PROFESSIONAL SPORTS

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On the southern edge of Cleveland's downtown sits the closest thing to an urban area miracle one can imagine.

To be sure, it was an expensive miracle, built and paid for largely by the taxpayers. But considering the divisive, controversial, and sometimes petty process that preceded it, that the sports complex called Gateway exists today is nothing short of astonishing.

Gateway, home to the baseball stadium for the Indians and arena that houses the Cavaliers, concerts, and other events. Its history represents an ideal case study in the decades-old debate among economists and urban planners over the public policy wisdom of taxpayer-financed sports complexes.

For more than 150 years, the southern end of Ontario Street at the border of downtown Cleveland was home to the Central Market, for most of those years the city's largest food terminal and marketplace.

But as the end of the 20th century neared, the market's deteriorating condition—along with the growing popularity of the West Side Market, just a couple thousand feet across the Hope Memorial Bridge—made the Central Market's demise inevitable. In the late 1980s, the market was razed, freeing up a prime parcel of downtown land for future development.

Demolition of the Central Market coincided with yet another crisis involving the stability of Cleveland's most important professional sports franchise, the Indians. The aging, somewhat decrepit, Cleveland Stadium on the lakefront was always more conducive to football.

So, by early 1990 the new owner of the perennially underperforming franchise, wealthy businessman Dick Jacobs, had convinced business leaders that, absent a new stadium, he might have to sell the team. Beginning in the 1960s, baseball fans and civic leaders experienced several scares that involved the Indians potentially moving elsewhere, with Tampa and New Orleans the usual suitors. Now, again, Jacobs was subtly putting the future of Cleveland's baseball team on the table.

Around that same time—in November of 1989—Michael R. White scored an upset victory in the Cleveland mayoral election. White was young, smart, visionary—and at times difficult to deal with.

While not necessarily opposed to accommodating the Indians, White wanted more. Spending a bundle of tax money to move the Indians' home a mile to the south wasn't good enough. The new mayor wanted to package a new baseball stadium with a new arena. So he set about convincing owners of the Cavaliers to relocate from their facility in Richfield, where the team had played since 1974.

Because Cavaliers owners George and Gordon Gund were relatively happy at the Coliseum in Richfield, they drove a hard bargain. What's more, Akron city officials, and the town's daily newspaper, loudly denounced the "raid" that would shutter an arena at the time located halfway between the two cities. One Akron columnist wrote of White and other city leaders, "They're trying to steal YOUR basketball team, YOUR concerts, YOUR ice shows."

Nevertheless, White—with the backing of the three Cuyahoga County commissioners, especially Tim Hagan—prevailed. And Governor Richard F. Celeste convinced the state legislature to allow the commissioners to place on the ballot a "sin tax" on alcohol and tobacco that would finance a $344 million bond issue for a new stadium and arena.

The election was set for May 8, 1990—just four months into White's mayoralty and six years to the day after voters overwhelmingly defeated building a domed stadium on the same Central Market site.

What followed was a campaign that was brief—and ugly.

White's impassioned plea to voters asked that they "keep our community moving forward" by voting for a 15-year tax that was essentially a user fee that would be paid only by those who chose to drink or smoke. Backers declared the issue would provide 28,000 good-paying jobs, 1,500 new hotel rooms, and $33 million a year in taxes. The teams would also contribute to the construction costs, though not a significant amount.

Opponents claimed, with justification, the jobs promises were inflated. And Rep. Louis Stokes urged "defeat of this plan to have the poor man subsidize the rich man's stadium." Stokes, who had great influence in the city's black community, had some powerful allies in Rep. Mary Rose Oakar, the United Auto Workers, and Dennis Kucinich.

With the election a month away, a poll showed the Gateway bond issue had little chance of passing.

Then, just six days before the vote, came a moment of high drama at City Hall—one that may have turned the tide.

On the afternoon of May 2, Baseball Commissioner Fay Vincent came to town for an appearance before City Council and to campaign for the Gateway issue. With a single sentence during his meeting with council, Vincent sent shockwaves throughout Northeast Ohio:

"Should this (baseball stadium) facility not be available in Cleveland, should the vote be a negative one, we may be finding ourselves confronting a subject that we want to avoid."

The message, and its interpretation, was unmistakable. A voter rejection of the sin tax would probably result in Cleveland losing its baseball team.

Predictions were for an Election Day turnout of about 200,000 Cuyahoga County voters. Instead, 383,599 county residents flocked to the polls, approving the sin tax by the narrowest of margins—198,390 in favor, 185,209 against.

The tax got clobbered in the central city, losing in 20 of 21 wards. It passed only because of overwhelming support in the suburbs, especially those in the more affluent, outlying cities.

On election night, Hagan, who just months before had run against White in the race for mayor, introduced his new friend this way: "There is a new voice and a new leader, and I am pleased to share this platform and call him my leader and my mayor."

White had risked every penny of his political capital. He had jeopardized his standing with those who elected him.

But he did what mayors are elected to do. He led. And, for that, he saved the Indians and returned the Cavaliers to downtown.

Jacobs Field and Gund Arena, as the baseball stadium and arena were known at the time, opened in 1994. That year, the Indians embarked on a streak of 455 consecutive sellouts, a major league baseball record that may stand for decades. Their remarkable success resulted in two trips to the World Series and six playoff appearances in seven years. For seven years, the Lebron James-led Cavaliers made six playoff appearances and regularly sold out what is now known as Quicken Loans Arena.

In its first 16 years (through 2010), the Gateway complex alone generated more than $110 million in tax revenue alone, drew nearly 72 million visitors downtown, resulted in the opening of nearly two dozen bars and restaurants, and was directly responsible for the opening of more than 500 new hotel rooms—including the luxurious Ritz Carlton behind the Terminal Tower.

In a column this reporter wrote for The Plain Dealer in April of 2010, business leaders said failure of the sin tax would cost the city the Indians and, eventually, perhaps the Cavaliers. At least three of downtown's large hotels would now be closed, as would the Tower City Center mall. East Fourth Street and lower Prospect Avenue would still be a war zone. And just maybe Cleveland would no longer be a hub city for Continental Airlines.

Even if not that draconian, there's not much question the short-term results for downtown would have been catastrophic.

"Gateway was essentially the difference between downtown staying alive or going out of business," Hagan said in 2010. "It was an example of city and county officials speaking with a single voice, but without question Mike White was the key player."

In 1998, when the Indians were still playing to standing room only crowds for every home game, Baseball Commissioner Bud Selig told The Plain Dealer, "The Cleveland Indians are, without a doubt, the No. 1 story of my baseball career. It's stunning." Without the new stadium, Selig said the Indians turnabout would have been "impossible."

However, not everyone agrees with these assessments that Gateway saved more than the Indians, that it helped save Cleveland's downtown. To this day, some argue that Gateway wasn't worth it. Indeed, cost overruns eventually exceeded \$50 million—overruns that were eaten by the taxpayers. The complex has also required ongoing parking garage subsidies and sweetheart leases for the teams that allow them huge write-downs on their lease payments.

Indeed, some highly respected economists have argued for years that public funding is a poor investment and horrible public policy. One of those most outspoken economists is Arthur J. Rolnick, retired senior vice president of research at the Federal Reserve Bank of Minnesota and now a senior fellow at the Humphrey Institute.

Rolnick and another former colleague at the federal reserve, Rob Grunewald, have argued that massive investments in early childhood education is a much wiser investment in a community's economic future. A similar argument has been advanced by James Heckman, a Nobel laureate from the University of Chicago.

"We have a lot more information that there is an extraordinary public return from early childhood education and a small return from investing in professional sports teams," Rolnick said in a 2010 issue of Forefront, a publication of the Federal Reserve Bank of Cleveland. "Indeed, we spend billions of public dollars around this country building sports stadiums and arenas. There is virtually no return on these investments, because they would have been built without public subsidies.

"I think we have the research on our side. I think we have the economic case on our side. Unfortunately, we still have a long way to go politically to make all this happen."

Among the many other arguments economists and urban planners use in opposing large public subsidies for sports facilities are:

- The vast majority of the non-construction jobs stadiums and arenas create are temporary positions that pay very low wages.

- Stadiums and arenas can be privately built without crippling the financial success of the sports franchise. For evidence, opponents point to stadiums in Dallas, Atlanta, and San Francisco that were financed almost exclusively with private funds.
- Costs of these investments outweigh the benefits of investing instead in education, infrastructure, and economic development.
- Stadiums do not result in increased spending, but merely redistribute the expenditure of existing dollars used for entertainment.

In 2003, Florida State University urban planning professor Tim Chapin analyzed a number of economic studies of publicly financed sports arenas and concluded in an article written for the university, "Every reputable, empirical study has concluded that these are not good financial investments."

Another drawback is that using public funds on a facility for one professional sports team sets a precedent that then requires the public to finance facilities for all the others. For cities that have three or four franchises representing the major professional sports—baseball, football, basketball, and hockey—the public cost can quickly skyrocket.

Greater Clevelanders learned that—the hard way.

On December 11, 1994, barely a month after the opening of Gund Arena in the Gateway complex, I wrote a column for The Plain Dealer that began, "The Browns are on the bubble. Mayor Michael R. White went public with what had been known in private for weeks now: The Browns future in Cleveland has never been shakier and the threat to the team relocating is very, very real."

As we now know—and should have known then—White was hardly exaggerating when he warned, "I do believe if we do not act as a community to meet this challenge, then we will lose the Browns."

Art Modell, the Browns principal owner, was obligated by lease to keep the team playing at the aging and decaying Cleveland Stadium through 1998. What's more, Modell had repeatedly stated he would never move the Browns from Cleveland.

But the Indians' move to Jacobs Field meant Modell had just lost his major tenant at the Stadium. And while Modell had publicly supported the Gateway ballot issue, he was beginning to feel unappreciated by political and business leaders.

Modell believed it was now his turn. And he wanted that turn to come soon.

At the very least, Modell wanted a facelift on the existing Stadium, one with a price tag certain to exceed $150 million. Absent that, he wanted a new stadium in another location.

"It is a fact of life that governments and the public benefit handsomely over a period of time from the presence of professional baseball, football, and basketball," Modell said at the time. "When I see Gateway, I owe it to my own constituents to get a new or improved facility for them. I'm not looking to line my pockets. I'm thinking of our fans. And I'm not threatening to move the franchise."

White appointed a committee of business leaders to work with Modell on devising a plan to pay for renovating Cleveland Stadium. At the time, by then early 1995, I predicted in a column, "Negotiations with the Browns over the future of the Stadium won't go smoothly. Unlike his counterpart with the Indians (Dick Jacobs), Modell is a warm engaging man. But he is also extremely emotional, to the point where that emotion has sometimes clouded his judgment."

While negotiations with Modell dragged along, all of Northeast Ohio was falling head over heels with the Indians and their new stadium. By the spring of 1995, it was clear it would be a magical season at Jacobs Field—one that would eventually lead to the team's first World Series appearance in 47 years.

Meanwhile, Modell had grown uneasy. In a show of good faith, county commissioners placed on the November 8 ballot a 10-year extension of the sin tax used to finance Gateway. The extension was earmarked for a new stadium for the Browns, or to renovate the existing stadium.

Despite that progress, in June the always-quotable Modell went silent. In a letter to Mayor White and The Plain Dealer, Modell declared a moratorium on all discussions of a new or renovated stadium until the end of that upcoming football season.

And while that moratorium was in effect, he went off and cut a deal to move the team to Baltimore.

On November 6, 1995, a weary-looking Modell flew to Baltimore in the private jet of his dear friend, Al Lerner, and made it official: the Browns would move, effective in 1996. Cleveland, Modell declared later that day, had repeatedly failed to deliver a suitable stadium and financial package.

Two days after Modell said that, Cuyahoga County voters approved extending the sin tax for a football stadium. The vote was 253,695 in favor, 97,224 against.

From the standpoint of importance to a city and region's economy, professional football is by far the least significant. NFL teams play 9 home games a year, basketball and hockey 41, and baseball 82, not including post-season games.

Nevertheless, the public uproar over the loss of the Browns was unlike anything ever experienced in Greater Cleveland. So profound was the anger over what Modell did—both here and across the country—that the NFL had no choice but to quickly award the city a replacement version of the Browns.

And so, Cleveland got the Browns back. But the price tag was gigantic. Insisting that, if he was allowed to "drive this sucker," there would be no cost overruns on the $247 million facility, White hurriedly steered through construction of a mediocre facility on valuable lakefront property. The final cost was nearly $100 million more than the mayor promised. What's more, for 11 of the first 12 years in their new, taxpayer-built stadium, the Browns' performance on the field was nothing short of pathetic.

While any first-year economics student could make a strong case against using substantial public funds to build football stadiums, the inescapable truth is that any elected official who advocated in 1995 that Cleveland turn its back on NFL football would have lost his or her job in the next election. And the same is true today, a dozen years of miserable football notwithstanding.

For reasons not entirely clear—especially because only those in their 60s and above have any recall of the team's glory years—the Browns are clearly the city's most popular professional sports team.

Economics aside, professional sports teams provide intangible benefits to a city that cannot be measured. And even when the teams perform poorly—as Cleveland's often do—the loss of any of its professional franchises would be a serious blow to the region's reputation and self-esteem.

That surely was not the case 80 years ago. Eight decades ago Cleveland was an industrial giant, the nation's sixth largest city, with a population of just over 900,000.

Throughout the 1920s, cities across the country began building large, multi-purpose stadiums for baseball, concerts, and other outdoor gatherings. In the late 1920s, with an eye on luring the Great Lakes Exposition to the city in 1936, city leaders began plans to build the nation's largest stadium on the lakefront, just east of West 3rd Street. To prepare the soggy site for construction, city officials spent several years dumping more than 300,000 railroad cars of fill on the property.

Backers of the stadium plan told voters Cleveland would have a stadium capable of hosting 60 different activities—outdoor expositions, sporting events, festivals, concerts, even parades. And in November of 1929, just a month after the stock market crash which signaled the coming of the Great Depression, voters approved a $2.5 million bond issue to build a 78,189 seat stadium. The vote was 112,448 in favor, 76,975 against.

Opposition to the bond issue came largely from those who cited the state of the economy. A review of newspaper clippings from the period found no mention of complaints about using public funds to finance a stadium that would be used by private enterprises.

Because it was built on what was once part of Lake Erie, 2,521 piles were required to support the stadium's foundation. Some of the piles were driven 65 feet deep before reaching solid ground.

Work on the actual stadium commenced in the summer of 1930, with some 2,500 tradesmen and laborers working on the facility throughout what was an unseasonably mild winter. The stadium was completed July 1, 1931. The final cost was nearly $3 million, about $500,000 over budget. At the opening ceremony, Cleveland Municipal Stadium was described by former City Manager William Hopkins as being "an enduring monument to the spirit and aspirations of our people that will take its place among the best known structures of the world."

While a slight exaggeration, the new stadium was home to the Great Lakes Exposition of 1936 and 1937, drawing nearly seven million visitors. It stood for 65 years, demolished in 1996 to make way for the new Cleveland Browns Stadium.

To this day, the old stadium remains one of the largest stadiums ever built. But it was far from Cleveland's oldest.

That distinction belongs to League Park, opened in 1891 on the corner of East 66th Street and Lexington Avenue in the Hough neighborhood. League Park was the home of the Cleveland Spiders—the name Cleveland Indians didn't appear until 1915. It was there the Indians won the 1920 World Series, where Babe Ruth hit his 500th career home run in 1929, and where the Indians played periodically through 1946.

Most of the park was demolished in 1951, but the city is in the process of restoring the tiny portion of grandstands and ticket office that remain.

Taxpayers will be footing the bill for League Park's restoration, but they didn't pay a dime for the stadium's construction.

League Park was the first and only stadium built entirely with private money, with Cleveland Spiders owner Frank De Haas Robinson picking up the tab.

BIBLIOGRAPHY

The overwhelming majority of the material used in this article came from the archives of *The Plain Dealer*. Much of that material was originally reported and written by the author, Brent Larkin.

Other sources included *The Encyclopedia of Cleveland History* and the archives of Florida State University and the Federal Reserve Bank of Cleveland.