Lake Effects

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The Realty Regime in the 1920s gave the appearance of being anti-institutional. Appearances, however, were deceiving: the anti-institutionalism of the Realty Regime was only directed toward regional policy making institutions. The regime substituted suburban village and municipal policy making institutions for more threatening regional policy making institutions. Realty Regime policy making originated in balkanized suburbs, and the benefits of growth policy and service distribution and wealth redistribution outcomes were directed toward middle and upper class suburban constituencies.

THE REVOLT AGAINST CORPORATE REGIME POLICY MAKING INSTITUTIONS

Corporate Regime urban policy making was dependent on institutional means of implementation. If the regime meant to extend policy making to the metropolitan region, then regional institutions were imperative. This was the purpose of the annexation, regional planning, and metro government movements. Annexation, the most uncomplicated of the three, simply extended existing institutions to the suburbs. Regional planning and metro government, on the other hand, required an entirely new institutional order.

The Failure of the Annexation Movement

Annexation was the first expression of Corporate Regime regionalism.
Requiring little reflection and no tactical changes, annexations were appealing because they simply extended the policy status quo into the suburbs. Annexation assumed a heightened importance in the 1910s when, for the first time, suburban population growth rates surpassed those of the city. Post World War I era Cleveland was the sum of no less than thirty-seven annexations, propelling the city from an area of less than one square mile in 1814 to an urban surface of nearly 72 square miles in 1915. Even though Cleveland made an additional thirteen annexations between 1916 and 1931, adding another 21 square miles of land and 218,000 souls, the Chamber of Commerce at the end of World War I rightly sensed that the annexation movement had run its course.¹

Four postwar trends doomed the annexation movement: (1) an intensification of racial, ethnic, and class antagonisms; (2) new laws that facilitated incorporation and made annexation unworkable; (3) improved suburban services,² and (4) the struggle for control of the urban policy setting apparatus pitting the declining Corporate Regime against the emergent Realty Regime. The former favored annexations and the latter opposed them.³

Ethnic, class, and racial antagonisms intensified in Cleveland after World War I. The decade and a half before the war witnessed the greatest influx of foreign immigrants in Cleveland’s history, and the war decade itself saw a dramatic increase in the city’s black population, the result of local industries recruiting badly needed war industry workers from the rural south. The years immediately following the war were marked by labor unrest and political radicalism as workers tried to recoup lost standards of living in the inflationary postwar years. Charles E. Ruthenberg, Communist Party candidate for mayor in 1917, won nearly a third of the vote. Foreign born workers participated in a major strike in 1919 at the American Steel and Wire Company, and in the May Day parade that year which touched off a nine-hour riot, resulting in two deaths before the police arrested hundreds of suspected agitators and at last brought the melee under control. In June, the city was shocked when Mayor Harry L. Davis’s home was bombed, another violent event blamed, like many others, on foreign born working class radicals.⁴

African-Americans were targets too. Only 8 percent of Cleveland’s 1930 population was black, but nearly a quarter of those who moved into the city between 1916 and 1931 were black. Ninety percent of Cleveland’s black population of 71,899 lived in a newly forming Central area ghetto on the city’s near east side. When the Arthur Hill family left the ghetto in 1924 and attempted to occupy a house in suburban Garfield Heights, a mob of two hundred angry whites surrounded Hill’s new home. The family’s repeated
appeals to the Garfield Heights mayor and police for protection went unheeded, and the family soon returned to Central.⁵

Social geography, real estate industry business practices, and land use control policies exploited and intensified these antagonisms, antagonisms which in part made the Realty Regime’s place-specific urban policy popular with the public. Zoning itself was a reactionary response to the social geography of the industrial city. As an expression of exclusionary social class, ethnic, and racial attitudes, zoning worked against annexation. Suburban zoning and restrictive covenants were the gatekeeping tactics used by the Realty Regime to keep undesirable racial, ethnic, and religious groups out of suburbia.⁶

The state legislature supported suburban separation by enacting new laws which made incorporation easier. The scores of new suburban villages and municipalities sanctioned by the state legislature and planned and built by real estate developers showed little interest in annexing to the city of Cleveland. Annexation referenda held in Cleveland suburbs after 1910 were consistently rejected by suburbanites. The Cleveland Chamber of Commerce formed its Committee on Annexation in 1915 only to find its pro-annexation recommendations shunned by suburban residents, suburban elected officials, and realtors. Stunned by the negative reaction, the chamber and the local press protested that Cleveland’s greatness was achieved through annexations.⁷ These boosterish appeals to historic traditions of civic pride fell on deaf ears.

The reality of superior suburban services was more compelling than appeals to civic pride in Cleveland. Suburban police and fire departments were emancipated from patronage and prompt to respond to citizens’ calls. Streets were cleaned and garbage was picked up with greater frequency and efficiency than in Cleveland. Schools were the most important public service, and the suburbs established public school systems unmatched in quality by the Cleveland Public School System. These services were costly, but upper and middle class suburban taxpayers were willing to pay.⁸

Utilities, transportation, and water were services that the city might have used to harness the independence of the suburbs, but the nexus of policy, politics, state statute, and business all worked against Cleveland. Following the time honored assumption that the city would eventually annex outlying settlements, Cleveland officials, prodded by the county commissioners and realty interests, extended streets and water mains beyond the corporate limits. County roads, state highways, and the commuter rail and bus network were also extended to the suburbs. Gas, electric, and telephone service were in the domain of private enterprise. But encouraged by the county commissioners, realty interests, and the quest for
profit, these private utilities companies extended their services to the suburbs, actions which also helped create not only independent suburbs but also place-specific urban policy making.

The Failure of Regional Planning and Metro Government Movements

The chamber's Committee on Annexations' annual report for 1922 pronounced annexation dead and heralded regional planning and metropolitan government as the antidotes to regional political balkanization. During the next ten years, the Chamber and the Citizens League threw their weight behind no less than five schemes designed to lead the county to regional planning and metropolitan government. They included county home rule, a county planning commission, a county planning congress, a regional government committee, and a voter referendum. All failed.

The chamber and the Citizens' League joined like-minded Cincinnati civic organizations to lobby the state legislature for county home rule legislation in 1922. County home rule charters were granted, but because county governments were created as state administrative units, they were not easily adapted as regional municipal governments. Home rule charters allowed county commissioners to appoint county planning commissions, and Cuyahoga County appointed one in 1924, but it was spurned by the Realty Regime. City and suburban officials and influential citizen representatives of fading corporate and emerging realty regimes were appointed to serve on the county planning commission. All parties paid solemn lip service to the importance of regional planning, but Realty Regime commission members were unwilling to make the commitments necessary to make regional planning a success. Suburban municipalities without fanfare withheld operating monies from the county planning commission, and it died a slow, unmourned death.

A new but equally ineffective tack was taken in 1927 when the advisory County Planning Congress was formed. The members of the advisory Congress were primarily the part-time suburban mayors (who were full-time real estate developers) and their city engineers who hoped to link their suburbs to Cleveland’s central business district by the network of highways that might be planned and built by a regional transportation agency. The Cleveland Real Estate Board endorsed the Congress’s idea, and in the 1930s the advisory organization evolved into a regional transportation planning agency supported by county, state, and federal funds. In the 1920s, however, the County Planning Congress barely registered on the policy making scale.
Stung by the rejection of county planning, the Chamber and the Citizens’ League allied in 1928 to support the Regional Government Committee made up of representatives of four hundred public and private organizations. At the very outset, the Regional Government Committee pledged that it posed no threat to “purely local matters such as zoning and public education” while at the same time it created subcommittees to study the various components of regional government. One such subcommittee worked to amend the state constitution to allow the restructuring of counties as workable regional governments, an effort hotly opposed by a coalition of rural, suburban, and core city politicians.

Undeterred, regional government proponents next financed a public relations campaign aimed at winning suburbanites over to regional government. The metro government publicity campaign insisted that the city of Cleveland offered superior services and lower taxes than those found anywhere in the suburbs. The appeal rang false. It was true that suburbs carried a large per capita burden of municipal debt and that residents of the newer suburbs especially paid more in taxes than Cleveland residents. Residents of the newer Cleveland Heights and Shaker Heights suburbs paid nearly double the tax rates of Clevelanders, reflecting the recently acquired debt and the higher cost of superior services. But large debts and high taxes were only temporary as the two oldest suburbs in the county—East Cleveland and Lakewood—were proving. By the mid 1920s, as debts were retired, taxes in these two suburbs were nearly identical to those paid by Cleveland residents.

Yet in all suburbs, whatever the tax burden, residents were convinced that Cleveland’s services were not on a par with their own. In these smaller communities, citizens had a direct impact on their elected officials and were better able to choose their own standard of services, something they could not hope to achieve in the city. Thanks to zoning laws and the real estate industry’s exclusionary practices, suburbs were graded by class, status, and ethnicity. Each suburb selected and paid for its own preferred grade of services. Suburbanites enjoyed having these choices, and regional government threatened suburban independence as service providers.

When fiscal incentives to regional government failed to persuade suburbanites, the Regional Government Committee debated alternative forms of regional government, searching for one in the mix that would prove appealing to suburbanites. County government itself was a poor model because it had a plural executive and no representative legislature. Representation in the legislative branch of government, so long an issue at all levels of American government, was also a contentious issue in regional government debates. Specialists in municipal law and political scientists
recommended an “at large” system of representation, which they claimed, no doubt rightly, would allow for middle class domination of the legislature. Middle class suburbanites, however, feared that regional government would be the shoddy anti-middle class politics of Cleveland writ large. On the other hand, inner city working class, ethnic, and racial minorities feared that at-large representation would squeeze them out of elective politics altogether at the county level.\footnote{14}

As the decade drew to a close, regional government advocates sought a compromise which allowed a clearly specified degree of autonomy for each of the region’s municipalities. This proved an elusive goal, and the final form regional government would take had not been determined when the Great Depression settled over Cleveland and brought the Realty Regime and suburbanization itself to a close. Failed referenda on metro government schemes in each decade from the 1930s to the 1980s demonstrated that regional government remained unpopular.\footnote{15}

\section*{THE NEW ORDERING OF POLICY}

\textit{Growth Policy}

The failure of regionalism and the victory in the Ambler case gave the Realty Regime a free hand to shape urban growth policy. The Realty Regime, despite its opposition to regional institutions of governance, nonetheless cherished an expansive geographic vision. They pictured three major land use districts in the urban region: the inner city, the outer city, and the suburb. The Realty Regime was satisfied with the way market economics performed in the inner and outer city, but social status aspirations came into play in the suburbs, forces not necessarily compatible with free market economics. The solution was a place-specific urban growth policy, allowing the market a free hand in the inner and outer city. In the suburbs, however, the regime orchestrated status outcomes by means of an urban growth policy of place-specific master planning and exclusionary zoning to create a surrounding network of suburbs graded by class.\footnote{16}

Realty Regime rhetoric hailed the sanctity of market forces, but their actions belied their words, actions which show scant faith in the doctrines they advocated. Realtors in time embraced land use controls even though the very idea of land use controls ran counter to the free market creed. They came round to the idea that markets could be manipulated through institutional policy and law, including land use controls. The market in suburban land was thus manipulated to achieve income- and class-graded suburbs.
The Realty Regime, in the beginning, opposed land use controls. The free market supposedly dictated who got what parcels of real estate for which purpose and who did not. The Realty Regime precociously saw the subtle shadings of the free market at work but only slowly comprehended how the market in land might be manipulated and purged of its imperfections. In Millionaires Row and University Circle, realtors found a market too narrow and finite. In slums they found no market at all, unless the prevailing land use could be radically and massively overhauled. The Realty Regime sought a middle ground of urban land use where money, lots of it, could be made. They found that middle ground in the suburbs after realizing that people who shared the same levels of power, taste, culture, and income did not care to share urban space with those otherwise endowed.17

How to achieve these exclusionary economic and social ends? The methodological tools, once again, were city planning and zoning, but in the late 1910s they were in the hands of the rival Corporate Regime. For this reason, many realtors—especially small-scale real estate operators—expressed blanket opposition to planning and zoning, viewing them as twin obstacles blocking the pristine functioning of the market in land.

Stanley L. McMichael and Robert Bingham, important industry opinion makers, argued that “while old sections of existing cities may vastly be improved, greater progress will be made in the planning and directing the development of new and outlying districts.”18 McMichael and Bingham were advocates of laissez faire land use allocation in the inner and outer city and land use controls for the suburbs. They eventually embraced the City Efficient planning movement as the best means to achieve this because it would create a region-wide circulation system which was imperative if suburbs were to develop. Additionally, place-specific City Efficient master planning would treat other taxonomies of land use as if the market were functioning perfectly.

Stanley L. McMichael eventually became an advocate of zoning. Most realtors opposed zoning on economic grounds because zoning ordinances created a regulated market in land. McMichael felt that zoning could be made more appealing to realtors by subordinating the zone plan to a comprehensive City Efficient master plan and allowing a zoning appeals process. The advantages were that nuisance land uses, especially in the suburbs, could be zoned out. Zoning, in this manner, acted as a stabilizing influence by placing a floor under land values, offering protection to buyer and seller against extreme downside swings in the residential real estate business cycle.19

In the end, however, it was sociology rather than economics that effected a compromise between industry leaders such as McMichael and
Bingham and the rank and file of realtors. The middle class purchaser who constituted the major market for residential real estate viewed his social status as a reward for a battle well fought. In the city of industry and autos, those who emerged victorious in the marketplace struggle chose to live at greatest remove from the precincts hosting the competitive fray. This meant the suburbs. This sort of home buyer wanted a pristine haven unsullied by social conflict. Planning and zoning, municipality by municipality, fulfilled these dreams.

A predictable economic and social environment became the essence of suburban marketing. State home rule law made it possible for the real estate industry to incorporate their suburban developments as villages and municipalities. Each suburban municipality formed its own city planning commission for purposes of tailoring a City Efficient master plan, and the suburban city councils enacted zoning ordinances compatible with the municipal master plan and the preferred social outcomes of the real estate industry and suburban home buyers. Zoning laws could keep residences in and factories out. Zoning laws could keep the unwashed at bay by mandating single family houses on large lots here, single family houses on small lots there, multiple family residences in their own separate district, and retailing and services in another zone altogether. Realtors embraced suburb-by-suburb planning and zoning with a passion. To ensure this result, realtors added a new wrinkle, a new land use control—the restrictive covenant. The restrictive covenant, an addendum placed on purchase agreements and deeds, stated in plain language that the property could not be sold to specified ethnic, religious, or racial groups. Suburban planning, zoning, and restrictive covenants made the Realty Regime the gatekeepers to the good life in suburbia.

The Balkanization of Distribution and Redistribution

The Realty Regime made haste to install place-specific service distribution and wealth redistribution policies, although both ranked behind urban growth policy in priority. Service distribution, because of its cost, was assigned a low priority in the city of Cleveland; in the suburbs, though, the Realty Regime damned the cost and stood four square for quality services, and these became an integral part of the sales pitch for suburban homes. The public system of wealth redistribution was spurned everywhere because it transferred tax dollars directly to deceitful clients and funded padded municipal payrolls. The private charity system was not held in high regard either, but public censure of it was considered indecorous and possibly bad
for business. In any case, the costs of voluntary charity could be quietly evaded.

Here it is useful to remember that service distribution and wealth redistribution take on different shadings of meaning depending on one’s place in the system of social stratification. The upper and middle classes made self-conscious distinctions between the two policies. Service distribution, while benefiting all, had an upper and middle class constituency. Wealth redistribution benefits the lower orders only, yet others pay for it.

To working and lower class people distinctions between service distribution and wealth redistribution are not so finely drawn. For example, the middle class defined municipal government housekeeping activities as distributive services, while the lower orders tended to see them as agents for wealth redistribution, or employment opportunities dispensed to members of the lower orders by the patronage network. Garbage generated by the middle class household was picked up by the working class patronage appointee.

More important was the fact that upper and middle class families demanded more higher-order services than the working and lower classes could ever hope to win for themselves. As long as the more affluent classes remained in the city, the working and lower classes received the piggy-back benefits of superior services because the cost was shouldered by upper and middle class households. The balkanized suburbs eliminated that benefit for Cleveland residents.

Public Education

Public education blurred the distinctions between service distribution and wealth redistribution. For those on the higher rungs of the social ladder, education was a distributive service. For those clinging to the lower rungs, public education was a tool for wealth redistribution. Because public education involved not just money and but also curricula, the various education constituencies could not agree on an educational philosophy, agenda, or fiscal policy.

By the 1920s Cleveland area students were served by a four-tiered region-wide school system that separated children by class, culture, and race. The system consisted of private schools, suburban public schools, parochial schools, and the Cleveland Public Schools.

The private schools served upper class neighborhoods and mimicked the eastern preparatory schools in curricula. Private schools prepared boys for private colleges and universities, often Yale, where a large number of
Cleveland’s mercantile elite matriculated. The trustees and headmasters of these schools formulated an educational curriculum that intertwined traditional college preparatory classes rooted uncompromisingly in the classics complemented by a vigorous athletics program. Student–teacher ratios were set at 6 to 1, driving the cost of an education to a level no other class of people in the region could afford.\textsuperscript{21}

Suburban public schools served the corporate middle class. Although they were coeducational, boys were taught a college preparatory program while girls were tutored in finishing school competencies. At a time when only 56 percent of Clevelanders in the 14–17 age cohort were attending high schools of any sort—preparatory, commercial, or vocational—fully 90 percent of suburban youth were enrolled in high schools, the vast majority of which offered college preparatory programs only. Suburban teachers had four year degrees from four year colleges and universities. Most Cleveland teachers, by contrast, held two year teaching certificates awarded in most cases by the in-house normal school. Suburban schools were generously funded from real property tax monies, reflected in the student–teacher ratios which ranged from a low of 17:1 in Shaker Heights to a high of 22:1 in Lakewood. Suburban public schools curricula and attendant instructional delivery strategies were carefully tailored to reflect the values and aspirations of their middle class constituencies.\textsuperscript{22}

The inner city parochial schools offered an educational alternative for the children of upwardly mobile lower-middle and working class immigrants. They were people with traditional values and orthodox beliefs who sought reinforcement of these values in their schools. Parochial schools taught the three R’s by rote and an uncomplicated orthodoxy in religion. Students were carefully screened academically and directed into appropriate educational programs. Discipline was crucial in a school system with a 40:1 student–teacher ratio, and the corporal punishments liberally meted out by the revered clerics who served as administrators and teachers summoned few complaints from parents.

All of this did not auger well for the Cleveland Public School System. It could not compete either in terms of educational quality or dollars spent delivering services. It could not offer curricula acceptable to the demands of all the classes and cultures of the population, nor could it afford to pay the tariff. This failure, reflected in the declining elementary school enrollments recorded throughout the 1920s, testifies to the exodus of the upwardly mobile from the Cleveland Public School System to one of the three regional educational alternatives. Those moving to suburbia realized that public education in Cleveland was a wealth redistributive service, and they refused to pay high taxes to educate poor kids.\textsuperscript{23}
The real estate industry took advantage of this regional multitrack system of place-specific education. Both new and used housing was advertised in terms of its proximity to private, parochial, or suburban schools. Education was typical of the distributive and redistributive urban policies of the Realty Regime. It was based on the decentralization of policy setting factions and the making of place-specific service distribution and wealth redistribution policies. The beneficiaries were the upper and middle classes. The losers were the socially immobile who were forced to remain in the city and fight over a declining fiscal base to fund social services and wealth redistribution.24

Wealth Redistribution Avoided: Charities

Private charities transfer wealth from the affluent to the needy, and wealthy people prefer to control the transfer mechanisms themselves. The charity system inherited by the Realty Regime, masterminded by the Corporate Regime during the first two decades of the twentieth century, raised money through the Community Chest and imposed management and fiscal accountability on the private-sector charitable and welfare agencies via the Welfare Federation.25 The Corporate Regime’s charitable system did not entirely replace the Populist public charity network of direct assistance to individuals and patronage jobs. A semblance of a dual redistribution system persisted, providing some measure of incentive for the Corporate Regime to shift the burden of the property tax so that real property paid the lion’s share of local taxes.26

The Populist wealth redistribution system was held in low regard by the Realty Regime because it was funded by real estate taxes and administered by corrupt politicians. The Realty Regime responded by shifting the burden of the real estate tax from large to small property holders, fighting tax increases, forcing fiscal parsimony on the municipality, and railing at every opportunity against real and imagined corruption in government.27 Most significantly, the Realty Regime encouraged people to move from city to suburb where government transfers of wealth could be avoided altogether.

Opposing the Community Chest and Welfare Federation system was a more awkward matter. It was embarrassing to publicly criticize the system because the public relations experts hired by the Community Chest hyped this philanthropic form of wealth transfer as a community-wide moral imperative. In truth, the private redistribution system cost the Realty Regime very little. For the self-employed realtor contributions were voluntary and could easily be satisfied with a token contribution or simply
CONCLUSION

Realty Regime policy was comprehensive in neither its goals nor its beneficiaries. It scarcely mattered that the Realty Regime failed to understand economic development policy because economic development was largely out of its hands after the rise of the vertically integrated national corporation. The Realty Regime supported bridge and highway improvements to open the way to suburban settlement by the middle and upper classes in place of attracting new industries. Infrastructure building was urban growth, not economic development policy.

No other regime devoted more of its energies to urban growth policy than the Realty Regime, and no other regime won more far-reaching results in consequence. The Realty Regime opposed regional institutions of governance in almost every instance, save transportation planning. The balkanized urban region of multiple polities was its creation. Policy making in the balkanized urban region was place specific and specific to class, ethnicity, and culture. Because balkanized political institutions were created in the 1920s and because the regime successfully tainted the idea of regionalism, the die was cast for the mass suburban exodus following World War II.