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NO VACANCY: EXPLAINING THE UNDULATION OF OFFICE BUILDING CONSTRUCTION PROJECTS IN CHICAGO'S CENTRAL BUSINESS DISTRICT DURING THE 1970s

A Thesis

Presented in

Partial Fulfillment of the

Requirements for the Degree of

Master of Arts

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 $\mathbf{B}\mathbf{Y}$

Michael R. Rast

Master of Arts in Liberal Studies

College of Liberal Arts and Sciences

DePaul University

Chicago, Illinois

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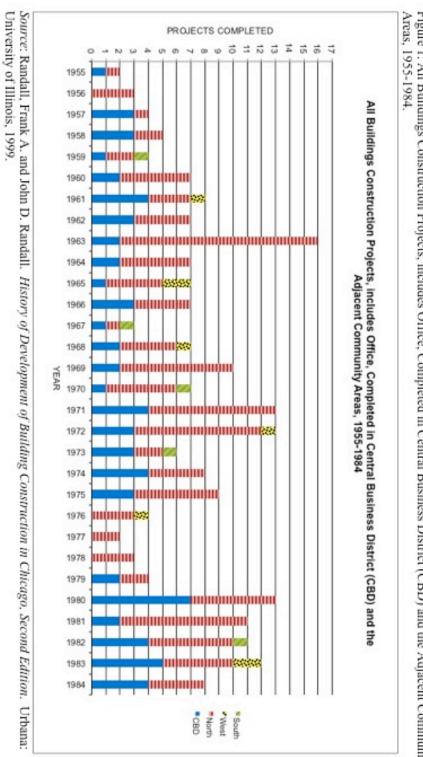
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Introduction and Overview

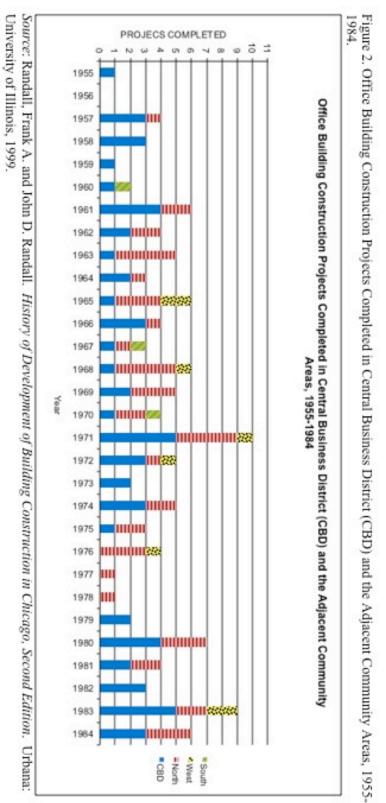
Throughout the 1950s and 1960s, change and expansion in American cities were etched out not only by changes in industrial organization, but also by new regulations in education, in the finance of home building and home owning, and in the evolution of racial and class relations across the country. But from those short-term economic peaks there was only one way to godown. In the decades following World War II, many American cities experienced population decline, economic reconfiguration and hardship, and physical decay. Assisted in part by the National Interstate and Defense Highways Act of 1956, which literally 'paved the way' for the highway transportation systems we still drive on today, Chicago hemorrhaged people and manufacturing jobs, both relocating to the suburbs and exurbs. According to city politicians such as Mayor Richard J. Daley, business owners, and civic leaders, urban blight in and around the central business district (CBD) of Chicago was responsible for the destabilization and decline of the city's white population, manufacturing plants, land values, and retail sales during the 1960s (Judd and Swanstrom 2009, 140). Concerned about slipping back into the pre-war Depression and to prevent the decline of other big cities in the Northeast and Midwest, the federal government shifted its economic policies between the post-war period and the early 1970s to focus on full-employment, economic growth, and welfare programs, policies that would intervene and control certain aspects of markets, otherwise known as embedded liberalism (Harvey 2005, 10-11). My thesis explores this period of great structural and regulatory transformation in Chicago, which spanned the 1970s and 1980s. The focus on the oscillations of office building construction in Chicago's CBD provides me with an opportunity to describe and analyze some of Chicago's key urban forms and land-uses at the run up to, and the birth of, neoliberalism and globalization—hence the focus on the 1970s.

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I focus on office building construction projects in Chicago's CBD, which, at first, one would assume, was the site of most building construction during the 1960s and 70s because of the amount of attention given to the area. One would, however, be assuming wrong. The most intense building construction during this time period was actually focused on the north side of the Chicago River, in the Near North Side. By examining Figure 1, we can see that between 1960 and 1979 a total of 42 building construction projects were completed in the CBD (Randall 1999). In the same time frame, 97 building construction projects were completed in the Near North Side (Randall 1999). However, when we focus on office building construction projects between 1960 and 1979 (see Figure 2), the CBD and Near North Side became home to 35 and 37 office building projects respectively (Randall 1999). Of all building construction projects in the CBD, taking the previous figures into account, 83 percent were office buildings, while only 38 percent of the building construction projects in the Near North Side were office buildings. Before going any further, the terms *office building construction projects, collapse* and *resurgence* require careful untangling and clarification, as they are central to the argument here within.









Clarifying Key Terms

When I started researching the topic of building construction, and drawing on Chicago's impressive vertical profile, I adopted the term *skyscraper(s)*, as it was a word many other authors used in their work to describe downtown's impressive built volumes. I soon came to realize it was a generic term for steel, skeleton-framed buildings, unless used in its proper historical architectural context, and defined precisely in land- and building-use terms. To clarify, skyscrapers can be office buildings, residential buildings, hotels, hospitals, lofts, manufacturing spaces, and can even mix uses. Because of the term's ability to obscure a building's actual space usage, and since I am interested in buildings with a particular kind of space usage, I will use terms that denote the primary usage of a building's space, such as office building, residential building (condominium or apartment), mixed-use building, etc.

As I resolved the issue with one term, other definitional issues arose. The construction of a building requires many steps, stages, and types of agents. It requires planning, acquisition of real property (often for the purpose of lot consolidation), engineering and design innovation, architecture firms, investors, financiers, developers, real estate agents, contractors, artists, tenants, and the municipal government. Additionally, the visioning and development of many buildings involved the creation of public plazas and works of art adding to the brand of the project, but most importantly, embodying the public-private complex. In some cases, single sites became home to multiple buildings, as was the case with the construction of Water Tower Place and the Ritz-Carlton Hotel in the Gold Coast in 1977.

The level of participation required by an intricate web of people, firms, and institutions demonstrates that building construction is much more than just the physical construction of a building; it is indeed a multi-faceted project with considerable completion timelines. While

newspapers monitored and reported on all construction projects, regardless of their space usage, what made office buildings unique were the vacancy rates collected and released by the Building Owners and Managers of America – Chicago (BOMA) to the newspapers for publication. Although BOMA claims to have never archived the information, which made for tedious archival microfilm work through local Chicago newspapers, the vacancy rates combined with the reports of new office building construction projects allow us to examine closely the profit motive (discussed later) of developers and financiers.

The terms *collapse* and *resurgence* also deserve some clarification as I carefully selected them to communicate particular cycles of building construction projects based upon their date of completion. As such, they can be misleading terms since they do not relate to specific spans of time. Per my observations, the development of building construction projects varies greatly because the phases of a project from conception to completion can be years in length, typically four to six years. I will call this phenomenon *construction project lag*. Further, it is also important to situate construction project lag in its temporal context by studying events prior to and following the collapse and resurgence.

Collapse of office building construction projects is intended to mean the collapse of the completion of new office building projects. Between 1975 and 1979, corresponding to the completion of the 30 N. LaSalle Street and 2 N. LaSalle Street buildings respectively, no office buildings were completed in the CBD, although, as I note below, there were projects in midstream during that time. I suggest that this would qualify as *collapse*, as no new office floor space was added to the CBD.

I use the term *resurgence* to describe the resumption of completion of office building construction projects. The term does not imply that office building projects were not under

construction between 1976 and 1979, or thereafter. Surely, the 2 N. LaSalle Street building was under construction during the time period when applying construction project lag principles. However, applying the same construction project lag principle would indicate that at some point between 1971 and 1975 construction projects were shelved or put on hold, such as the "Super Block," which I will discuss later. This makes it difficult to trace when the "collapse" actually occurred, because building construction start dates are rarely mentioned in newspapers. Although these dates could be accounted for through a Freedom of Information Act (FOIA) request with the City of Chicago for permit and approval dates, the scope and time frame of this project did not allow for such requests to be made. Furthermore, Chicago residents and newspaper reporters would not have easily noticed the collapse of office building construction projects in the CBD because other projects such as hotels, shopping centers, and residential buildings were still constructed in and around the CBD during the same time period of the collapse (earlier we discussed that 83 percent of building construction projects were office buildings; these others were the remaining 17 percent). By calculating and charting the construction projects by type, I am able to discern the gap in this particular type of building with a particular space usage, which traditionally dominates the American CBD.

Targeting and Defining a Level of Analysis: The Central Business District

When it comes to geographical boundaries and areas to research, Chicago has many levels of analysis, many of which overlap. Of particular interest to urban studies is the evolution of the CBD, which traditionally incorporates vital command and control functions, as well as hosts a very significant concentration of commerce and other services. As I demonstrate in the following subsection, the CBD has grown into one of the most important areas for the economic survival of the city as whole, perhaps even the state and region. But where is Chicago's CBD, and what features make it different than a "downtown" or the Loop? The overlapping boundaries and terminology for each add to the confusion (Figure 3).



Figure 3. The Loop Area (yellow), Downtown Chicago Area (blue), the Central Business District Area (red)

Source: Google Maps - 2013 Google; overlays added.

The Loop (see Figure 3) is the area (yellow) located within the elevated tracks, the "L," that loop around and deliver passengers to the CBD. The street boundaries of the Loop are 200 N. Lake Street (north), 400 Van Buren Street (south), 50 Wabash Avenue (east), and 200 Wells Street (west). In terms of geographical scope, this is the most narrowly focused definition of the CBD.

Downtown Chicago (see Figure 3) is a large area (blue) that contains multiple zip codes and wards of the city. Typically, "downtown" encompasses the area bounded by 1200 Division Street (north), Stevenson Expressway (south), Lake Michigan (east), and the Eden's-Kennedy Expressways (west). "Downtown" contains the Loop and the CBD, but also includes multiple other areas, such as the Near North Side, the Gold Coast, and the Near South Side. In terms of geographical scope, "downtown" is the widest area of coverage.

Chicago's *CBD* (see Figure 3) is an area (red) of intermediate geographic scope. As it evolved to meet changing economic needs, it was transformed from an industrial powerhouse to a corporate capital with global reach after the 1960s. Its functional significance and the complexities of its development make it a worthy focus of analysis. When speaking of the CBD in this paper, I will be discussing the area defined by the main branch of the Chicago River (north), 1200 Roosevelt Road (south), Lake Michigan (east), and the south branch of the Chicago River (west). In terms of scope, it is broader than the Loop, but smaller than downtown. Throughout its history, the CBD has been a persistent target for development, and specifically, the site of most intense office building construction projects when compared to the rest of the city. It would be naive to assume that the CBD's growth was a result of laissez-faire or unregulated development. To the contrary, federal and state redevelopment strategies—urban renewal—depended on regulated development strategies coordinated by the local governments. I discuss their involvement in redevelopment below.

Purpose

In this paper I seek to explain the collapse of office building construction projects in Chicago's CBD between 1976 and 1979. To do so, I argue that the collapse can best be understood by examining the period from a socio-spatial perspective, which incorporates the best aspects of various approaches and theories (examined further in the next subsection). Specifically, I analyze the impact of political, economic, and cultural regulation of redevelopment strategies in the 1970s. Following the undulations in office building construction projects, I argue that many coalescing factors, including global economic restructuring, contributed to the collapse and that profit motives only minimally contributed to the effect. Moreover, I find significant evidence that the completion of the deindustrialization of the CBD, which began in the first quarter of the 20th century, was the result of a strategic vision to repurpose it as a command, control, and communications nexus of a global city, appropriately structured for corporate headquarters and other service-sector jobs, and having both a national and international economic outlook. I further argue that in being repurposed, the CBD began reorienting itself north of the Chicago River instead of following the concentric trajectory of development that had historically taken place in the city. This is consistent with the stock and type of labor found in and around the city.

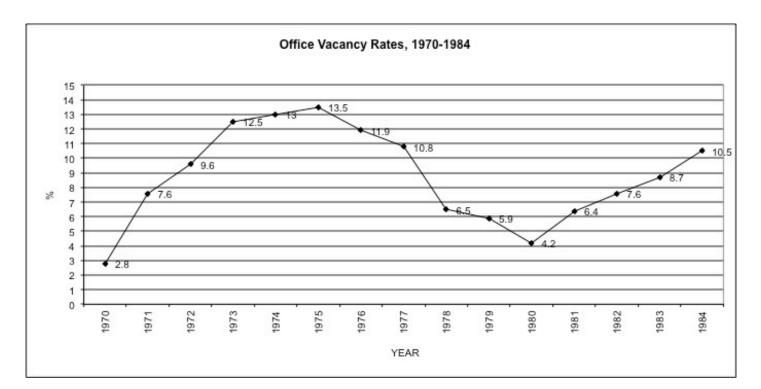
Methods, Approaches, and Perspectives

I relied considerably on the work of Gottdiener and Hutchison (2011), Rast (1999; 2009; 2011), Harvey (1974; 1983; 2010), and Randall (1999), whose work detailed the building

construction data. I statistically plotted and graphed the data found in Randall (1999) for the CBD and adjacent neighborhoods. I also separated the data into two graphs: all building construction projects and office building construction projects (see Figures 1 and 2). Furthermore, I plotted each building project's exact location in the CBD and all adjacent areas using Google Earth, so I could analyze the spatial layout of the projects (.KMZ files are available upon request). Projects for each year occupy a different layer and can be hidden, so a comparison among years can quickly take place.

The study of construction project case studies and related primary sources also provided me with greater clarity about the evolution of construction projects in the CBD. I found the story of the "Super Block" to be most effective. It took some amount of time to trace and collect the elements of that story, as it bounced around from year to year. I was surprised that this urban development story did not appear in any secondary sources examining redevelopment, given its uniqueness and its value as an interpretive case. Ultimately the project resulted in the 55 W. Monroe (Xerox) Building, which happens to be one of my favorite in the CBD, and the first building completed following the collapse of office building construction projects in 1976 around which this project hinges.

Perhaps of most interest is the compilation and careful analysis of office building vacancy rate data reported in newspapers. The vacancy rates table and graph is one of my original contributions (see Figure 4). Bell Savings and Loan and BOMA, the companies that released the figures, did not compile the records and this is the only complete record for the time period extant. Additionally, I explored a broad bibliography of newspaper articles, which clearly communicate what was taking place in Chicago's urban scene and how the media responded. Figure 4. Office Vacancy Rates, 1970-1984.



Source: Data adapted from the Chicago Tribune, 1970-1984

Carol Willis (1995) and Homer Hoyt (1933) discuss a single, clear factor that motivated construction projects—profit. Undoubtedly, profit does motivate and drive growth through speculation investment, but as we examine Chicago during the second half of the 20th century, we notice other factors that not only spur construction projects, but also regulate the flow of investment to a particular area of the city. The profit motive is undoubtedly a strong factor, but the meaning of *profit motive* after 1950 is more accurately described as a *benefit motive*. Each additional layer added to the process of construction diminishes profits. The benefits construction projects provided were where investors and developers were hedging their bets. Furthermore, the profit motive is both self-evident in a market economy and too simplistic of an approach as it does not adequately describe additional inputs that direct, regulate, and guide

redevelopment projects. In other words, profit motive relies on a single person or interest group, presumably those who stood *to profit*, and disregards other factors and inputs that influence development. Therefore, this was a one-way process. However, as we will see, the office building construction projects depend on multiple stakeholders.

David Harvey (1976; 1989) expands greatly on the profit motive and examines the flows and accumulation of capital. He employs a conflict perspective that implicates capitalists and laborers, both of whom seek government intervention on their group's behalf. On one hand, laborers seek government intervention to protect their standard of living and quality of life, which is being degraded by capitalists' drive to accumulate additional capital (Harvey 1976, 268). On the other hand, capitalists seek government intervention to deregulate the urban environment by relaxing ordinances, privatizing public property, or the like, to provide capitalists with structural advantages in competition. However, Harvey suggests that factions and conflict exist with each group of laborers and capitalists. For example, in order to remain competitive, some capitalists (e.g. business owners, manufacturers) are interested in reducing costs associated with their physical location in the city, while other capitalists (e.g. investors) are interested in flows of capital and the interest and rents to be had in loans or properties owned. As a consequence of the various "circuits of capital," we are faced with a dilemma between these two factions of capitalists. Uneven development, resulting in further urban decay and blight, occurs because, on one hand, we have a capitalist willing to move into an area for the exploitation of cheap labor which would provide them with an economic edge, but on the other hand, we have other capitalists that refuse to invest or loan money into a struggling neighborhood. Given such contradictions in capitalism, Harvey makes a compelling case for the capital accumulation approach. Government intervention then becomes a critical element in the

staging, promotion, and conduct of urban redevelopment. However, Harvey's capital accumulation growth may be overemphasizing class conflict related to growth, and downplaying the role of new technologies, improved transportation, and state and federal intervention in shaping redevelopment. Furthermore, Harvey only touches the surface and fails to answer why there was a collapse and resurgence in the office building construction market when, at the time of the collapse, Daley's governing coalition was prepared to intervene on the capitalists' behalf on the basis of a "development at any cost" agenda (Squires at el. 1989).

Taking a political economy approach, Squires, McCourt, and Bennett clarify and establish five factors impacting development: (1) politics, (2) geography, (3) technology, (4) capacity, and (5) neighborhood organizations (Squires at el. 1989, 174). Examining each factor with regard to the research question, it would appear that their framework would be useful in analyzing the collapse of office building construction projects. This, however, is not the case. The five factors need to be expanded. They do not adequately address certain aspects of my research question, and they do not account for one story I present later regarding the "Super Block" project and the resistance that emerged in reaction to its destruction of a truly Chicago culture.

The literature on Chicago's historical urban structure, demography, and culture was also useful. Carl Smith's (2006) analysis of Burnham's *Plan of Chicago* demonstrates the lack of a Chicago culture around the time of the Chicago Fire due to the massing of first generation immigrants who dominated the city's demography. However, the Chicago in which their children grew up was much different, and the environment of downtown Chicago during the Progressive Era defined who typical Chicagoans were—hard working and broad shouldered. When taking into account Louis Wirth's work, "Urbanism as a Way of Life" (1948), we can explain the development of urbanism, or a distinct urban way of life, in Chicago. In turn, the large population of immigrants that once dominated Chicago became increasingly integrated, and in subsequent generations they became distinctly Chicagoan. Following the Chicago Fire, secondgeneration immigrants saw an entirely different Chicago, complete with skyscrapers and the World's Fair, which would come to define Chicago urbanism. Many approaches to and perspectives on redevelopment miss and refuse to acknowledge the effect that culture has on regulating development.

Ultimately, in my analysis of the collapse of office building construction between 1976 and 1979 in Chicago's CBD, I will utilize a socio-spatial perspective as it best integrates political, economic, and cultural elements that are otherwise left out of other perspectives and approaches (Gottdiener & Hutchinson 2011). While previous approaches overemphasize one functional area, such as economic or political influence on redevelopment, the socio-spatial perspective attempts to evenly and equally analyze the regulation of redevelopment strategies. Government intervention is a contributing factor to urban development, as are the "growth coalition" of City Hall and capital and the cultural attitudes of residents. I found that the sociospatial perspective incorporates components of other perspectives. For example, David Harvey's capital accumulation perspective is very applicable when examining the economics of this case study. The socio-spatial perspective also provides the greatest range and flexibility, which is required when taking an interdisciplinary approach.

I spend considerable time in the paper building up Chicago's cultural, economic, and political profiles as a basis for analyzing the building construction data. Moreover these profiles are thematically consistent with the socio-spatial perspective. I will take the reader through the historic evolution of Chicago's prestigious CBD, the economic lifeline of the city. I then discuss the coalition-building process and important strategies of developmental politics. I continue with an examination of development politics, and the impact of culture on development, arguing that culture can alter the course of redevelopment strategies. I then switch gears and begin to analyze and interpret data to determine the impact of the profit motive theory on the office building construction collapse in the 1970s. I conclude by bringing the reader back to the big picture.

The Development and Evolution of the Central Business District

The history of Chicago is in fact lengthy and convoluted. However, it is critical to go back to the beginning of Chicago's history and trace the development and evolution of Chicago's CBD as a foundation for understanding the events that take place in the latter part of the 20th century. The creases and folds in the CBD's history reveal a fascinating story about the transformative potential of private initiative when it is combined with a similarly-minded, elitedriven government; an effective strategy we will see play out in Chicago's history time and time again – further reminding us that history does in fact repeat itself.

Compared to New York City, Philadelphia, Boston, Baltimore, or Charleston, Chicago's history as a bustling metropolis is relatively brief. Chicago's expansion in both physical size and population occurred mostly in a 100-year period, between 1860 and 1960. And despite Chicago's slow start, by 1890, Chicago's population (1,099,900) was only second to New York City's (1,515,300) (Gottdiener & Hutchinson 2011). It remained the second most populous city in the United States until it was surpassed by Los Angeles in the 1980s. The development of Chicago's CBD was critical to the continuing expansion and success of the city. More importantly, the development of the CBD has evolved continually to meet both specific and broad demands of the changing economies of the Midwest and the United States. Moreover, it has allowed Chicago to

remain an important business hub domestically and internationally. Following the city's foundation and its early planning, I argue that Chicago's CBD has undergone four evolutionary periods that have made the city what it is today: Early Planning, Mapping, and Geostrategic Positioning; The Chicago Fire, 1871; The Plan of Chicago, 1909; and the International Periodization and Post-War Redevelopment. First, plotting the grid system provided the city its initial form and projected development around the Chicago River-a major source of transportation. Next, the consequences of the Great Chicago Fire forced most residents from their downtown property, redefined the area as a CBD, and reorganized the space to suit development around the railroad. Although the city's population grew exponentially in subsequent decades following the Great Chicago Fire, the quality of life for residents deteriorated, and Progressive reformers took action. One reformer, the famous Chicago architect Daniel Burnham, responded to the problems of the city by citing a lack of discipline in development and conceived the first comprehensive city plan, which would regulate development. Lastly, as the national economic scene shifted greatly from industrial to serviceoriented sectors following World War II, the contours and structure of Chicago's CBD shifted once again to usher in the change. I discuss each time period more thoroughly in the following subsections.

Early Planning, Mapping, and Geostrategic Positioning

Chicago began as a small frontier village dominated by hunters and trappers with French roots, albeit if one can overlook the native Black Hawk constellations that migrated throughout the region. Both help explain Chicago's inability to maintain a permanent population until the 1780s, but even then the frontier town struggled with ambush attacks by displaced native tribes (Spinney 2000). After the passage of the Northwest Ordinance, Chicago received the benefit of Fort Dearborn, which was built at the mouth of the Chicago River on its southern bank in 1803 to help protect residents. Despite an entrenched history as a trading town, Chicago transformed and grew in importance as a transportation hub for commerce that connected the east with the west when the Illinois and Michigan canal was completed in 1848. The canal's construction reinforced the area around the mouth of the Chicago River as a geographically significant and economically viable location for commerce.

Before the canal was constructed, Chicago's projected development was planned around the mouth of the Chicago River-early cities typically grew around rivers. Spurred by the potential construction of the canal, on August 4, 1830, James Thomson surveyed and completed the initial development plans of Chicago (see Figure 5). His plan called for a uniformed grid system, which would allow for quick sale of the lots to finance the canal, a reflection of the municipal units created by the Northwest Ordinance of 1787 (Chicago Historical Society 2005). Thompson's plan unevenly placed more lots south and west of the Chicago River. A total of 58 lots were placed on the survey, but only lots 1-7 and 14 were on the north side of the Chicago River (Thompson 2005 [1830]). Perhaps unbeknownst to Thompson, his plans initiated a particular trajectory of regulated development on the south bank of the Chicago River, but undoubtedly the regulation provided security to investors and speculators that their property would increase in value. When a second, broader survey of Chicago was completed by J.S. Wright in 1834 (see Figure 6), similar uneven patterns of development were drawn, and Wright expanded upon Thompson's development to the south (Wright 2005 [1834]). Chicago was clearly projected to grow south, not north. This was demonstrated not only through the survey, but also the placement of the graveyard servicing the City, which marked the city's northern boundary. By the time of the Great Chicago Fire in 1871, the city's population extended north to North Avenue, which is where the graveyard was located at the time and where the Chicago Fire subsequently died out because there was nothing left to burn (Hoyt 2003).

Figure 5. James Thompson's "A Map of the Town of Chicago, 1830."

Source: Chicago Historical Society (ICHi-34284)

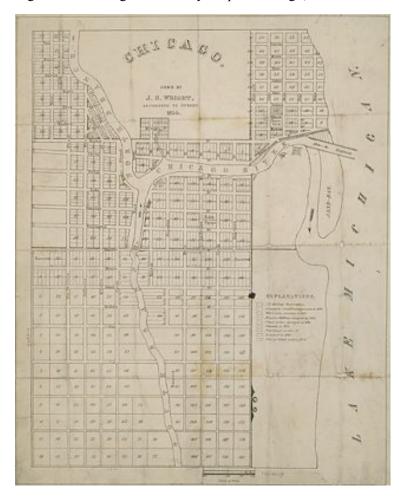


Figure 6. J.S. Wright's "Survey Map of Chicago, 1834."

Source: Chicago Historical Society

The location of City Hall and other key government buildings, such as the Federal Courthouse, were established by the original surveys of Chicago. However, the remainder of the built environment and spatial layout of the city was more a result of who could afford to buy and build in the space. Alexander Hesler's photographs, a collection of eleven photographs from the top of the Courthouse in 1858, provide a glimpse into the types of structure and the socio-spatial configuration of the central business district (see Figures 7, 8, and 9). The early CBD of Chicago was an agglomeration of three important city functions—live, work, and play. From the collection of images, larger buildings with smoke stacks, presumably for commercial, manufacturing, and industrial usage, grain elevators along the Chicago River, and lumber yards dominated north and east of the Courthouse (Hesler 2011 [1858]). Houses, churches, parks, stores fronts, and intermittent larger structures line the streets to the south and west (Hesler 2011 [1858]). For the most part, space was organized around function. The river served manufactures and the grain and lumber industry; their businesses were thus located in close proximity to it (Spinney 2000, 48, 55). Stores, hotels, and companies less dependent on access to the river's services for transportation were off the river and buffered residents from the industries along the river (Hesler 2011 [1858]). As Spinney (2000) notes, "downtown Chicago was a haphazard and inefficient collection of businesses, homes, warehouses, and barns. The wealthy's impressive mansions stood side-by-side with the poor's clapboard dwellings; downtown office buildings and stores stood side-by-side stables and livestock pens" (104). The Chicago Fire would reconfigure the area and lead to greater tension among the classes.

Figure 7. Alexander Hesler's View from Court House Cupola, North, 1858.



Source: Chicago Historical Society (ICHi-05742)

Figure 8. Alexander Hesler's View from Court House Cupola, Southwest, 1858.



Source: Chicago Historical Society (ICHi-05728

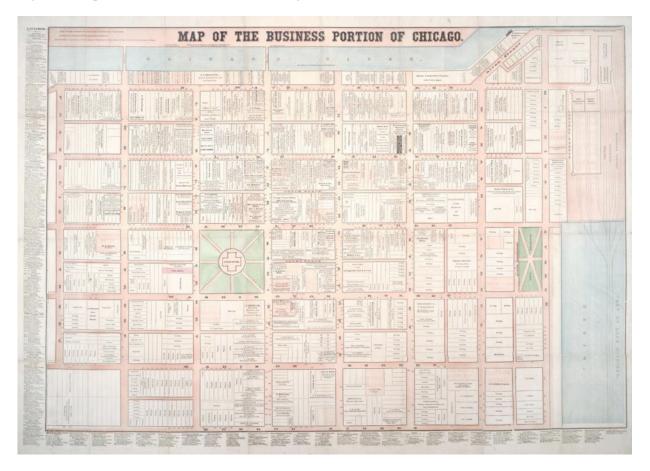


Figure 9. Map of the Business Portion of Chicago, 1862.

Source: Chicago Historical Society (ICHi-04192)

The Great Chicago Fire, 1871

Changes in transportation and the Chicago Fire would lead to a rapid socio-spatial reconfiguring of the CBD. Although the Illinois and Michigan Canal landed Chicago on the map economically for the geographical advantages it provided farmers over other Midwestern cities, within ten years of its completion in 1847 it was obsolete and replaced by the railroad. Chicago became the terminus point for all railroads east and all railroads west; commerce or people continuing further east or west had to connect in Chicago (Spinney 2000, 49-50). Industries such as grain and lumber that used to rely on river transport now needed to get their goods to the

railroad hub along the banks of Lake Michigan and the mouth of the Chicago River. Commerce from the east coast had to be unloaded, stored, and reloaded to continue its journey west. And as Chicago's economy skyrocketed, so did its population. In 1850, Chicago's population was a meager 30,000 (Spinney 2000, 70). By 1890, it reached 1.1 million, which made it the second largest in the United States (Spinney 2000, 70; Gottdiener & Hutchinson 2011). The Chicago Fire and subsequent building ordinances would change how and where residents lived. The process of physical expansion that occurred between 1830 and 1890 and the decentralization of residents after the Great Chicago Fire within the CBD followed a distinct growth model that Ernest W. Burgess defined as *extension* and *succession* in "The Growth of the City."

After the Fire incinerated the CBD, Chicago took little time to rebuild. Money was being lost every day that Chicago was not manufacturing, producing, shipping, and consuming. As a matter of fact, the east coast demonstrated a strong economic dependence on Chicago's commerce and manufacturing. Financial contributions for reconstruction from east coast businesses were remarkable. New York City and Boston alone sent over one million dollars (Spinney 2000, 103). With help from the City Council and the 1872 Building Ordinance, prohibiting the construction of wooden-framed structures, many pre-Fire residents in the Central Business District moved outside the defined fire limits because they could not afford a brick structure that complied with the ordinance (*Chicago Tribune* November 17, 1871). Investors bought out many residents that stayed; most others were pushed out when a second round of building ordinances was passed in 1875 (*Chicago Tribune* September 24, 1875). The CBD that once had three functions was down to one—work. The people purchasing property were investors and businesses looking to move or expand their operation.

After the Fire, influential business leaders saw an opportunity to reconfigure Chicago's shopping district, which ran east-west buffering residences from the industries along the river on Market Street and Randolph Street before the Great Chicago Fire. The new configuration reoriented businesses to run north-south, along the Lakefront and State Street, where Potter Palmer had already purchased numerous plots and located his upscale, boutique hotel, the Palmer House Hotel (Hoyt 2003). Marshall Field's store and Aaron Montgomery Ward would soon follow along this new orientation (Smith 2006, 41). As new stores, hotels, manufacturing plants, and offices were constructed using new fireproof materials, property values around the CBD began to skyrocket. Speculators and real-estate developers gobbled up properties, which led to the development of lighter but stronger construction material that allowed construction to go vertical in a new building type-the skyscraper (Spinney 2000, 104). Even before the city fully recovered from the Fire in 1874, The Chicago Tribune remarked that "Chicago was set forward ten years by the fire" (Chicago Tribune March 30, 1873). Therefore, the CBD as we know it rose from the ashes of the Chicago Fire, not by its physical development, but in terms of its sociospatial configuration. The CBD became just that—a purpose-driven and distinct centralized district for governmental, commercial, and industrial business at the center of the city. Following the fire, being in the CBD assigned status, meaning, and purpose to a person's visit where people either worked or played, but very few would live. The fire hollowed out the middle and lower classes that once resided in the CBD, and their small, balloon-framed, wooden houses, and relegated them to the outskirts of the rebranded core where the building code did not reach. Furthermore, the historic patterns of redevelopment acknowledged the socio-spatial concerns during the late 20th century, as industry leaders recognized how society would interact with the

urban space as transportation shifted from the river to the train. The Fire merely gave business leaders and city planners a second chance at building the city's core at precisely the right time.

The first skyscraper was built in 1885 and many more would be added thereafter. Visitors stood in amazement when they arrived in Chicago for the 1893 World's Columbian Exposition. This exposition and the new architectural forms that came to define the Chicago School of building contributed to the development of a distinctive Chicago culture. According to one account from the time period, the real attraction was Chicago itself (Spinney 2000, 119). Not everyone shared those feelings regarding Chicago as the United States entered the Progressive Era. In 1904, Lincoln Steffens described Chicago as "an over-grown gawk of a village…Criminally it was wide-open; commercially it was brazen; and socially it was thoughtless and raw" (in Addams 1981 [1910]). Famously, Upton Sinclair brought the conditions of the stockyards, located just south of the central business district, to the hands of millions in his work *The Jungle*.

The Plan of Chicago, 1909

Shortly after the turn of the century, Jane Addams, Upton Sinclair, and Daniel Burnham produced documents that found fundamental flaws within Chicago's urban landscape and society, and articulated unique prescriptions for a higher quality of life for residents of the city. Burnham argued that unregulated expansion of the physical city was suggestive of the social issues that occur naturally. But how does a government intervene before populations move into successive areas of a city as time progresses? When the Plan came out, Chicago was still growing physically and demographically. Many residents argued that Chicago's population would grow exponentially in subsequent years. However, most people were not impressed by the rapid growth of the city physically and in population (Smith 2006, 10). Boosters of the city were concerned with the numbers, but the average person was more concerned with their quality of life. Burnham was concerned that "rapid increases in population lead to a 'formless growth of the city' that outran its citizens' capacity to comprehend and control itself" and the city was the "local form of the national rhetoric of Manifest Destiny" (Smith 2006, xvii & 4). Burnham believed that controlling development and self-interested speculators could address the ugliness of the city; he believed the city was literally choking on its own success (see Figure10) (Smith 2006, 36-37). The construction of the elevated tracks only aided in further congesting the city. Many business leader were concerned about the congestion of the CBD and that businesses would move elsewhere.



Figure 10. Photograph of traffic at the corner of Dearborn and Randolph, 1909.

Source: Chicago Historical Society (ICHi-04192)

Burnham set out, with the aid of the Commercial Club of Chicago, to create a plan that would protect the CBD by reorganizing modes of transportation, freeing up the central area's congested streets. It would regulate development through the application of a well-devised plan for the future of Chicago's growth. Burnham's *Plan of Chicago* was the first of its kind—a redevelopment plan created not by government officials but by and for private interests. Burnham's Plan directed growth around the "true" center point on Congress Street, or as he called it "the backbone of the city" (in Smith 2006, 103). This is clear by the relocation of the train station from near the mouth of the Chicago River to the current location of the Field Museum and the creation of a new commuter rail station, the current site of Union Station, which was intentionally placed west of the south branch of the Chicago River to free up land that could be dedicated to higher-rent uses. The Plan also straightened the south branch and extended the north-south streets west of LaSalle beyond their terminus at the river. To further aid in the flow of traffic, The Plan called for the widening of multiple north-south streets, such as Michigan Avenue and State Street, and the creation of a new bridge, which provided for the extension of the wider Michigan Avenue. The Plan also called for a double-decker road that followed the Chicago River along its south and east banks, and which would allow for unsightly transportation to occur below ground. Today this is known as Wacker Drive. Lastly, the plan recommended diagonal streets to help move traffic more quickly, and away from the central area. Surprisingly, these streets were to be constructed through "unwholesome districts' as a way to improve them" (Smith 2006, 99).

Holding true to Burnham's belief that speculators need to be regulated, the Plan not only designed new traffic flows to control traffic, but also engaged and directed the construction of cultural buildings to make the city more "livable." Burnham argued that the Lakefront "by right

belongs to the people" (in Smith 2006, 101). The Plan called for the construction of multiple parks, including Grant Park, where the new public library, the Art Museum, and the Field Museum were to be located. Included in the Plan was the development of Municipal Pier, commonly known today as Navy Pier. Business leaders sought to extend the city to the north. This is clear in the widening and extending of Michigan Avenue to the north, the construction of a new, wider bridge, and the construction of Navy Pier.

Burnham's Plan also invited Chicagoans of all classes to appreciate the cultural capital and knowledge that can be acquired in free and public spaces, such as the library, the Shedd Aquarium, the Adler Planetarium, Soldier Field, or the Art Museum. Demonstrating how to behave in these spaces was a critical learning experience for Chicago's immigrant communities. It was intended as social engineering through architecture. The average person could now gain knowledge at the cost of transportation to and from downtown. Chicagoans could be proud of their city.

Although very little of the Plan actually came to fruition, the contours and features that I discussed earlier are familiar Chicago landmarks today. The Plan directed little detailed attention outside of the CBD, promoted the future growth of the region as the city's population continued to climb, and represented Chicago as a prime city for business. The Plan itself proved that planning can regulate development and intervene subversively on the behalf of the capitalists as described by Harvey, which protected land values by reinforcing the area with amenities, encouraging growth. Critics such as Lewis Mumford argued that the redevelopment strategy mutually reinforced financial and emotional interests in and around the CBD (Smith 2006, 155-156). Unbeknownst to Burnham, Mayor Richard J. Daley would study the Burnham Plan and protect and repurpose what Burnham called "The Heart of the City" when discussing the CBD.

International Periodization and Urban Renewal Development Strategies

It is reasonable to assume that the CBD's growth was the result of more than unregulated development. Federal and state redevelopment strategies depended on regulated development strategies coordinated by the local governments. I present here a brief overview of how the three levels of government engaged and sponsored redevelopment, starting with the highest level of government.

Throughout the first half of the 20th century, the United States' economy depended mostly on the production of manufactured goods and the extraction of raw materials. Following World War II, the federal government, worried about slipping back into the pre-war Depression, fought to create stability by devising programs that expanded employment. Urban renewal was identified as the most appropriate way to create such employment opportunities. The Housing Act of 1949 was the first related federal legislation to be passed. Money would be funneled downstream to cities, where federal and state workers examined development plans and approved federal and state-allocated funds for redevelopment projects.

The State of Illinois created its own urban renewal strategy in 1947. Known as the "Blighted Areas Redevelopment Act of 1947," it complemented the creation of the Land Clearance Commission. The act supported the acquisition of blighted property that was deemed underutilized and made it available to private developers that repurposed the property for the betterment of the community (Illinois General Assembly 1947). Clearly, the policy was going to produce winners and losers. Among the winners were, unquestionably, well-funded private urban developers. Among the losers were often politically disempowered populations who would be pushed out of urban parcels—and their homes—which were deemed "blighted."

Similar to urban redevelopment policies at the federal level, the state required municipalities to apply for funding and the state would review the redevelopment plans for approval. However, in all cases the approval required a vote from the Illinois General Assembly. This limited the money local governments could levy for redevelopment, too, as increased taxes also had to be voted on by the General Assembly. The state stifled its own redevelopment potential and slowed urban renewal programs as it had total control over the way local municipalities obtained and used federal and state funding. The City of Chicago was a long-time champion of a Home Rule status for larger municipalities that allowed control over funding. Under that regime it could mobilize funds more quickly and respond to the demands of its citizens and entrepreneurs more efficiently without needing the slow-moving State's approval. In 1970, Illinois drafted a new constitution, which granted Home Rule to local governments with 25,000 residents or more. Chicago could now raise and lower taxes, and spend approved federal and state money without the General Assembly's approval.

When Mayor Richard J. Daley took control of the city in 1955, the city was in a demographic and economic transition—a transition that former Mayor Kennelly could not handle. Generally higher-income white people were leaving the city for the suburbs while an increased number of black people were moving into the city. The fiscal impact was considerable. Additionally, the city's industrial core continued to shrink, and nothing was being done to either prevent this or slow it down. Although Daley would also do nothing about it, he had an agenda that transitioned the functional character of the CBD using a corporate-centered approach. Chicago was a major beneficiary of urban renewal funding. Richard J. Daley, Sr., Mayor of Chicago from 1955-1976, acquired the moniker "Dick the Builder" because Chicago experienced a scale of redevelopment and construction never before experienced in its history. Using public money to stimulate private investment, one hundred fifty-seven skyscrapers were constructed in Chicago's downtown area during Daley's tenure as mayor (Randall 1999). Of the total projects completed, forty were office-building projects in Chicago's CBD (Randall 1999). While New York City was home to a greater number of skyscrapers, Daley ensured the tallest skyscraper was built in Chicago. When Sears Corporation revealed designs for the Sears Tower in 1969, the structure's height was at the maximum allowed by the FAA, not by the City of Chicago. Daley understood the importance of highly visible projects that garnered attention from the press for a 'Second City' like Chicago. Daley's penchant for details, control, and results eternalized his legacy for many as the 'mayor that gets things done.'

Importantly, in re-launching its CBD, Chicago's mayoralty embraced modern architecture as a means of maintaining the city's position in the cultural vanguard. Many buildings standing in Chicago's CBD in 1955 were constructed prior to the Great Depression (Randall 1999). Constrained by building codes, building materials, and technology, a building's office floor space was designed around, and burdened by, the physical environment. Business management paradigms, phenomena, and practices viewed as commonplace today, such as around-the-clock office staff, or the business executive's corner office, were not realizable during the first half of the twentieth-century. Buildings were designed with consideration of the environment and site characteristics (Willis 1995). Due to a lack of technology, the maximization of natural light was key to building plans. Production spaces were created around the perimeter of the building close to windows, while the offices of superiors and executives were closer to the center of the building. Maximum penetration of natural light meant businesses utilizing the space could be more productive and efficient. Early Chicago building ordinances prevented tall buildings because they would shade smaller buildings. This also, then, relates to ratios of street width and building height—an important design consideration that dates at least as far back as the neoclassical and City Beautiful movements of the 19th and early 20th centuries. As technology advanced and lighting and sewer systems were added to buildings, architects began to design buildings that represented their client's brand and priorities instead of worrying about the natural environment (Spinney 2000).

While building design changed to reflect the demands of clients, not the environment, office building projects have remained speculative ventures throughout Chicago's history. Developers who engaged in office building construction projects during the second half of the twentieth century benefited from changes in building codes and ordinances, advancements in building materials and technology, and innovative architects who incorporated these changes in their designs, particularly the Bauhaus's Mies van der Rohe.

Carol Willis (1995) uses the term *international* to describe the marked change in building design in the post-WWII period. "[I]nter-national refers to the fact that advances in technology as well as in architectural ideology made tall buildings independent of their site and essentially interchangeable from one city to another" (Willis 1995, 8). The application of this international periodization, while applied by Willis to the exterior of the building, can be extended to characterize a building's interior, also, as a totalizing architectural paradigm. For developers and investors, they could construct a space that any buyer or tenant could repurpose and customize to their exact needs.

In what appeared to be the wholesale adoption of the International Style by office tower builders, a great number of classic office buildings constructed between the Great Chicago Fire and the Great Depression—largely the city's architectural legacy of the First Chicago School structures—faced their demise after the election of Mayor Richard J. Daley in 1955. Too few would be designated as landmarks by a pro-growth machine and coalition that originally perceived the buildings as "dumb" (Gapp June 16, 1974).

When Mayor Daley was elected, he successfully argued to the City Council that the ineffective and under-funded Chicago Plan Commission should be a department in the Mayor's office. In 1957, the Chicago Plan Commission became the Department of City Planning, and in 1958 it released the Development Plan for the Central Area of Chicago, an ambitious land-use plan following a corporate-centered strategy to redevelopment. This strategy did include some housing, but this aspect can be seen as a device for the segregation of Chicago's increasing black population on the South Side. To see his vision come to fruition, Mayor Daley joined forces with the Metropolitan Housing and Planning Council (MHPC) and urged the Illinois General Assembly to consolidate six independent city urban renewal departments operating outside of his authority into two departments under his authority: the Department of Housing and the Department of Urban Renewal. As Joel Rast observes, "[i]t was feared that combining housing with other renewal operations would jeopardize support for the entire urban renewal program" (Rast 2009, 182). By consolidating the urban renewal departments down to two under his control, Daley could spend urban renewal dollars as he saw fit and where he saw fit without being criticized for spending the money on residential projects. The bill finally passed, after being defeated twice, in 1961, and only one department was created despite fears of objection from the neighborhood housing organizations regarding land clearance and redistribution. However, Daley's encouragement of a two-department structure for urban renewal nonetheless demonstrates that Daley wanted to prevent the disruption of his renewal, redevelopment, and revitalization projects in and around the CBD. One year later, the Chicago Tribune reported that

the city set a record for building demolitions (Chicago Tribune 1963). The state's grip on the regulation of urban renewal projects in Chicago had slipped into the hands of the mayor. Daley established the Mayor's Advisory Committee in 1964, which further eroded the architectural heritage of the city in favor of pushing Daley's vision for Chicago. Architects and developers from large firms, interested in new building construction and development in the city, were empowered by Mayor Daley to recommend changes to the city's building code and zoning. To control the rehabilitation of smaller, older buildings and encourage the construction of larger, newer building projects, the Mayor's Advisory Committee refused to recommend an adapted municipal building code by citing the larger objective and urban development strategy of urban renewal (Rast 1999; 42-44). Due to the fact that most buildings in Chicago were constructed prior to the Great Depression, this meant nearly all the buildings needed to be fully retrofitted to comply with the new building code. Property owners were faced with four choices: rehabilitate the property, thus shouldering the extreme costs involved in bringing the entire property up to code; sell the property; tear down and construct a new building; or leave the building in its current condition.

Throughout the 1960s and early 1970s, many building owners invested in other speculative ventures, such as the stock market, instead of investing in the built environment and other productive uses (Bluestone and Harrison 1988). These investments had disastrous consequences when coupled with the high-energy rates, inflation, and economic recession of the early to mid-1970s. According to Squires et al., "[i]n many ways the 'energy crisis' of the 1970s also brought about a shift in corporate wealth and strength. Small business, government, and private family budgets that may have had reserves in them for expansion, improved services, or home improvements prior to the crisis are now eroded by high energy costs" (1987, 50). Furthermore, large corporations received loans at more affordable interest rates, as compared to small business owners and homeowners (Squires et al. 1987). This allowed large corporations to remain profitable and accumulate wealth. It also allowed for developers to purchase properties on the cheap from the struggling owners.

Clearly by 1970, a "hollowing out" of dirty industrial and manufacturing businesses was already underway in Chicago's CBD, and waiting in the footsteps were hungry developers looking to construct the most technologically up-to-date building to become the headquarters for the next company to strike it rich on the international playground; the government was willing to play ball with the developers. Supported by federal and state funding, the benefits of constructing a new, bigger, and better building outweighed the rehabilitation of older, turn of the century buildings except for when the old property was nearby or adjacent to a new building project. While more profits could be earned from a new, larger, more technological space despite construction taking years with no earnings and loans to pay back, older building owners near or adjacent to new building sites held out. Their properties were directly impacted, for the better, by the improvements made to the nearby sites. As Neil Smith argues, "land and improvements are fixed in space but their value is anything by fixed...the value of the built improvements on a piece of land, as well as on surrounding land, influences the ground rent that landlords can demand" (Smith 1996, 58). Therefore, as urban renewal swept through Chicago's CBD, owners of "obsolete" turn of the century buildings in proximity to sites of new and increased real estate investment had little incentive to invest in, or prevent the physical decay of, their property as it property increased in value by proxy. As the property's value increased, property taxes increased simultaneously. Nobody understood this better than Mayor Daley.

As tenant leases expired, owners merely increased their rents to reflect the increase in value of the CBD without any improvements made to the property (Rast 1999). But most leases were long-term, and *rentiers* could not adjust the rent to reflect the increases in property taxes and other increases that reduced profitability. With the announcement of a new building construction project, land speculation and redevelopment intensified near the site of construction and increased the pressure for current property owners to maintain profitability (Smith 1996). For example, in 1965, property in the historical garment district at the corner of Franklin and Van Buren, just one block south of the future site of the then Sears Tower, cost $$12.00^{1}$ per square foot (Rast 1999, 67). Over a five-year period, from 1964-1969, private developers purchased fifteen "grime blackened buildings" that stood on two blocks bound by Adams, Wacker, Jackson, and Franklin (Nagelberg, 1970). Private developers sold these holdings to Sears, Roebuck, and Company in 1969. Before the city's sale of Quincy Street, which bisected the property, to Sears in 1969, and Sears's official announcement to construct the world's tallest building at the location in 1970, rents were already on the rise. Between 1965 and 1970, rent prices in the surrounding area more than doubled. The same properties at Franklin and Van Buren that fetched \$12.00 in 1965 demanded $$27.00^2$ per square foot in 1970 (Rast, 1999, 67). In the subsequent ten-year period, property owners demanded 60.00^3 per square foot due to investment in the built environment around their property without investing in their property directly (Rast, 1999). The increased rent pattern in older turn of the century buildings demonstrated the effects of CBD urban renewal. Multiple forces acted against property owners

¹ \$88.56 in 2013 dollars.

² \$164.48 in 2013 dollars.

with turn of the century buildings that variously resulted in the rehabilitation, sale, or abandonment of property. But high demand in property was reflected in the lot's value, and allowed owners to sell their property, regardless if the future owner intended to keep the building or not, with the potential rent added into the value of the property's total cost (Smith 1996).

Properties bought and sold assume the rent potential under full occupancy to determine a selling price, but buildings rarely operate under these pretenses. A note of caution should be issued here. While the aforementioned prices are the averages of the rents collected per square foot by *rentiers*, they do not take into account the rate of vacancy within each building. We cannot assume that a speculative venture is profitable simply because land rents are high. The average price of rent is not an accurate figure to consider unless office buildings operate at full occupancy at all times—an optimal rather than realistic state of affairs. Therefore, average rents per square foot do not accurately reflect the unoccupied floor space. For example, if an office building has 1000 square feet of office space and rent demand is \$60 per square foot, the building has the potential to accumulate \$60,000. However, if the office building only rents 500 square feet, there is a vacancy rate of 50%. On the 500 square feet of vacant space, the property does not receive rent. Adjusted to include vacancy rates, the average price per square foot dropped from \$60 to \$30 dollars per square foot, which makes the property substantially less profitable in the eyes of investors and speculators. Therefore, speculative expansion of the office sector in the CBD would likely precipitate the decline of profitability and, consequently, the decline of rents until such time as demand for office space catches up to supply.

To make matters even slightly more complicated, typical office building leases covered multiple years. Tenants did not come and go equally or at the same time. Hence, rents per square foot were not equal among all tenants. Contractually binding for the length of the lease, rents per square foot by a tenant in 1970 were not the same as those agreed to by a different tenant in 1967. Furthermore, filling the void space when a tenant did not renew a lease was an arduous and lengthy process for a landlord. Depending on the location and prestige of the building, months, even years, could pass without any rent. Landlords utilized incentives and rent reductions to either encourage tenants to stay put or lure new tenants into their building. Due to the natural turnover and specific space requirements of tenants, it is unrealistic to believe that an office building ever operates at 100% capacity or that all tenants pay the same amount per square foot in rent.

It was not until the early-1970s that many property owners on the periphery of the Loop with turn-of-the-twentieth-century buildings were forced to make a decision regarding the future of their properties. Urban redevelopment strategies focused urban renewal funds into the CBD and accelerated the decision-making process. It stoked the fire for the rapid, final stage deindustrialization and decentralization process within the CBD and the adjacent areas (Rast 1999). The business decisions of rebuilding or selling by property owners coincided with the deindustrialization process of the periphery of the Loop, which took place by the early-1970s. Figure 11 demonstrates the displacement of the apparel industry from the garment district, historically located just outside of the Loop in the central business district (see Figure 12), east of the south branch of the Chicago River to Well Street between Congress and Monroe (Rast 1999, 49).

Figure 11. Concentration of Apparel Firms in the Chicago Garment District, 1951-1981.	Figure 11.	. Concentration	of Apparel Fir	ms in the Chicago	Garment District,	1951-1981.
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Location	1951	1960	1970	1981
Apparel Firms City Wide	369	221	148	139
Firms Located within the Garment District	183 (50%)	116 (52%)	57 (39%)	26 (20%)

Source: Rast, Joel. Remaking Chicago: The Political Origins of Urban Industrial Change. Dekalb, Illinois: Northern Illinois University Press, 1999.

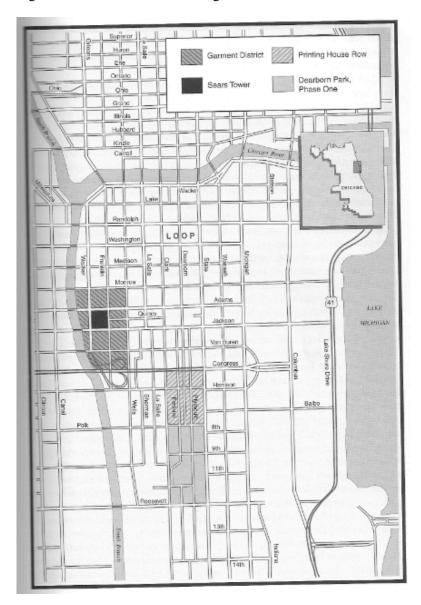


Figure 12. The Location of Chicago's Post-war Industrial Districts.

Source: Rast, Joel. Remaking Chicago: The Political Origins of Urban Industrial Change. Dekalb, Illinois: Northern Illinois University Press, 1999.

Although the bulk of the deindustrialization of Chicago's Loop took place by the 1960s, the apparel industry held out well into the 1970s. City officials claimed early deindustrialization occurred as a result of "high central area land prices and obsolescence of multistory production facilities" (Rast 1999, 35). However, deindustrialization was clearly assisted by the city (Rast 1999). The *Development Plan for the Central Area of Chicago* targeted the apparel industry in 1958, but as Rast suggests, real estate investors at the time were reluctant about purchasing properties outside the Loop as long as a stock of properties was available *in* the Loop (Rast 1999, 67).

Daley was not concerned about the outward expansion as construction in the Loop continued and people, white suburbanites mostly, could get there to work or play. But Daley did everything he could do to let the remaining industries in the CBD, particularly the apparel industry, know that he still had them lined up in his crosshairs. The Congress Expressway was laid directly across the footprint of the apparel industry; capital improvements were minimally made in industrialized areas; and the 1957 Comprehensive Amendment was passed. The apparel industry in the area alone lost roughly 3,000 jobs related to the expressway construction (Rast 1999, 66). Eventually, as the Loop out-priced itself by the mid to late 1960s and investors caught wind that Sears Roebuck and Company had bought land east of the Loop in the heart of the garment district, investors absorbed the surrounding properties and hiked the rents as soon as possible. Few capital improvements, such as street and sewer improvements, were made in the Loop between 1959 and 1963. However, capital investments were made in the northwest and southwest corridors where industries and manufactures were moving. In the Loop, only \$6.8 million was spent, but in the industrial corridors, \$76.8 million was spent by the city (Rast 1999, 36). The 1957 Comprehensive Amendment created two changes: it rezoned the CBD and reevaluated industrial manufactures' "nuisance-creating potential." Industries and manufactures operating within residential and commercial zones of the CBD were given as little as four years to cease operation (Rast 1999, 40). Industries and manufactures violating what essentially

amounted to noise pollution policies were also forced to leave. Industries of the CBD, such as the apparel industry, did not leave voluntarily as it may seem, but instead they were forced out by aggressive political strategies of redevelopment. The city was clearly driving deindustrialization, and the displacement of the Chicago apparel industry speaks volumes to this "rebranding" of the post-industrial metropolis under Daley.

Government intervention was a critical element in the staging, promotion, and conduct of urban redevelopment through the displacement of industrial and manufacturing businesses in the CBD in the 1970s and 1980s (Harvey 1976; 1989). To further emphasize this point, between 1977 and 1981, as industrial and manufacturing businesses retreated from the CBD, capital investments flowed into the area in huge amounts, as the result of the federal government's Urban Development Action Grant (UDAG). The UDAG program provided at least \$1.00 for every \$2.50 of private investment committed (Rast 1999, 37). Through the program, the Daley administration allocated over \$180 million dollars in Urban Development Action Grant (UDAG) funds to fix streets, bridges and viaducts, and sewer systems in the CBD, while the industrial corridors only received \$28 million (Rast 1999, 37). While it is logical to think that this disproportionate allocation of funding was the fault of industry owners in the CBD failing to meet the requirements of the UDAG program, or neglecting to submit proposals for renewal projects which would allow them to remain in the CBD, the winners and losers of UDAG funds were in large part under the city's control. The UDAG program required the investor to submit a proposal to the city, and then *the city* would submit the proposal on behalf of the *private investor* to be considered for UDAG funding. In other words, Daley's administration could be selective in which proposals they would submit for consideration by the federal government to receive UDAG funding. The fate of the industrial and manufacturing complex in the CBD was sealed, as

Daley sought to rebrand Chicago as a post-industrial city through aggressive political strategies for redevelopment.

As industries left the CBD, the demand for this *kind* of space diminished, and the rents increased to maintain profitability, but they could not be maintained. Many property owners in the CBD began selling off their property holdings to developers. Property owners that retained their older properties became the targets of city officials. City officials designated properties as blighted, obtained them by eminent domain, and eventually sold them to the same hungry developers for much less. Newer buildings were then constructed with improved facilities and technology, while outdated buildings reflected design by virtue of the environment (light) from the turn of the century. Outdated buildings and their owners would struggle to survive.

Between 1974 and 1981, if a building made it to this point in its life cycle, which was presumably nearing 75 years, the building's fate was often a foregone conclusion: the building would be demolished. The condition of the structure or the structure's significance to Chicago's history hardly mattered to the developers. They were only interested in the land the building stood on at this point, so a new, presumably more profitable, edifice could be erected to meet Daley's strategic vision. To do so and to subsequently fund the new construction project, developers would use federal funds, acquire property tax abatements from the state and city, and use low-interest municipal construction bonds coupled with an investor's money and comparatively little of the developer's own money.

Through much of the 1980s, global firms headquartered in Chicago demanded corporate office space and amenities of a quality suitable to their importance, prestige, and brand. The building standards and aesthetic preferences demanded by this discerning group provided further incentive to urban developers to disembowel the CBD's historic architecture. There was, of course, increasing resistance to this process of historical erasure by architectural preservation groups at the local, state, and national levels. Demolitions in the 1990s and later were closely scrutinized and the market gradually gained an appreciation for the value and brand that prestigious historic buildings represent.

Coalition Building and Public-Private Partnerships

Such vast transformations to the CBD's built fabric were made possible by the coalition and partnership that developed among business elites and the mayor's office since the first Daley administration. Yet Daley was not the first to closely ally the mayoralty to the private sector. Early city politics were dominated by traditions of privatism and clientelism (Warner 1996 [1968]; Gosnell 1968 [1937]; Bennett 1987; Judd and Swanstrom 2009). Wagner remarks that "[t]he tradition of privatism has always meant that the cities of the United States depended on their wages, employment, and general prosperity upon the aggregate successes and failures of thousands of individual enterprises, not upon the community action...The tradition assumed that there would be no major conflict between private interest...and the public welfare" (1996 [1968]:4). City Hall handled city functions and government, while the economic and physical development of the city fell squarely into the hands of private enterprise. Government operated through zoning ordinances and building codes as a security net to protect its populace from hazards and the excesses of private interest. However, there has been a long-standing tradition whereby the government provides a safety net to private interest in the name of protecting the populace.

Judd and Swanstrom (2009) find that as local city government assumed increased responsibilities, elite groups attempted to influence urban policy decisions, giving rise to a

politics of governance based on public-private coalitions. For example, The Commercial Club of Chicago was founded in 1877 with the purpose of promoting the "social and economic vitality of the metropolitan area of Chicago by co-operative effort, social intercourse, and a free interchange of views" (The Commercial Club of Chicago, 2011). The conflict between the public welfare and private interest ensues when governments are forced to assume a significant role in the economy to ensure the well being of their citizens. Business leaders are then forced to assume a role in urban policy design to ensure the well being of their wealth, especially where the spatial reconfiguration and redevelopment of the city is concerned. This is demonstrated best during the period of urban redevelopment following World War II, as private interest groups and institutions wanted to influence the city's decision on what exactly constituted 'highest and best use' for spending federal dollars in the city.

Mayor Richard J. Daley's governing coalition was a tripartite entity of like-minded politicians, civic leaders, and business leaders—the public-private partnership (Rast 1999; Bluestone and Harrison 1988; Squires et al. 1987; Squires 1989; Bennett 1989). The coalition agreed that Chicago's long-term economic prosperity and vitality required a durable economic base in the CBD (Rast 1999; Judd and Swanstrom 2009; Squires et al. 1987; Bennett 1989). The prosperity of the city center would radiate out to the periphery. The public-private partnership would make it all possible.

According to Bluestone and Harrison (1988, 107-108 in Squires 1989, 1), the publicprivate partnership is "the reallocation of public resources to fit a new agenda. That agenda is no longer redistribution, or even economic growth as conventionally defined. Rather, that agenda entails nothing less than the restructuring of the relations of production and the balance of power in the American economy." The public-private partnership was founded upon the idea that the reallocation and mobilization of public resources to spur private investment would encourage economic growth.

To fully understand how this trilateral power discourse developed, we require some additional context. Investment, redevelopment and renewal projects in Chicago's CBD were clearly under the Richard J. Daley administration's jurisdiction during the 1960s and 1970s, and the coalition that formed is clearly articulated in that process. However, less understood is how this coalition came into existence in the first place and why little was done before Mayor Daley in the post-World War II period to redevelop the city through the formation of a public-private partnership. Joel Rast (2011) argues that the city lacked two necessary components: strong centralized leadership and the formation of a strong governing coalition with a viable redevelopment plan for the city.

In September 1945, President Truman addressed the Congress and outlined 21 points for domestic recovery in the post-World War II period. Truman sought to achieve "full peacetime production and employment as possible...in the most efficient and speedy manner" (Truman 1945). Housing initiatives were one of the most important aspects of Truman's address. Truman stated:

Housing is high on the list of matters calling for decisive Congressional action...We must make it possible for private enterprise to do the major part of this job. In most cases, it is now impossible for private enterprise to contemplate rebuilding slum areas without public assistance....The time has come for the Government to begin to undertake a program of Federal aid to stimulate and promote the redevelopment of these deteriorating areas. Such Federal aid should be extended only to those communities which are willing to bear a fair part of the cost of clearing their blighted city areas and preparing them for redevelopment and rebuilding....The rebuilding of these areas should conform to broad city plans, provide adequately for displaced families and make maximum use of private capital. Here lies another road toward establishing a better standard of city living, toward increasing business activity and providing jobs" (Truman 1945).

People who understood Truman's message wasted little time outlining plans to obtain and redevelop parts of the city. Although the Housing Act of 1949 was the first federal "urban redevelopment" program passed, by 1947, Chicago's Near West Side produced plans to repair and rebuild "substandard," predominately white, middle-class homes in Near West Side. The plans argued that the redevelopment of the Near West Side would provide the CBD with a stock of nearby workers. Of course the business owners of the CBD would fund a portion of the redevelopment with coordination of future urban renewal dollars (Rast 2011). However, the plan lacked the support from *all* members of the community, especially adjacent wards that would not receive the funds.

When the Act was passed in 1949 and researchers began examining the plan for the Near West Side, they rejected it in favor of directing the first urban renewal dollars Chicago received to the Near South Side—an area with an 85 percent non-white population and located three miles south of the CBD (Rast 2011, 5). As Rast suggests, the plan for the Near South Side materialized despite the neighborhood's demographic composition and the absence of a tangible and simultaneous revitalization effect on the CBD. The success of this alternative project was based on the effective organizing of like-minded institutions which formed an effective managerial body (the South Side Planning Board), a common plan, secured private funding (primarily ITT and Reese Hospital), and marketed the area's "lucrative opportunities for private investment," job creation potential, and industrialized zones of development (Rast 2011, 6). All were areas of concern raised in President Truman's 1945 address to Congress.

Following the successes of the Near South Side, Near Northwest Side homeowners, business owners, captains of industry, and other landowners formed the Near Northwest Side Redevelopment Council seeking to fight for federal urban renewal dollars for slum clearance. Despite initial successes that looked like the Council would secure the funding, a number of setbacks occurred. In one instance, the president of the Council engaged in what appeared to be a money-laundering scheme. Additionally, grassroots neighborhood organizations opposed to the plan argued for rehabilitation—not land clearance—of the Near Northwest Side (Rast 2011, 10). The plan lacked cohesion and eventually fell apart. This was a common story of urban redevelopment during the early 1950s. The City rejected a number of neighborhood and CBD urban renewal plans because they lacked a unified vision of redevelopment and renewal within the planned area and provided little to affect positively the areas surrounding the planned redevelopment (Rast 2011, 11). Even business leaders of the CBD failed to adopt a unilateral plan agreeable to all stakeholders. Plans lacked viable and sustainable economic growth for the city, but more importantly they lacked strong leadership to help rally support around them.

Chicagoans began to look at Chicago city leaders as the culprit for the ineffectual spending of the millions of dollars of federal urban renewal funds. However, this problem was not unique to Chicago. Rast (2011) argues that New York City, Boston, Pittsburgh, and Baltimore demonstrated difficulty getting their urban renewal programs off the ground. Some argued that Chicago's City Council could not agree on a strategy because it was too big at 50 members. Others argued it was Mayor Kennelly's fault for being too weak and siding too often with the position of the City Council (Rast 2009). Either way, change was coming.

As Daley entered office in 1955, he saw the benefits of revitalizing the CBD. All he had to do was look at what Pittsburgh had achieved. Pittsburgh's plan for redevelopment radiated from the core of the downtown area. Its plan would not have been possible without a coalition of business owners, civil leaders and planners, and the mayor. Daley seemingly understood that a coalition of business leaders from the CBD had to come together as a group in order to secure and direct federal urban dollars for development. They did so as the Central Area Committee. Daley first wrested and secured control of the Department of City Planning from the City Council, effectively weakening the Council's power over redevelopment. Daley encouraged the department and the Central Area Committee to work together and create a unified, official vision for *Chicago*'s redevelopment, which included a viable plan for sustainable economic growth. Understandably, *Chicago*'s revitalization would depend on, and radiate from, a revitalized CBD. Daley's vision for Chicago can be seen concretely today in the geographic distribution of the Chicago highway system: all highway traffic leads to or radiates away from downtown. According to Rast, Daley recognized...

"...the economic benefits and prestige that an ambitious, carefully coordinated downtown revitalization program would likely produce. He also recognized the need for a broad business consensus around plans for downtown redevelopment...Instead, he instructed the Department of City Planning to work with the Central Area Committee on a new plan for the central area that would treat "all of the major problems of the central [area] together. The 1958 *Development Plan for the Central Area of Chicago* signaled the triumph of the corporate-centered, downtown approach to central area development over the neighborhood approach advanced by such groups as the South Side Planning Board and the Near West Side Planning Board. The new plan was informed by a vision of development that emerged from downtown in which surrounding neighborhoods were integrated into a comprehensive strategy for downtown revitalization. This vision was explicitly postindustrial" (Rast 2011, 13-14).

Although I agree with Rast on this point, I believe Daley also realized that substantial and comprehensive plans for redevelopment and revitalization required massive amounts of private financing in conjunction with the federal and local dollars; something neighborhood organizations and businesses did not have. Public investment more than doubled from \$205 million in 1962 to \$503 million in 1968, but that would be a fairly consistent increase based on the increased number of projects (Figure 13). However, private investment increased by nearly 800 percent from \$245 million in 1962 to \$2 billion in 1968. More striking is the average amount

each group invested per project. In 1962 and 1968, public investment averaged \$7.59 and \$7.39 million dollars per project, a decrease of roughly \$200 thousand dollars per project over a fiveyear period. On the other hand, private investment averaged \$9.07 and \$29.41 million dollars per project, an increase of over \$20 million dollars per project in a five-year period.

Figure 13. Urban Renewal Activity in Chicago, 1962 and 1968.

Activity	1962	1968
Total Projects	27	68
Total Acres	2,733	7,300
Private Investments (cumulative)	\$245 million	\$2 billion
Public Investments (cumulative)	\$205 million	\$503 million

Source: Rast, Joel. "Regime Building, Institution Building: Urban Renewal Policy in Chicago, 1946-1962." *Journal of Urban Affairs* 31, no. 2 (2009): 173-194.

Clearly Daley's vision for the coalition-building process was complete and the Committee's Plan pushed neighborhood committees out of the mayor's office. Thus the trajectory of federal urban renewal money could be concentrated in the CBD and not in the outlying neighborhoods. However, the coalition that formed to redevelop the CBD through the mobilization of federal urban renewal funds would require a more cohesive financial partnership if the redevelopment projects and revitalization of the city as a whole were to be successful and sustained.

Under Mayor Richard J. Daley, the public-private partnership was clearly visible, defined, and had strengthened the relationship between city hall and business elites interested in investing in Chicago's future. As stated by Larry Bennett: "[f]rom the mid-1950s until the mid-1970s, Mayor Daley was the pivotal figure shaping local planning, redevelopment, and economic development policy...When the city's business leaders and developers sought cooperation from municipal government, their first stop was the fifth floor of City Hall...If Mayor Daley could be convinced to throw his support behind a particular project, the city's redevelopment and housing officials could be expected to execute the necessary municipal action in an expeditious fashion" (Bennett 1989, 161).

And while the public-private partnership may have been unequal and led to uneven development, many city officials viewed the partnership as the only way to save the city (Rast 2011; Levine 1989). Clearly there was a consensus regarding urban redevelopment policies among Daley's governing coalition and the residents of the city that elected Daley to six consecutive terms. The effectiveness of the Democratic machine notwithstanding, if people were dissatisfied, Daley would have been unseated (Judd and Swanstrom 2009, 6). Mayor Daley had Chicago residents convinced that building construction would lead to jobs, economic growth, and progress. And while there is little doubt that jobs would be created, they were not the variety that would employ a great number of blue-collar Chicagoans.

As Rast (2011) demonstrates, due to the high degree of political fragmentation and classconflict that existed in cities following World War II, effective redevelopment strategies required a strong authoritarian leader and a governing coalition. Self-interest guided urban renewal at the neighborhood level in a largely unregulated manner, which ultimately led to little state or federal monies flowing into any city nationwide. The structure of the political system required reconfiguration and redevelopment just as badly as the cities themselves. However, the governing coalition that intervened in Chicago, after the appointment of Mayor Daley, emerged with a united vision and set of plans that got state and federal urban renewal funds flowing into the city. Mayor Daley did wield considerable power, as noted by Bennett (1989), through a coalition and partnership that intervened in redeveloping and reconfiguring the built environment of the CBD. In fact, these are considerable pull factors that must be accounted for. However, in the next section I will discuss and argue that Mayor Daley and his coalition were not allpowerful, and in fact, faced multiple forces that stifled redevelopment.

Developmental Politics and the Public-Private Partnership

By examining office-building construction projects, and specifically the One First National Bank Plaza building (currently known as the Chase Bank building), completed in 1969, we can see how public-private partnerships coordinate their efforts using a combination of federal, state, and municipal resources to encourage and promote private investment and development that stabilizes markets and decreases investor uncertainty. Furthermore, the case of the "Super Block Development" construction project reveals how, despite low profitability, a public-private partnership is sufficient to spur investment and development of an office building construction project, thus demonstrating that profit motives are not the only reason for office building construction projects. However, the "Super Block" story also conveys the importance and significance of cultural push factors in the regulation of the built environment.

The iconic Chase Bank building was constructed on the block bound by Dearborn, Clark, Monroe, and Madison—the heart of the Loop—in 1969 (see Figure 14). At the time of completion, it was the tallest building in the City of Chicago (see Figure 15). It remains the tallest building within the Loop, as city ordinances combined with lot size limitations prevent larger buildings from being constructed. The building's interior floor plan, however, was intentionally designed well beyond the bank's needs. While the bank primarily operates from the ground floor of the building, the vacant floor space on the upper floors continues to be leased to tenants such as lawyers and financiers. The architectural prestige of the building at the time it was built, the strategic location of the building and its geographical designation as the "heart of the Loop," and the public-private partnership, which made the annexation and construction of the building's public space and park outside the building even possible, contributed to the overall success of the project.

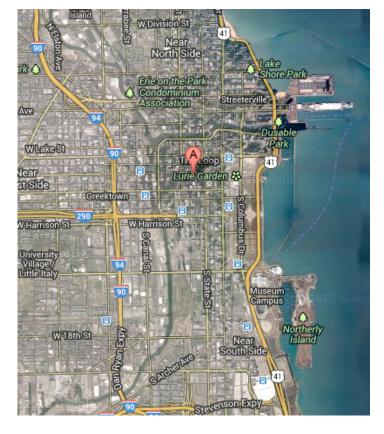


Figure 14. Google Map of First National Bank's Location

Source: Google Maps – 2013 Google

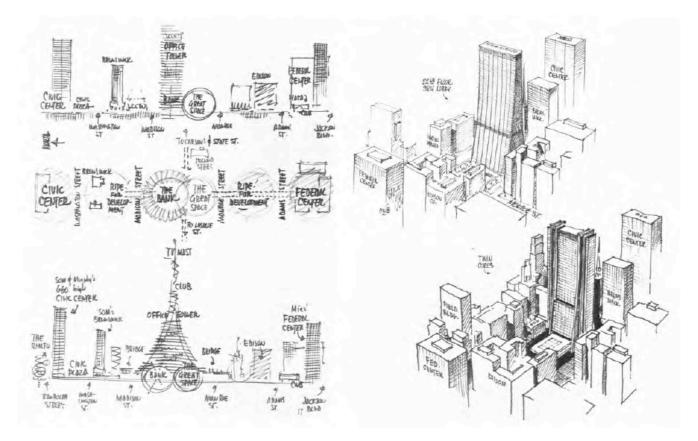


Figure 15. Preliminary Sketches and Perspectives of the First National Bank Building

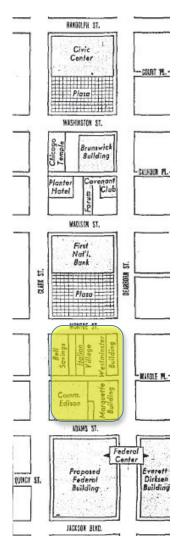
Source: C. William Brubaker of Perkins and Will Partnership (cat. no. 215) in Miller, Ross. "City Hall and the Architecture of Power: The Rise and Fall of the Dearborn Corridor." In *Chicago Architecture and Design, 1923-1993: Reconfiguration of an American Metropolis*, edited by John Zukowsky, 246-263. Chicago: The Art Institute of Chicago, 1993.

As great numbers of city residents left the city for the suburbs during the 1950s and 1960s, commercial banks wanted to move outward too, to co-locate with and better serve their customers. At the time, Illinois disallowed branch banking, which is the historical reason for the heavy concentration of banks in the CBD. Daley understood that branch banking would do nothing but damage Chicago and drain its already dwindling tax bases. Because of this, Daley exerted pressure on Springfield to prevent branch banking and joined forces with financial institutions through incentives, such holding the city's deposits and thereby increasing the amount of money the bank could lend (Miller 1993, 260). This successful maneuver forced First National Bank to stay put during the 1960s and construct a new facility to house its expanding operations. The city rewarded First National Bank in a number of ways. First, it lifted the longstanding height ordinances that existed in the city, which allowed the bank to create a distinctive, tall building that would set it apart from other structures. Second, the city sold First National Bank public land—the alleyway that bisected the block's north-south lots—for the bargain price of \$77,500, which permitted the bank to build taller as required by ordinance and zoning requirements based on lot size. Additionally, the aggregation of the two lots allowed for the creation of a large public plaza in front of the building. Further, it allowed the company to remain in its old building while the new building was constructed on a new site. Finally, it rewarded the bank financially by allowing it to hold the city's deposits, which allowed them to lend more money as a result of the deposits-to-loans ratio the bank used (Miller 1993, 261). The City's incentives clearly constitute "geobribes," similar to the \$900 million-dollar taxpayer subsidy to keep the New York Stock Exchange in New York City (Smith 2002). Parallels that can be seen today include the city's 2011 effort to retain the MERC in the Loop and the 2012-2013 effort to prevent the Cubs from relocating to Rosemont through subsidies, special tax abatements, and other incentives.

In order to fit the bank under one roof and still allow for speculation offices to be constructed, once completed the height of the One First National Bank Plaza building was to be the greatest in Chicago. The new height, as compared to that of the old building the bank occupied, would encourage other building construction projects to rival it across the skyline. Moreover, the new buildings that would be constructed around that catalytic project would bring in greater tax revenues to the City, which meant Daley could maintain or lower tax rates for Chicago residents and businesses (Miller 1993, 261). As Miller claims, the strategy produced several leading indicators to "private investors that Chicago would be a good place to build" (Miller 1993, 262): a pair of government buildings (the Richard J. Daley Center and the Dirksen Federal building), anchoring either end of the Dearborn Corridor; the success of the public-private partnership used to construct the First National Bank building; and the success of the office buildings along and surrounding the Dearborn Corridor, including the Brunswick building.

While this is a familiar story of public-private partnership, there is one aspect that is not so familiar, and it is worth telling as it suggests that real estate boom-bust cycles and vacancy rates, as argued by Carol Willis (1995), are not the only factors at play in the decision-making process of office building construction projects. In 1970, real estate development company Romanek-Golub & Co. publicized their intent to create a super block immediately south of the block owned by First National Bank (see Figure 16) (*Chicago Tribune* August 9, 1970). All buildings on the block would be demolished during two phases of construction. Upon completion, two identical office buildings and plazas would checkerboard the block (see Figure 17). However, before they could move forward with the first phase of construction, Romanek-Golub & Co. first had to secure two properties: *Italian Village* and the Marquette building.

Figure 16. Future Site of the Romanek-Golub's "Super Block."



HOARDE ST. Plaza Boll



Figure 17. Checkerboard

pattern of buildings and

plazas on the "Super Block."

Source: "Developer Seeks Last Piece of Super Block." *Chicago Tribune*, August 9, 1970.

Source: "Developer Seeks Last Piece of Super Block." *Chicago Tribune*, August 9, 1970.

After acquiring the Marquette Building in October of 1972 for nearly nine million dollars, Marvin Romanek stated, "plan are in process for the construction of a 1-million-squarefoot-plus building next year" (Nagelberg October 10, 1972). First National Bank was so eager for development to begin that they offered to secure financing for construction (*Chicago Tribune* August 9, 1970). The redevelopment would revitalize the block and push the bank's land value higher. To the south of the Romanek-Golub block was the proposed site of the future federal building, which meant stability on both the north and south borders of the proposed super block site. In a virtuous cycle, with the completion of the federal building to the south, prices of both lots would soar even higher as the federal government buildings anchored the southern end of the Dearborn Street corridor. Huge profits were anticipated from the grand office building construction project proposed by Romanek-Golub, but were they achieved?

In the same year Romanek-Golub acquired the Marquette Building, and in a six-month period between October 1971 and April 1972, vacancy rates rose two percent in office buildings around the Loop, from 7.6 percent to 9.6 percent (Nagelberg April 13, 1972). The figures revealed a trend of increasing vacancy rates from years of overbuilding, and construction already underway on the world's tallest building and another colossal eighty-two-story structure (Randall 1999) anchoring the east and west ends of the CBD. Both of these significant projects were slated for completion in 1974 promising to further saturate the office space market (see Figure 6. Office Vacancy Rates, 1970-1984). In such an environment Romanek-Golub was pushing forward with their construction project of an additional "1-million-square-feet" of office space (Nagelberg October 10, 1972). The competition for occupants drove down rents and forced property owners to create incentives to fill the space, such as free rent and long-term low rent agreements. During the mid-1970s, coinciding with the high vacancy rates, there was a fire sale on office space, shrinking the profit margins of developers. Drawing on Carol Willis' argument, there would be no reason for Romanek-Golub to push forward, yet the company demonstrated a desire to do so. The only reasonable explanation for this desire was that "land speculators were

guided in their actions by land-use plans furnished by city officials and a pattern of public capital investments and other incentives designed to foster commercial and residential development in this part of the city" (Rast 1999, 161). In other words, developers and investors saw minimal, short-term financial losses to be offset by the long-term strengthening of their coalition with the mayor's office with future project considerations in mind. With this in hand, the block's redevelopment was primed for the city's next public-private venture.

The plans for the super block would eventually be trashed, but not because Romanek-Golub could no longer see dollar signs. When the acquisition of the Marquette Building was complete, Romanek-Golub presumed it was one step closer to beginning its office-building project. The company faced, however, additional hurdles with the landmark designation of the building. In 1973, the Marquette Building was added to the National Register of Historic Places, a designation made by the National Park Service, and opened the door to federal funding for preservation and restoration. But federal funding could not be used for "demolishing or significantly altering the structure... However, it does not prevent the building's owners from demolishing the structure if no federal funds are involved" (Ziemba September 6, 1973). The federal government's involvement in protecting the building meant Daley could do little in securing funds to help Romanek-Golub destroy the building and create two new shiny buildings in the heart of the CBD unless Romanek-Golub financed it themselves, which the company was eager to do.

In 1972, other forces, not under Daley's full authority, came forward to stop the demolition of the Marquette Building. The Commission on Chicago Historical and Architectural Landmarks took the steps required to obtain landmark status for the Marquette Building, which would require approval before any work, including its demolition, that could alter the character of the building could begin (Ziemba September 17, 1972). In 1974, the City Council Committee on Culture and Economic Development held public hearings regarding the landmark status for the Marquette Building (Gapp June 16, 1974). By mid-1974, it was clear that Romanek-Golub was still serious about the construction of the super block despite three issues: (1) they lacked federal urban renewal funding for demolition because the structure was added to the National Register of Historic Places; (2) the city's amendment of the planned unit development ordinance (PUDs) would make preserving landmarks profitable for *nearby* or *adjacent* developments; and (3) vacancy rates of office buildings climbed to 13.6% in October of 1973 (*Chicago Tribune* November 7, 1973).

Coupled with federal funds for preservation and restoration, the new PUD program would create huge tax incentives and "permit zoning bonuses for buildings on sites contiguous to landmarks" (*Chicago Tribune* June 20, 1974). For example, "a 10-story landmark on a site zoned for 40 stories would thus yield a surplus of 30 stories. A developer could use this surplus on a nearby site to construct a lucrative building exceeding normal zoning limits. This, coupled with a tax write-down on the landmark, would in theory make preservation profitable" (Gapp June 16, 1974). If profit motives alone spurred construction projects, then Romanek-Golub would have had no reason to continue its fight against the landmark status for the Marquette Building. More profit was to be made by keeping the landmark on the block and constructing a taller structure on the adjacent lot using the PUD credits it would have obtained, but Romanek-Golub had little interest in keeping the landmark building.

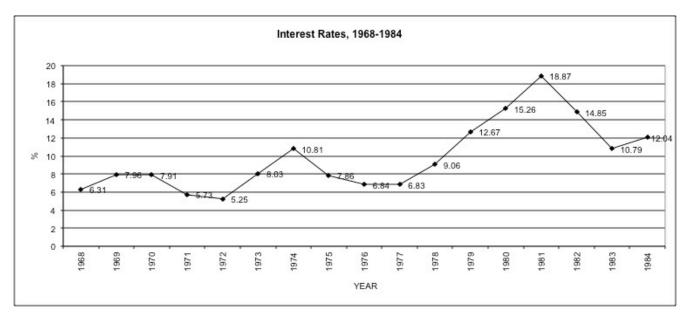
When it was time for the City Council to decide the fate of the Marquette Building, Lewis W. Hill, the commissioner of development and planning, and a one-time supporter of demolishing the building, favored a landmark status for the Marquette Building. The city conveyed the message that its policies were changing. Historically preserved buildings were no longer something to run from, destroy, or deem slums, but instead were something to embrace by the city, anchor various blocks of development, and encourage a trajectory of redevelopment. Landmarks in fact became amenities for surrounding development projects with significant incentives for both developers and the City of Chicago. It would appear that the threads holding the public-private partnerships, or Daley's governing coalition, together were unraveling. If the preservationists had input in the coalition, what would this mean for developers? In March, 1974, the City Council approved an ordinance which would require construction projects to obtain the approval of the Department of Development and Planning, the Chicago Planning Commission, and the City Council before construction could commence, even if the construction projects met zoning requirements (Chicago Tribune March 23, 1974). For the first time since Daley took office in 1955, if developers were to initiate building projects in the CBD, they would have to play by the City Council's rules. However, it was only after the City Council conferred landmark status upon the Marquette Building, which would protect the building, that Romanek-Golub shelved the "super block" plans.

While the built environment of the CBD was erased due to the conflagration in 1871, early skyscrapers stood as a symbol of Chicago's resurgence and preeminence in building design and technology over other cities. Skyscrapers represented what it meant to be a Chicagoan and added to the development of a uniquely Chicago culture, which was at once destroyed by the Great Chicago Fire. By the middle of the 20th century, preservationists, unlike developers and real-estate investors, understood the meaning of early skyscrapers and the symbol they collectively represented to Chicagoans. Demolishing the historic buildings would reduce their symbolic message as cultural icons and erase their appeal as a symbolic resource to both tourists and real-estate developers. Tourists visiting the city provided important tax revenues and realestate developers with adjacent properties would no longer be able to construct taller, more taxgenerating buildings for the city. In this case, preservationists made it appear that the demolition of the Marquette Building only benefited Romanek-Golub and depreciated the cultural prosperity of Chicago. Although privately held and owned, early skyscrapers of Chicago became highly public symbols that enriched the cultural fabric of Chicago. Due to their age and high visibility, early skyscrapers held a high degree of public attachment despite their private ownership. The story of the "Super Block" demonstrates that culturally significant public symbols, such as landmark buildings, can be catalysts for regulation that prevents urban redevelopment that threatens them. Urban and architectural preservationism in Chicago was a force that property developers and real estate investors initially disregarded in favor of profit or strengthening their partnership with the mayor.

What about the Profit Motive?

In 1976, Daley's late-December death punctuated the end of a nineteen-year period, 1956-1975, of ceremoniously opening a new office building project in the CBD. The building growth and development that Chicago experienced under Daley began to slow during his last four years in office. It was demarcated during his last year in office by the complete collapse of the office-building construction economy in the CBD—a phase that lasted from 1976 to 1978. This collapse could have described Homer Hoyt's theory about one-hundred-year study of boombust cycles in the CBD's land values. Hoyt (1933) found that the average boom cycle, peak to peak, in Chicago was eighteen years (Willis 1995, 159). Even after fifty years, there was, perhaps, still credence in Hoyt's study on land values, although the size, structure, regulation, and linkages of the US economy had mutated significantly since then. And although Hoyt studied land values, and not construction projects, we can infer that value increases due to some form of investment *qua* improvement to the built environment, either in or around the property. In 1979, when office building construction resurged in the Chicago CBD, an unprecedented number of new office building projects were completed. In six years, 1979-1984, the CBD saw the completion of seventeen office building construction projects despite soaring interest rates (Figure 18), building construction costs, mounting energy costs, egregious unemployment rates, and crippling inflation (Randall 1994).



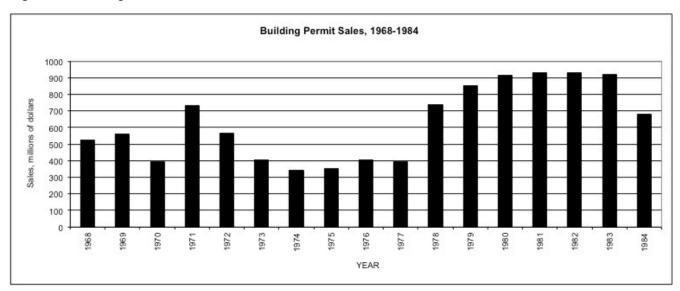


Source: Randall, Frank A. and John D. Randall. *History of Development of Building Construction in Chicago, Second Edition*. Urbana: University of Illinois, 1999.

According to Carol Willis (Willis 1995, 181), profit is the underlying factor behind real estate boom-bust cycles. Willis states, "[s]kyscrapers are the ultimate architecture of capitalism. The first blueprint for every tall building is the balance sheet of estimated costs and returns. That

bottom line is true today as it was in 1893 when Barr Ferree noted that 'a building must pay, or there will be no investor ready with money to meets its cost'" (Willis 1995, 181-182). The truth is that Chicago has long been a speculative market for real estate developers and investors. Speculation is in fact the belief that gains will be had in the future. Moreover, the profit motive discounts the additional players and offsetting of costs involved in redevelopment strategies and future potential in building construction beyond "real" financial profits. For example, the "Super Block" represents a clear example, where profits were non-existent and vacancies were at alltime highs (see Figure 4. Office Vacancy Rates, 1970-1984), yet Romanek-Golub sought to construct not one office building, but two. Although this is one project that was shelved, we can assume by the dollar amount of building permit sales (Figure 19) that the "Super Block" was not the only project on the docket for construction. There was an increase in building permit sales from 1974 through 1976 (Randall 1999, 468). But, these numbers include the entire downtown area and are not earmarked based on location or type of building construction project.





Source: Randall, Frank A. and John D. Randall. *History of Development of Building Construction in Chicago, Second Edition*. Urbana: University of Illinois, 1999.

Conclusion

I originally believed, as did many others, that the Energy Crisis of the 1970s had a significant impact on the office building construction collapse in Chicago from 1976-78. Building construction data for the various areas downtown showed a significant amount of uneven development in the types of projects that took place in each area, and a gap in office building construction projects in the CBD. The common explanation for this slowdown has been a single factor – the Energy Crisis of 1973. However, my research suggests a multitude of factors contributed to the trough in constructed buildings between 1976 and 1979 in the CBD, and that in fact the Energy Crisis of 1973 actually affected the rate of construction only slightly when comparing 1973 and 1979 market forces and profit motives. Surprisingly, the Energy Crisis of 1979 had a far greater negative impact on building construction projects than 1973, yet the resurgence of office building construction projects took place at precisely this time. Analyzing these trends through the socio-spatial perspective provided a greater understanding of the amalgam of factors that impacted the built environment, which in turn led me away from focusing on one or two factors to explain the boom and bust cycles in building construction.

My research produced a number of findings: First, it corroborates Rast's (2011) assumption that building coalitions are a necessary component of redevelopment. The postwar redevelopment of Chicago depended on the partnership between a strong, authoritarian Mayor Daley and business leaders with a common vision. Secondly, the research demonstrates the uneven development that took place across the city of Chicago with the bulk of urban renewal money and reinvestment by private groups going into the CBD as outlined by the 1955 and 1973 development plans. The trajectory of development in the CBD forced industries and manufactures,

including the rezoning of the CBD, creating nuisance ordinances, constructing the Congress Expressway, and by upgrading the CBD's infrastructure only after most industries and manufactures had vacated the area. These plans also insulated the CBD from the growing poor black populations in the South and West Sides with the creation of Dearborn Park and the University of Illinois – Chicago campus. As we can see, the redevelopment strategies of the Daley coalition prioritized the physical and economic growth of the CBD and the Near North Side by vectoring investment away from the growing industrial sectors and black population on the south side of the city (what most revanchists saw as the cause for the blight of the city). Lastly, this research posits that profit motives (Willis 1995) minimally impacted office building construction projects during the postwar redevelopment of Chicago. This was due to a redevelopment partnership that created favorable structural conditions despite market forces indicating the fragility of rent prices. And when the favorable conditions among the partners ceased to exist, the federal government shifted policies from urban renewal dollars to the adjustment of the corporate tax schedule, which created an even more favorable environment suitable for physical and economic development through private investment. The stories mentioned above demonstrate, as noted by M.V. Levine, that

"capital needs the local government to coordinate the actions of individual developers, lower the risks for individual investors by establishing stable, predictable land use patterns, and provide planned profit opportunities for investors. In this sense, public-private partnerships represent an urban form of state capitalism in which city governments help underwrite important components of the capital accumulation process" (1989, 19).

This would suggest that what spurs development is the local government's ability to stabilize markets and reduce investor uncertainty through the privileged position of business leaders and developers within public-private partnerships. Vacancy and interest rates, building material costs, and economic variables can be canceled out in favor of a strong public-private partnership

and other incentive-based amenities. Indeed, "Daley made capital follow buildings" (Miller 199, 249), including those already built and designated as landmarks. But during the 'international periodization' of development, it was clear that those profiting from a building construction project harvested more than financial gains; and the decision-making process of construction had to weigh the political profits even if it meant taking a financial loss. Political profits, such as serving on the Mayor's Advisory Committee, sustained the accumulation of capital through influence on policymaking decisions, in privileged positions whereby businessmen "act as unelected officials" (Squires 1989, 4).

Politic levels of analysis are a major source of contention that needs to be clearly defined and examined out more clearly by all researchers. Politics operate at a multitude of levels (local, metropolitan, regional, state, federal, and international). However, far too often researchers fail to account for how integrated the levels of politics are in a particular policy area. Too often the role of one or more levels is discounted, unexplained, or unexamined. Researchers tend to pick a level of analysis—municipal, state, or federal—and alienate others, acting as if they do not exist. When looking from the bottom up—that is from the local level to the federal level—it is extremely important to examine all levels at play, as each upstream level has an impact on what occurs at the local level. For example, Rast (2011) provides background on the redevelopment plans of the Near West Side and Near South Side communities in 1947 in anticipation of the federal Housing Act of 1949. However, he fails to address the fact that the state of Illinois passed urban renewal legislation two years before the federal government, and leaves unexplained the state's early involvement in urban renewal and redevelopment. Too often we see the state's role left out of considerations of "the local."

As we look at the success of Chicago in enacting urban development and renewal we need to keep in mind that many people are left out of the strategies and visions that drive such large-scale change. Urban change impacts people and communities differently, producing winners and losers, the latter often becoming displaced. When we examine why Chicago was endowed with federal monies, we have to look at the funding's relationship to private investment. Daley's 1955 and 1973 development plans clearly insulated the CBD from the poor black neighborhoods of Chicago's South Side by creating the structural conditions for the locating of a white middle class to the CBD's south. The redevelopment of Dearborn Park Station and its surroundings into an early version of a gated community is a key example here. This policy was continued under Jane Byrne on the West Side with the construction of the Presidential Towers complex, among other projects. There is no doubt that these were considered "good policies" at the time among business leaders and owners and city officials. These policies were directed toward continued physical, and therefore economic, growth of the city's CBD, in spite of the human cost and displacement of low-income communities (often communities of color), which tend to be neglected in neoliberal-minded policies. For white, middle- and upperclass Chicagoans, the livability of the city increased, but for others, predominately black residents, the city (multiple cities for that matter) shunted them into neighborhoods away from the CBD.

By examining the development history of Chicago's CBD, the city's most predominant area, at the onset of neoliberalism and globalization, we can better understand Chicago's place and importance as a global city today. What we have seen is a transformation and expansion in the use of amenities for economic growth, but the trajectory is still aimed around the CBD (Clark et al. 2002). Under Mayor Richard J. Daley, buildings in the CBD from Chicago's golden age of architecture, which were considered dilapidated, decrepit, and in disrepair and were deemed appropriate targets for a wrecking ball, were also considered historic, beautiful, and demonstrative of a *Chicago* culture by preservationist groups. Once preserved, the City Council used the landmarked building as an amenity to direct future development around historic structures by relaxing city ordinances. Twenty years later, the same buildings that were to be demolished are now heralded as historic marvels and preserved as cultural icons. Architectural river boat tours, walks, and bike rides around those same buildings provide Chicago with streams of revenue and jobs, as tourists from around the world stare endlessly to the sky at some of the world's first skyscrapers. Additionally, parks, recreation facilities, and attractions became important amenities that encouraged physical and economic growth at multiple levels. From the redevelopment of Navy Pier to Millennium Park, Richard M. Daley's version of the City *Beautiful* movement along the lakefront has encouraged physical development around these attractions and has spurred economic development on three fronts: increased land values, increased tax revenue through tourism, and increased endorsements and branding rights in public spaces. Public development has taken on a new form through the creation of public amenities, which leverages considerable multinational corporate funding through the purchasing of branding and endorsement rights. Look no further than Chicago's Millennium Park, where thousands of people take pictures and gaze at their reflections in AT&T Plaza, cross the stainless steel BP Bridge, tour the rest of the city with a visit to the McDonald's Cycle Center, and relax in the Boeing Gallery, Chase Promenade, or Wrigley Square after a long day. The public-private partnership has changed and morphed throughout Chicago's history, adapting to the times and growing in scale.

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