

Book Review

by Peter Lund

Heywood T. Sanders. 2014. *Convention Center Follies: Politics, Power, and Public Investment in American Cities*. University of Pennsylvania Press: Philadelphia.

In *Convention Center Follies*, Heywood Sanders has taken an important step in furthering the seemingly perpetual debate surrounding the use of public subsidies for private projects. For years, scholars such as Andrew Zimbalist (*Baseball and Billions; May the Best Team Win*) and Douglas Coates have produced arguments that challenge the assumptions surrounding the public subsidization of professional sports facilities, reaching similar conclusions about the ineffectiveness and overestimation of the projects' main proponents. However, this literature has faced difficulties both in its broader academic application and in its effect on the decisions of policymakers. Academics, while regularly agreeing with the conclusions of Zimbalist, Coates, and others, have chosen not to further the analysis or attempt to synthesize across disciplines. As a result, public subsidy as a research topic has faced the desperate need for an exhaustive synthetic work that could spark the necessary next step in research the same way Thomas Piketty's *Capital in the Twenty-First Century* did for economics (and especially the study of income inequality). *Convention Center Follies* isn't quite *Capital*, but it is an important work that will hopefully serve also as a research catalyst.

Sanders divided the book into two parts. The first part, entitled "The Race to Build," is an exploration of how the various agents of the convention center construction process have ensured continued successful projects in spite of unimpressive returns on investment and lacking economic impact. Sanders identifies a number of critical issues that he feels are responsible for

the continuation of these public subsidy practices. From a theoretical standpoint, cities fail to understand the true economic function of the convention centers they build. While it is true that conventions are a demand economy, it is an error to think that the process of constructing or renovating convention centers can contribute to a sound local economic policy. Much like professional sports, conventions are a limited demand economy, meaning that an oversupply of space can be achieved quickly and with highly deleterious effects for those cities behind the curve. In essence, cities have followed the recommendations of consulting firms to engage in supply-sided policies for a demand-sided economy. It seems only obvious, then that such practices should end poorly. Yet these consulting firms are repeatedly rehired, and the abject failure of their projections are almost never called into question by city leaders. Sanders poignantly reveals the questions that underpin his research early in Chapter 1: “Why are center consultants not held to account for their forecast errors? How is it that these failed public projects are followed not by expressions of outrage and apology, but by calls for even more?” (11).

The majority of Part 1 is spent answering the first question while touching on the second. For Sanders, consultants carry the weight of expertise when it comes to legitimating a project. Local leaders are able to frame their support for the convention centers with “Don’t take my word for it, here’s an expert,” a tactic which is used to minimize and mitigate civic opposition. Sanders’ research shows, however, that the symbolism of these expert consultants has only increased as cities have increasingly maneuvered to avoid putting convention centers (and other publicly subsidized projects) to any kind of popular vote. Creative funding practices, which began in the 1970s, sought to circumvent general obligation bonds by any means necessary. Thus, the consultant studies need only to speak in favor of construction to be of help to local government; the success of the consultant predictions were of little consequence. Still, it is

astonishing that such rudimentary estimation practices as those used by the consulting firms like KPMG (and disemboweled with great detail by Sanders) are allowed to continue, given their strong analogous existence to blatant charlatanry.

Part 2 of *Convention Center Follies* seeks to answer the second of Sanders' questions through a series of case studies. The answer(s) that he arrives at, would likely split theorists of political economy, but share a common theme: local business interests. In Chicago, the growth machine failed to back singular projects for downtown development, but when projects were combined into a larger development plan, stakeholders in both the Fort Dearborn and South Loop areas were able to reach development agreements. Similar issues arose in Atlanta, where the local regime argued over slum clearance and land use proposals as local businesses concerned themselves with increasing local property values. And in St. Louis, the challenge was to prevent downtown erosion through plans that "could support *all of downtown and all of those divergent interests*. (original emphasis)" (429).

In the end, these case studies illustrate two critical and similar conclusions among civic leaders. The first is that there is a need for publicly subsidized projects as loss leaders for a city. Their construction is intended to foster private investment and development. With that view in mind, it seems less problematic that a convention center does not return the expected investment if there is sufficient economic growth of the private sector. This is a claim that Sanders does not delve into – the scope of this particular book being among the most obvious reasons why not – though this seems a claim that could be easily measured. The second, and perhaps more troubling similarity is shared among nearly every city and development project that the book touches upon. In those cases, dispute centers on ideas of where to build, or what to build, but never is the wisdom of the building project itself called into question. This is possibly the third

strike of faulty assumptions that cities make when it comes to convention centers and other publicly subsidized projects, and it may prove the most damaging. Given how little the discourse at the local level has changed over the last half-century, especially when compared with the massive changes that the economy at large has undergone, even if the presumptions of supply side policies, loss leaders, and the need to build are all in fact correct, it seems that the persistence of these ideas should receive more attention from a wider field of scholars than is currently the case. Sanders has provided urban scholars with a much-needed synthetic work, and it is up to us now to push these questions about public subsidy beyond the walls and histories of convention centers.