NAREB and Marshall Field III, the grandson of the late Chicago magnate, ULI sponsored a series of studies of the central business district in thirteen large American cities. Some of the studies, which dealt with Boston, Cincinnati, Detroit, Louisville, Milwaukee, New York, and Philadelphia, were published between January 1941 and August 1942. Nothing came of the others, which dealt with Chicago, Cleveland, Des Moines, Los Angeles, Richmond, and St. Louis and may have been minor casualties of World War II. With the exception of the New York study, a long and scholarly monograph by Robert H. Armstrong and Homer Hoyt, the studies were much the same. Each was done by a local appraiser or other businessmen who had a "wide knowledge [of] and experience in downtown real estate" and who shared ULI's views about decentralization. Following guidelines laid down by ULI and working under the supervision of a committee of trustees consisting of Schmidt, Richardson, and E. L. Ostendorf of Cleveland, the authors collected statistics and interviewed local businessmen and property owners. The authors then spelled out the causes of decentralization and recommended ways to deal with it—all in fewer than a hundred pages.[40]

A reflection of the conventional wisdom of the downtown business interests, these studies provided no new or striking insights. Nor were they expected to. As ULI's historian pointed out, the institute did not want "research-for-research-sake." It wanted research that would call attention to the perils of decentralization and the plight of the central business district, research that would lead to action, research that would prompt the cities "to do something about the problems they already knew they had." By these criteria, the studies were successful. Accompanied by press releases and sometimes highlighted at public conferences, they provoked a good deal of discussion about decentralization. (William H. Ballard's report on Boston generated a furor because of his recommendation that the state put the city into receivership for ten years in order to allow a reorganization of its finances, a recommendation that was denounced by the Boston Real Estate Board and the *Boston Herald.*)[41] Through these studies (and through the many articles about them in newspapers and journals), ULI heightened the awareness of decentralization, raised the level of concern about the central business district, and turned what had been thought of as a local problem into a national one.

Of the many causes and consequences of decentralization, none worried ULI more than the blighted areas that surrounded the central business district. What to do about them was the principal issue at a three-day conference of businessmen, public officials, planners, and civic leaders sponsored by the institute and held at MIT in October 1941. It was also the subject of two pamphlets published by ULI in 1942, a ULI board meeting in January that year, and a legislative program put forward by the institute in June. The ULI and other proposals for what became known as urban redevelopment were the focus of another conference held at the Cranbrook Academy of Art in Bloomfield Hills, Michigan, in September 1942. From that point on ULI played a very active role in the struggle for urban redevelopment (or, as it was later called, urban renewal). As soon as the war ended the institute also established a Central Business District Council, an organization chaired by A. J. Stewart, who had done the ULI study of downtown Louisville. Its mission was to help cities combat decentralization in the postwar period. At a series of clinics and panel sessions held in Louisville, San Francisco, and other cities, the

Central Business District Council offered advice to downtown businessmen and property owners about traffic, parking, and other problems, the solutions to which were regarded as crucial to the long-term survival of downtown.[42]

In their efforts to slow decentralization and shore up the central business district, the downtown business interests could ordinarily count on the support of two other groups. Local officials were one. Perhaps the best known was David L. Lawrence, mayor of Pittsburgh and head of the local Democratic machine, whose "working relationships" with Richard King Mellon, leader of the city's business community, were vital to the effectiveness of the Allegheny Conference on Community Development. Many local officials, especially big-city mayors, supported the efforts of the downtown business interests for several reasons. For one, they wanted to stay on good terms with a group whose help might well be crucial in electoral campaigns in the city and legislative battles in the state. For another, they still viewed downtown as the "mainspring" of the city's economy—to quote a division of the Western Society of Engineers—and an invaluable asset in its rivalry with other cities.[43] Above all, local officials supported the efforts of the downtown business interests because a thriving central business district was essential to the fiscal well-being of America's cities.

To understand why, it is necessary to bear in mind that down through World War II cities derived the bulk of their revenue from property taxes, of which the central business districts paid a share out of all proportion to their size. They paid a very large share because their assessed values, on which their property taxes were based, were very high—20 percent of the city's assessed value in Chicago, 27 percent in Milwaukee, and nearly 30 percent in Seattle in the late 1920s, by which time the incipient decentralization of commerce was well under way. Their assessed values were high partly because their property was the most valuable in the city and partly because, in the view of two experts from Milwaukee, it was "greatly over assessed." The ratio of assessed value to actual value was much higher in the central business district than in other parts of the city, sometimes twice or even three times as high. This disparity was especially striking on the edge of downtown. As William H. Ballard explained, property there was normally assessed not on the basis of its actual value—the capitalized value of its current earnings—but on the basis of its speculative value—the value if someone wanted to develop it as a site for an office building, department store, or luxury hotel. This property was so assessed (and thus so "excessively and unequally taxed"), observed Cuthbert E. Reeves, a Los Angeles real estate economist, even if there was "not a chance in the world to finance or find tenants for such [a] development."[44]

Downtown was hit so hard in the 1930s and 1940s, first by the Great Depression and then by decentralization, that some property owners demolished their buildings and either replaced them with "taxpayers" or left the site vacant. Others persuaded the local officials to lower the assessed value, no easy task. Still others refused to pay their taxes, a practice that drove the number and value of delinquent properties up to record levels. Despite these maneuvers, the central business district still paid a large share of the property taxes in most cities in the 1930s and 1940s, if not as large a share as it had in the 1920s. According to several studies, moreover, downtown produced much more in property taxes than it consumed in public services—two and a half times as much in St. Louis and even more in Boston, where the central business district generated enough revenue not only to meet its own expenses, but also to make up most of the deficit attributed to the blighted areas. Small wonder that Graham Aldis of Chicago, where about one-third of 1 percent of the city paid over 17 percent of its taxes, called the central business district "a milch-cow for the tax collector." And that Albert D. Hutzler, owner of Hutzler Brothers, Baltimore's largest department store, referred to downtown's tax base as "the lifeblood of the city."[45]

A thriving downtown, one with high (and steadily rising) property values that generated more than its fair share of municipal revenue, was vital to more than the city's ability to meet its day-to-day expenses. It was vital to its ability to undertake long-term capital projects as well. As a rule the cities financed these projects by issuing general obligation bonds, which were backed by their "full faith and credit" and formed part of their bonded debt. The cities, however, were subject to debt limits, most of which had been incorporated into state constitutions in the second half of the nineteenth century. In general, a city's debt limit was pegged to its assessed value. Hence a sharp decline in the assessed value of the central business district could impair a city's capacity to issue new bonds, especially if it was at or near its debt limit. As a result of an enormous increase in bonded debt in the 1920s and a substantial decrease in assessed values in the 1930s, many cities were in that unenviable position. According to a 1941 study, New York was able to stay under its debt limit only by assessing Manhattan real estate on the basis of "fictitious" (that is, highly inflated) values. If the city had assessed property on the basis of earnings, a policy that had recently been adopted in Seattle, its bonded debt would have exceeded its debt limit, and New York would have been "legally bankrupt."[46]

From the perspective of local officials, the wave of decentralization that swept over urban America in the 1930s and 1940s could not have come at a worse time. During the 1920s, a decade of prodigious growth, most cities had not only launched a wide range of very expensive public works, of which New York's new subway system was the most expensive, but also greatly increased the size of their workforce. Municipal debt skyrocketed, and municipal expenditures soared. All this was predicated on what one scholar has called "an ever rising curve of taxable property," a curve based largely on the rising property values and amazing building boom in the central business districts. After the depression struck, assessed values fell, tax delinquencies rose, and, as a result, revenue from property taxes declined. So did other sources of revenue. Most cities tried hard to cut costs (or, as it was then called, "to retrench"). But under enormous pressure to provide emergency assistance to unemployed workers and their families and temporary relief to hard-strapped taxpayers, many cities were hard pressed to pay the interest on their debt. Detroit and a few small cities defaulted. New York City barely avoided bankruptcy. Even after the nation began to recover from the depression, many cities remained stuck in a fiscal bind that some thought would in time lead to widespread "municipal bankruptcy."[47]

Local officials could deal with this crisis in a number of ways, none of which looked too promising. They could try to raise the property tax. But this might provoke a taxpayers' revolt of the sort that had recently prompted several states to pass laws and adopt constitutional amendments that imposed limits on tax rates in the cities. They could also seek additional sources of revenue, notably income taxes and sales taxes. But such taxes normally required permission from the state legislature. And in the unlikely event that the legislature gave its permission, these taxes might drive businesses and residents to the suburbs. Local officials could attempt to cut costs too, mainly by trimming the municipal workforces and cutting wages and benefits—a move that would arouse strong opposition from well-organized public employees. They could also appeal to the state for aid and ask the suburbs to help pay for local airports, convention centers, and other municipal facilities that served the metropolitan area. But thus far neither the states nor the suburbs had shown much sympathy for the cities' fiscal problems.[48] Another strategy was for local officials to work with downtown businessmen and property owners to raise values in the central business district. It was by no means clear that this strategy would work. But it was much less controversial than the others, all of which were adopted to one degree or another. And as far as most local officials were concerned, it was worth trying.

City planners were the other group on whose support the downtown business interests could ordinarily count. This was an unexpected turn of events. Through the 1920s, at which time most city planners were architects, engineers, lawyers, and others with little or no formal education in planning, most had strongly backed decentralization. They had favored the growth of outlying residential sections as a way to reduce congestion in the inner city and solve the many problems attributed to it. They had also favored the growth of outlying business districts as a way to reduce concentration and thus relieve traffic congestion and diffuse property values. And they had favored the growth of a more specialized central business district, one that would be occupied exclusively by department stores and other enterprises that could not do business successfully elsewhere. Most planners had even come to believe, as a small group of their leaders put it in 1927, that "in the public interest, every city must consider a policy for deliberate decentralization." This enthusiasm for decentralization was inspired largely by a vision of a metropolis of garden suburbs, if not garden cities, a metropolis of socially and racially homogeneous communities a short drive from an outlying business district yet still accessible to the central business district.[49]

A few city planners had voiced doubts about decentralization in the 1920s, but it was not until after 1930 that a large and growing number began to have second thoughts. In the forefront was Harland Bartholomew. A native of New England who had studied civil engineering at Rutgers, Bartholomew made his reputation as a planner in St. Louis, where he joined the staff of the City Plan Commission in the mid 1910s and formed his own consulting firm, Harland Bartholomew and Associates, several years later. As well as running the firm, working for St. Louis, and developing plans for scores of other cities, he served as president of the two leading professional organizations—the American City Planning Institute and the National Conference on City Planning (NCCP). A strong advocate of residential and commercial decentralization in the 1920s, Bartholomew changed his position soon after the depression. Delivering the presidential address at the annual meeting of the NCCP in 1931, he advised his fellow planners "not to be deluded by the false prophets of decentralization," whose "presumed advantages," he argued, were "largely mythical." During the next two decades Bartholomew attacked decentralization in articles for professional journals, plans for American cities, and talks to planners, merchants, and mortgage bankers. He also served as a consultant to ULI, under whose auspices he wrote a pamphlet in 1941 warning that decentralization "has now reached the point where the main central city, at least, is in great jeopardy."[50]

Among the many other planners who had second thoughts about decentralization were C. A. Dykstra and Gordon Whitnall. An executive at the Los Angeles Department of Water and Power (and professor of municipal administration at UCLA), Dykstra had been a strong supporter of decentralization in the mid 1920s—and a strong opponent of rapid transit for Los Angeles. But by the mid 1930s, by which time he had been named city manager of Cincinnati (and was widely regarded as one of the nation's foremost experts on urban America), Dykstra concluded that decentralization would not solve the nation's urban problems and might even exacerbate them. Whitnall, director of the Los Angeles City Planning Department from 1920 to 1930, when he went into the consulting business, had been the principal spokesman for decentralization in Los Angeles, a powerful advocate of the view that L.A. could avoid the mistakes of New York and other large eastern cities by building horizontally rather than vertically. But by the early 1940s, at which time he was working as a consultant to ULI as well as lecturing on "the disintegration and decentralization of urban communities" for the American Institute of Real Estate Appraisers, Whitnall acknowledged that decentralization was a mixed blessing.[51]

Bartholomew and other planners objected to decentralization on several grounds. Americans were moving from the center to the periphery in record numbers, a move that planners had long hoped for. But few were moving to well-located, well-planned, well-designed, and well-managed communities. These were so rare that Bartholomew called them "small islands in the vast area of urbanization." Most were moving to fringe areas that had little or no subdivision regulation and few if any building codes. They were the blighted areas of the future. Many of these areas also lacked schools, parks, police, and other essential services, the costs of which would in no way be offset by additional property taxes. As Americans moved from the center to the periphery, the planners also pointed out, they left in their wake large vacant areas, as much as 35–40 percent of what had once been the outlying sections of the city (and even more of the close-in suburban areas). Worse still, they left behind the blighted areas surrounding the central business district, old, run-down residential neighborhoods that consumed much more in public services than they produced in property taxes. It was the growth of these blighted areas that drove Dykstra to say in 1934, "We have come to the time when old values are being destroyed faster than new ones are being created.[52]

Decentralization was also doing more damage to the central business district than anticipated, Bartholomew and other planners pointed out. Indeed, down through the 1920s most planners had not worried much about downtown. They had assumed that even if it lost some trade to the outlying business districts it would continue to grow—that its properties would be converted to higher and better uses and that its businesses would absorb the adjacent working-class housing. "Under this beneficent process," wrote Homer Hoyt, "there was a constant expectation that a succession of higher land uses moving from the center in the form of concentric circles would take up any slack and prevent any decay in the urban structure."[53] But as decentralization gathered momentum, the slack was not taken up. Nor was the decay prevented. To the dismay of many planners, it seemed that the central business district was rapidly becoming "just another" business district, as a Los Angeles traffic engineer put it in the early 1940s. America's cities, these planners believed, needed the central business district for many reasons, not least of which was that it was a tremendous source of revenue. Now that the municipal tax structure was reaching "the breaking point," Bartholomew wrote in the early 1940s, the cities needed the central business district more than ever.

A "decentralized city" is "a beautiful ideal," Bartholomew said at the annual meeting of the American Institute of Planners in 1939. But like most ideals, it is "largely if not wholly impractical and unsound." No one had yet figured out how everybody can live "on the edge of the city" or how the city can survive without the central business district. Nor had anyone yet figured out the economic consequences of abandoning the central city and writing off the huge investments there in real estate, buildings, businesses, and infrastructure. If cities continued to decentralize, where would it end, planners wondered. As Whitnall wrote in 1941, some of the problems that had plagued the central business district for decades, including traffic congestion and inadequate parking, were already beginning to plague many of the older outlying business districts, too. In parts of Los Angeles, Henry Babcock, a local engineer, observed in 1937, "each of the *outlying* [business] centers, whether large or small, also had its little ring of blight or potential blight"—an ominous development.[54] Something had to be done to prevent the progressive disintegration of the American metropolis, Bartholomew and his colleagues believed. It was their job to help figure out what to do and how to do it.

At a quick glance, the downtown business interests, local officials, and city planners were a formidable coalition, a strong combination of money, power, and technical expertise that boded well for the efforts to curb decentralization and prop up the central business district. But on a close look, this coalition was much less formidable. There were sharp divisions among the three groups. The downtown businessmen and property owners had one overriding concern—namely, the well-being of the central business district, to which their fortunes were very closely linked. They favored rehabilitation of the blighted areas not so much in the hope that it would improve day-to-day life for their residents as in the hope that it would create an affluent market for downtown goods and services. For local officials, and particularly for big-city mayors, the central business district was only one of many problems—and not necessarily the most pressing—and the downtown business interests only one of many constituencies. Most voters lived in the outlying sections and were extremely sensitive to any sign that the authorities were favoring downtown at the expense of the neighborhoods. For city planners, decentralization was a citywide (or even a metropolitan-wide) problem. In the pamphlet that he wrote for ULI, for example, Bartholomew voiced concern about the impact of decentralization on the nearby suburbs as well as on the central business district. What most concerned him was its impact on the blighted areas in between.[55]

There were also sharp divisions within these groups. The downtown business interests were divided between businessmen, many of whom had the option of moving to the outlying business districts, and property owners, most of whom did not. The businessmen were also divided between department store owners, who catered to a mass market that depended heavily on streetcars, els, and subways, and small, often highly specialized merchants who catered to the carriage trade, which relied largely on private automobiles. As the struggles over height limits revealed, there were sharp divisions among downtown property owners as well. The local officials were divided too. Mayors tended to be highly responsive to the downtown businessmen and property owners, whose taxes provided a major source of the city's revenue (and whose contributions may well have provided a lion's share of their campaign funds). City councillors tended to be more responsive to the residents and businessmen in the outlying sections. Also divided were the city planners, some of whom held that nothing could or should be done to stop decentralization. Among them was Harry D. Freeman of Portland, Oregon, who insisted that "the decentralization of central business districts was inevitable" and that, as far as real estate values and property taxes were concerned, any losses in the center would be offset by gains in the periphery.[56]

Another obstacle facing the downtown business interests and their allies was the strong opposition of other groups. Much of it came from outlying business interests, which felt they were locked in fierce competition with downtown business interests—and believed, as Herbert Klee, president of one of Chicago's outlying businessmen's associations, put it, that "too much time, effort and money are being spent to serve the downtown district." Opposition also came from homeowners, who were generally unwilling to support measures to help the central business district that were likely to raise property taxes. It came from realtors too. From their standpoint, wrote Charles L. Kendrick of Detroit, "it really makes little difference whether all of the business of the city is concentrated in the downtown district or whether it is spread about over 50 or more outlying business centers in addition to the downtown section."[57] As the battles over the efforts to build rapid transit in Chicago revealed, the outlying businessmen and property owners were already a force to be reckoned with in the 1910s and 1920s. As decentralization gathered momentum in the 1930s and 1940s, as more residents and businesses moved from the center to the periphery, these interests grew even more powerful.

Opposition also came from groups with no financial stake in the matter. A good many upper-middle-class intellectuals and professionals held that decentralization had rendered the central business district obsolete. Downtown had outlived its usefulness. So had the big cities of which it was a vital part—the "crowded cities," wrote geographer Ellsworth Huntington, "with [their] towering skyscrapers, mammoth apartment houses, deep tunnels, roaring elevated railways, dusty, smoky air, and hurrying pushing crowds." "There is no valid reason for the concentration of a large portion of the economic functions now focused at the center of urban areas," economist Ernest M. Fisher argued. "They can be as easily and as profitably performed if spread over a wide area as if concentrated at or near the center of the community." E. E. East, chief engineer of the Automobile Club of Southern California, agreed. Taking issue with critics of decentralization, he insisted that it was no longer true that "every city must have one large central business district" or that "a business center must be closely built up to attract business." The transition from a centralized city to a decentralized city would reduce property values in the central business district, conceded Carol Aronovici, a planner and writer. But "the heavier the losses in urban values, the greater the awakening to its [the centralized city's] inefficiency, the sooner will we shift to a form of urban reconstruction that will meet human needs. Let the cities perish so that we may have great and beautiful cities."[58]

Thus even with the support of many local officials and city planners—and even with the backing of organizations like NAREB and ULI—downtown business interests were fighting an uphill battle. Although decentralization was a relatively new development, the forces driving it—the decline of mass transit, the proliferation of private automobiles, and, among others, the standardization of retail trade—were extremely powerful. And to the extent that decentralization was a product of residential dispersal, whose roots were planted in the nineteenth century and well nourished by local, state, and federal policies in the twentieth, it probably could not be slowed down, much less reversed. The timing made a very hard task even harder. During the 1930s the Great Depression brought private construction to a standstill and left many cities in no position to help the downtown business interests. And during the first half of the 1940s World War II precluded most domestic initiatives and spurred a nationwide decentralization of industry and people.

A final point. From the start the downtown business interests took it as given that private enterprise, to which they were strongly committed, could not by itself curb decentralization. And with hindsight, there is no reason to think otherwise. Decentralization was largely, though not exclusively, the result of market forces. It was these forces that drove many retailers and theater owners to move to outlying business districts and prompted many banks and department stores to open branches there. If left unchecked, these forces would no doubt have led to even greater decentralization. Much as it may well have pained the downtown business interests to acknowledge it, the revitalization of the central business district required action by local, state, and even federal authorities. Whether they could prevail on the authorities to act—especially whether they could prevail on them to take the necessary measures to relieve traffic congestion and rehabilitate blighted areas—remained to be seen. It also remained to be seen whether these measures would make much of a difference—whether, in other words, the downtown business interests and their allies knew what they were doing. Lastly, it remained to be seen whether these measures would have unintended consequences, the results of which might be to hasten decentralization and undermine the central business district.