

Testimony Prepared for the Subcommittee on Domestic Policy,
Committee on Oversight and Government Reform¹

March 29, 2007

Frank D. Rashid

I thank the members of this honorable body for the giving me opportunity to testify about my experiences as an activist who fought against the use of public subsidies for stadiums in Detroit.

In 1987, four friends and I formed a group intended to try to prevent the replacement of Tiger Stadium, the historic home of the Detroit Tigers. Although each of us had considerable experience in other social and political causes, what brought us together was our love of baseball, our home team, and our ball park, and we at first intended to keep the tone of this campaign light. We named our group the Tiger Stadium Fan Club (TSFC), emphasizing the link between our love of this historic ballpark and the groups often formed to honor professional athletes, and we began our efforts with activities and demonstrations intended to highlight the stadium's irreplaceable qualities, its distinctive place in baseball history, and its role as common ground for generations of Detroiters.

We soon discovered, however, that this issue had a serious side that we could not ignore. The longer we fought against replacing Tiger Stadium, the more we realized that the most compelling reason to save it was to prevent a huge waste of public resources and civic energy. The significance of the building and its history were undeniable, but for me the most important reason to save it was that it was already paid for. My friends and I were lifetime Detroiters and had seen many other big projects—both publicly and privately financed—that were supposed to reverse the decades of decline brought on by deindustrialization, loss of population, and diminished public resources. None of these projects lived up to the promises of their promoters. We therefore viewed with skepticism new stadium boosters' grand claims about the benefits of stadium development, and we committed to a fight not only to save Tiger Stadium but to prevent public stadium financing. That fight lasted nearly ten years.

During that time, we brought the stadium issue to the center of local attention with a public awareness campaign featuring two "hugs" of the ballpark; we passed out hundreds of thousands of leaflets; we published newsletters, position papers, and fact sheets; we sold merchandise and held fundraisers; we kept an office, built an organization, maintained a mailing list and a data base; we gave plenty of interviews, put

¹ Portions of this testimony are adapted from two previously published articles, "Against the Empire: The Lost Struggle to Save Tiger Stadium," *The Elysian Fields Quarterly* 16.1 (1999): 6-8; and "Baseball, Scholarship, and the 'Duty to Justice,'" *Baseball/Culture 2002-2003: Selected Papers* (Jefferson, NC: McFarland, 2004) 93-105.

out press releases, held press conferences, sponsored information sessions, engaged in debates on television and radio and in print; we attracted thousands of members and hundreds of volunteers including attorneys, architects, artists, writers, teachers, urban planners, preservationists, community organizers, neighborhood representatives, business owners, developers, nuns, priests, and a bishop; we secured for the stadium a listing on the National Register of Historic Places; we developed our own professional renovation plan; we lobbied city, county, state, and federal legislative bodies; we met with corporate and political leaders and members of the media; we filed suit to prevent the use of public money for a new stadium; we twice collected signatures and brought the issue to the Detroit ballot.

And finally we lost.

We had succeeded in our 1992 ballot initiative, in which, by a 63-37 percent margin, Detroit voters rejected public stadium financing. But in 1995—when the Detroit City Council decided to rescind our initiative and we again collected signatures to put the issue on the ballot—we could raise only about \$25,000 to wage a campaign against a powerful, well-financed political juggernaut, and, in the March 19, 1996 election, we were slaughtered. In the meantime, we had sued to prevent Governor John Engler’s unconstitutional appropriation of Indian gaming revenues from the Michigan Strategic Fund for eventual use in the stadium project. We appealed two lower court rulings to the Michigan Supreme Court, which, in a curious decision, denied our claim while upholding our principle, refusing to allow such an appropriation to become precedent, but allowing this one-time-only allocation to take place. That was it. We had used every legal method to block public financing of a new stadium. We had staved off the new stadium forces for a few years, but finally we ran out of options and money. The Tigers moved into Comerica Park in 2000.² Making our defeat even more bitter, the Detroit Lions football team, which had left Detroit in 1975 for a partially publicly financed stadium in the suburbs, decided to return to the city if public monies were available, and, again, the city, state, and county complied. Ford Field went into operation in 2002. Downtown Detroit now has two new stadiums absorbing a huge portion of downtown real estate and \$200-300 million in public financing.

In selling these projects to the public, local officials made plenty of promises about the benefits they would bring: new jobs, economic spin-off from stadium-related activities, contracts for minority firms, increased city revenues for more police and city services. *Not one* of these promises has been fulfilled. In the last two years, the city has hosted major league baseball’s All-Star Game, the Super Bowl, and the World Series, but city residents have seen no lasting benefits from these highly touted events. The city faces a financial crisis, with two consecutive years of deficit and has had to cut police and

² For fuller examinations of the Tiger Stadium Fan Club’s efforts, see Michael Betzold and Ethan Casey, Queen of Diamonds: The Tiger Stadium Story (West Bloomfield, MI: A& M, 1992) 107-310; Richard Bak, A Place for Summer: A Narrative History of Tiger Stadium (Detroit: Wayne State UP, 1998) 350-395; and Joanna Cagan and Neil deMause, Field of Schemes: How the Great Stadium Swindle Turns Public Money into Private Profit (Monroe, ME: Common Courage, 1998): 84-103. The stadium issue is also examined in a 2006 documentary, Stranded at the Corner: The Battle to Save Historic Tiger Stadium, written by Bak and produced by Gary Glaser.

fire protection, library hours, and trash pickup among other city services. Comerica Park and Ford Field have been in operation for six and four seasons respectively, but the blessings of major league sports have yet to rain down upon the people of Detroit. The owners of the two teams, on the other hand, have been blessed with dramatically increased franchise value.³ They have also taken advantage of the opportunity afforded by the new stadiums to raise ticket prices.⁴ In effect, we gave hundreds of millions of dollars to two billionaires so they could charge higher prices and become even wealthier. This is called urban development.

Economists who have studied stadium financing explain why public investment in stadiums does not serve the public interest. On the surface it's absurd to expect a part-time business (eighty-one home dates for baseball and with the possibility of a few post-season dates and, at most, twelve home dates for football, including pre and post-season) to create the kind of "synergy" that stadium boosters promise. Roger Noll and Andrew Zimbalist have written, "The effect of stadiums on the cash flow of teams and cities suggests that new facilities rarely, if ever, are worthwhile. Sometimes, they can be financially catastrophic"⁵ No serious academic economist advocates stadium development as a way to bring economic vitality to a city or region. *New* stadiums for new professional teams do not bring benefits commensurate with their expenses. *Replacement* stadiums do not create permanent new jobs; they do not stimulate significant new economic spin-off; they do not add to the tax base. Stadiums inevitably cost more and do less than promised. Nevertheless, in recent decades, professional sports teams have raided public coffers for billions of dollars.

The public costs of stadium development go beyond the dollars spent, and the peculiar nature of stadium financing often disguises the true public expenditure. For Detroit's Comerica Park, for example, most observers believe that the public and private contributions were split about evenly.⁶ Several quid pro quo arrangements ensure that the

³ The value of the Detroit Tigers has risen from \$83M 1995, the year before their victory in the election insured that a new stadium would be built, to \$290M in 2001, the year after the team moved into Comerica Park. After declining in intervening years, the team has regained value after winning the American League pennant in 2006, now standing at \$292M. The Lions' increase in value is even more dramatic, rising from \$150M in 1996 to \$839M in 2006. See Rodney Fort's Sports Business Data Pages at <http://www.rodneymfort.com/SportsData/BizFrame.htm>.

⁴ Average ticket price increases are also dramatic: The Tigers' average ticket prices more than doubled between 1999, Tiger Stadium's final year, and 2000, Comerica Park's first year, from \$12.23 to \$24.83, before the team's mediocre record forced management to lower prices to an average of \$17.90 in 2003. The average price of a Lions ticket in the last year of the Pontiac Silverdome (2001) was \$39.05; this increased to \$50.23 in 2003. See Fort.

⁵ Roger G. Noll and Andrew Zimbalist, "Build the Stadium--Create the Jobs!" Sports, Jobs and Taxes: The Economic Impact of Sports Teams and Stadiums. Eds. Noll and Zimbalist (Washington, DC: Brookings Institution, 1997) 30.

⁶ Variances between different reports illustrate the difficulty of tracking stadium financing once the project is underway. Estimates of Comerica Park's final price tag range from \$290 million to \$395 million. Mr. Ilitch supposedly contributed \$145 million to the project. Although some sources say that the public contributed less than 50% of the stadium's cost, this is unlikely given the range of expenses published in

city compensates Tigers owner Michael Ilitch for his part of the financing: As part of the deal, the city gave Ilitch “the exclusive option to purchase more than 20 blocks of property west of his Woodward Avenue entertainment complex after nine years” and handed over parking revenues, which he then was free to use as partial collateral for the loan he secured to cover his part of the stadium costs.⁷ As is common in these arrangements, he sold the naming rights, even though the stadium is nominally publicly owned, and public ownership became a selling point when the project was promoted.⁸ Moreover, a consortium in which Ilitch’s wife, Marian Ilitch, one-time co-owner of the Tigers, now holds a majority interest, was given the rights to one of Detroit’s three gambling casinos.⁹ On paper, it appears that Ilitch contributed more to this stadium project than have many other owners, but, in reality, the people of Detroit, the nation’s fourth poorest city, have subsidized the team owner’s contribution and ensured that he will take all profits from the stadium, while the city incurs the risk.

the same sources. See Marquette University Law School’s Sorts Facilities Reports 7 (2007): <http://law.marquette.edu/cgi-bin/site.pl?2130&pageID=2629>; League of Fans’ “Summary of Total Cost and Public Subsidy for MLB Stadiums Constructed or Significantly Renovated Since 1990,” <http://www.leagueoffans.org/mlbstadiums1990.html>; Judith Grant Long, Ph.D., “Research MLB2,” Edward J. Bloustein School of Planning and Public Policy, Rutgers University: <http://policy.rutgers.edu/faculty/long.html>.

⁷ Curt Guyette, “Render unto Caesar: The Devil’s in the Details and Pizza Man Mike Ilitch Got One Hell of a Deal,” Metro Times Detroit (23 April 1997): <http://www.metrotimes.com/news>. I was present at the Detroit City Council hearing in which, under questioning, the co-chair of the Detroit-Wayne County Stadium Authority admitted that “a portion:” of these revenues could be used for collateral for this loan.

⁸ Campaign literature promoted public ownership of the stadium as one of the benefits of the financing package. In fact, the people of Detroit get very little out of “ownership” of the stadium, which is primarily a way to ensure that the Tigers take all of the profits while the public absorbs most of the risks. The description of the naming rights deal on Comerica’s Website describes this private deal done with this nominally public property: “In the fall of 1998, [former Comerica Chairman Gene] Miller began discussions with Tigers Owner Mike Ilitch [sic] about naming the new park. Miller, who retired as Comerica’s chairman Oct. 1, 2002, saw a naming-rights agreement with the Tigers as a ‘once-in-a-30-year opportunity.’ That an agreement was reached quickly attests to the strong, enduring relationship the two business leaders continue to have with one another as well as their sharing of a positive vision for Detroit’s future.”

“‘We are pleased by Comerica’s confidence in the Tigers and continued support of the Detroit community,’ said Ilitch” [sic].

Earlier this month, Comerica announced that it is moving its headquarters out of Detroit. The Bank will presumably continue to pay \$2.2M annually to the Tigers for naming rights on a stadium belonging to the City of Detroit.

See “Comerica Park,” About Comerica: Community Involvement: <http://www.comerica.com>.

⁹ When Michael Ilitch bought the Tigers in 1992, he and Marian Ilitch were listed as co-owners, but when the opportunity presented itself to gain an interest in a casino, Ms. Ilitch cut her formal ties to the team. Major League Baseball, which has long sought to avoid any connection with the gambling world, is looking the other way about this and about the very likely use of casino revenues to service the debt.

Dollars constitute only part of the stadium damage. Stadium projects also cost heavily in missed opportunities.¹⁰ In Detroit, which has limited funds and opportunities to stimulate revitalization efforts, stadium projects suck up resources that could be used for schools, police, libraries, parks, and development with potential to produce lasting benefits. Detroit needs to encourage downtown residential development. However, when interest in loft and condominium development was growing in other cities, the new stadiums used up the Downtown Detroit Development funds that could have helped spur earlier development of residential lofts in the central city.¹¹

More profound is the loss of a significant portion of the Michigan Strategic Fund, which was established by Governor James Blanchard in 1984 “to promote economic development and create jobs.”¹² Wise stewardship of this money could have helped to address the effects of the economic crisis in which Detroit and Michigan now find themselves. Instead, we wasted much of it on a stadium that employs the same number of people employed by the stadium it replaced.

Detroit must close thirty public schools, but we have two new stadiums. We’ve already shut down several public library branches and restricted hours of operation in those that remain, which have few computers for inner city kids to use for homework after school. Because of budget cuts, the city has had to close the oldest municipal aquarium in the world. We have few organized little leagues, and we can’t maintain parks and playgrounds for our children, but we have two new stadiums for the major leagues and their millionaire athletes. Detroiters can’t expect the police to come for a traffic accident report or even a robbery. We have to go to the precinct and make the report, and we have to travel further to do so, since police department reorganization has replaced sixteen neighborhood precincts with six centralized districts. In his budget, the Mayor proposed Days Off Without Pay (DOWOP) for city workers—including fire and emergency responders— and took away bulk trash pickups, but we have two new stadiums where the trash gets picked up and there’s plenty of police protection. Try calling animal control and getting no answer; try to report a dangerous building and getting placed on hold; try calling 9-11 and getting a busy signal. There simply aren’t enough phone lines and workers. For this, we pay the highest millage rate of any municipality in southeast Michigan. And we have two new stadiums.

Detroiters are not to blame for this situation. In the years since World War II, this city has suffered from unprecedented disinvestment by the very forces that built it up

¹⁰ See the analyses of stadium financing and impact in Noll and Zimbalist’s [Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums](#), James Quirk and Rodney Fort’s [Hard Ball: The Abuse of Power in Pro Team Sports](#), and Joanna Cagan and Neil DeMause’s [Field of Schemes: How the Great Stadium Swindle Turns Public Money into Private Profit](#).

¹¹ Kristin Palm, “Lofty Words: Bringing Residents Downtown the Slow Way,” [Metro Times Detroit](#) (17 Feb. 1999): <http://www.metrotimes.com/19/20/Features/newLofty.html>. Despite the late start, loft and condominium development is now very healthy in Detroit.

¹² “Michigan Strategic Fund Board,” [Michigan.Org: Michigan’s Official Economic Development and Travel Site](#): <http://www.michigan.org/medc/ttc/21stCentury/MSFboard/>.

only to abandon it, leaving it with vastly diminished resources. For decades the federal government subsidized the flight of its middle class with FHA loans and paved their way out of town with billions for highway development while refusing to fund effective mass transit in the city and fostering policies designed primarily to reform or punish the people who by necessity or choice remain in urban neighborhoods.¹³ We need the solutions that would come from a comprehensive urban policy that equitably distributes resources and opportunities to everyone in our society. The situation is not hopeless. We can list the strategies that would strengthen our city and improve quality of life for our people. Two new stadiums are not on this list.

Taxes added for stadiums contribute to tax wariness on the part of voters asked to approve school millage or taxes for schools, libraries, parks, and other public purposes. Replacement stadiums, like Comerica Park, designed to absorb all ancillary revenue-generating activity for the team owner, also eliminate small businesses—independent parking lots, souvenir stands, bars, and restaurants—which contribute more to a local economy than one large recipient of abatements and direct subsidies. Massive projects like stadiums absorb energy as well as resources, limiting options and channeling an urban vision to expensive strategies with no track record of achieving what they promise. Proven redevelopment strategies are ignored while the powerful stadium lobby, possessed of limitless resources, directs the visions of politicians and the general public to stadiums as the solution to a vast array of social and economic problems. According to urban development scholars Roberta Brandes Gratz and Norman Mintz, after a city surrenders to a team's demands, "projects that could directly benefit the city and add momentum to genuine city rebuilding are either ignored or given crumbs." Such "small investments," they argue, "mean real economic development, real entrepreneur generation, real community building, real people building."¹⁴ But projects like stadiums effectively block them.

Although new stadiums contribute little or nothing to the quality of life of the taxpayers who fund them, and although their hidden costs amount to much more than the actual dollars expended on them, they have become a cynical way for politicians to appear to do something for a community, while ignoring its real needs. An official from the office of Michigan Governor John Engler admitted as much to three Tiger Stadium Fan Club representatives, myself among them. He said that out-state Republicans would not stand for doing what really needed to be done for the City of Detroit, but that supporting a stadium was a way for the administration to placate critics with the appearance of responsiveness to the city's needs. Detroit leaders, who have limited available funds for redevelopment, focus on stadiums as one kind of project that can happen, not because they will do any good, but because of the vast array of powerful

¹³ For a comprehensive history of postwar Detroit, see Thomas J. Sugrue's Origins of the Urban Crisis: Race and Inequality in Postwar Detroit (Princeton: Princeton UP, 1996). For analyses of the ways in which federal policies and programs have encouraged suburbanization and injured central cities, see Kevin M. Kruse and Thomas J. Sugrue, eds., The New Suburban History (Chicago: U of Chicago P, 2006).

¹⁴ Roberta Brandes Gratz and Norman Mintz, Cities Back from the Edge: New Life for Downtown (New York: Wiley, 1998) 336.

interests—the professional sports leagues, the team owners, real estate developers, bond attorneys, construction firms, building and trade unions—that benefit from them and will support any campaign to make them happen. Of course, such projects include a built-in incentive for mayors and county executives themselves, since the availability of public funds gives them power to satisfy the demands of and dispense lucrative contracts to wealthy potential campaign contributors.

This means that the job of the local politician is to get the deal done, to make all sorts of exaggerated claims about the benefits a stadium will bring, to exploit the desperation of residents by persuading them that stadiums are a quick fix to myriad social problems.¹⁵ Rather than safeguard public resources and ensure that they are put to the best possible uses, mayors and county executives become the agents of powerful corporate interests. The job of municipal CEOs is to push the project through any approval process as quickly and with as little oversight from legislative bodies as possible, to sell the stadium project to the public, and then to dispense the funds to the powerful interests. In the early 1990s, the Detroit Tigers gave the City of Detroit and the County of Wayne six months to come up with a plan to finance a new baseball stadium, or else.... Later, the deputy county executive bragged that the deadline was his idea, that, in effect, he had told the Tigers to blackmail him as a way to generate public support for the project.

Such collusion is common in stadium deals. After voters approved city funds for the stadium in 1996, the county wanted in on the project and sought to restore a previously-established, but long-dormant stadium authority that would be less subject to federal restrictions imposed in intervening years to close tax loopholes. The Wayne County Commission held a public hearing which colleague and I attended after we had been assured that there would be opportunity for public comment.¹⁶ The same deputy county executive controlled the meeting—pressuring the commissioners with an artificial, self-imposed deadline—to agree to the proposal during the meeting. When members of the Board complained that he had given them no time to review the hundreds of pages in the proposal, the deputy told them that he was prepared to stay all night and answer any questions, but that it was absolutely necessary to approve the proposal during that session. I asked the staff when public comments would be heard, and I was handed an agenda on which public comments appeared *after* the vote. The only member of the “public” allowed to speak prior to the vote was the daughter of the Detroit Tigers’ owner, who, of course, testified glowingly of the benefits that would spread from this public-private partnership to all involved.

At first, we TSFC members were incredibly naïve about all this. We had assumed that the leaders of cash-strapped cities and counties would want to save money. In 1989,

¹⁵ Pro-stadium campaign literature from the 1996 referendum proclaimed that the stadium would bring “New Jobs,” “New Business,” “More Police and City Services,” and “Restored Spirit & Pride.” “Blight would be “eliminated” in the area of the new stadium.

¹⁶ We learned about this hearing the day before it was to be held. When we called to find out the details, we were told it would begin at noon. When we arrived, after spending a night preparing our statement, we found out that it had begun at 9 a.m. See Cagan and deMause, 118.

therefore, we asked our volunteer architects to develop a renovation plan that would pay for itself and not use any public money. The resulting design, the Cochrane Plan, was much praised by architecture critics, stadium experts, and baseball historians, but state and local politicians never took it seriously. Several years later, a sympathetic development consultant told us the reason: The budget was too small, and it did not require any public money. We had to make it a bigger project if we expected it to go anywhere. How could we expect the politicians to be interested in anything that took them out of the project?

My disheartening experience in the stadium wars helped me to understand why so few projects that would actually rejuvenate cities and improve quality of life for their residents receive support, and why so many projects that do absolutely no good absorb so much public money. Since our defeat in 1996, I have thought much about what is wrong with the present system that pours so much local, state, and federal money into sports while so many pressing needs—for education, housing, city services, and youth programs—go unmet. These recommendations might help to ensure that stadiums assume their rightful place among the many priorities now facing America's cities:

1. No stadium proposal should be considered that does not include a full cost-benefit analysis performed by experts and citizens with no financial interest in the project. The experts should include urban planners, economists, architects, developers, community leaders, and residents. It should include a full assessment of the proposed financing plan and examination of other possible uses for the resources proposed for the project. In other words, the public should know what kinds of projects, services, and other activities would not be funded because of the public financing of a stadium.
2. If public funds are to be used to replace a stadium, complete plans for the older stadium should be required as part of the agreement. Renovation and/or demolition and proposed sources of funding should be added to the project's total cost.
3. In any locality whose funds would be used on the project, all proposed stadium projects should require a public vote.
4. All documents related to the proposal and its financing should be available to the public for a designated period prior to any vote. Any agreements between the city and the team owner made after the agreement should be part of the public record.
5. No one with a financial stake in the project should be allowed to contribute to the campaign preceding the vote, and no contributors to such a campaign should be eligible for any contracts arising from the project if the voters approve it.
6. Safeguards should be imposed that remove incentives to raise the project's cost at the public expense.
7. Financing formulas must ensure that the public is safeguarded from losses associated with the project and the public must be granted a portion of the revenues associated

with the enterprise, either through ancillary activities (i.e., parking), naming rights, rent, and/or taxes.

8. All agreements between the public bodies and the team owner should be scrutinized to bring to light any quid pro quo arrangements.
9. The granting of public funds for a new stadium should be tied to high standards of operation. That is, the team owners and their contractors should not be tied to any enterprise (i.e., gambling) that compromises the integrity of the game.
10. Any publicly funded stadium project should be closely monitored to insure accountability and to aid in planning for other projects.

America has neglected its cities. In place of intelligent urban policy, federal, state, and local governments have supported projects like stadiums that distract us from purposeful solutions to the urban crisis and ultimately do much more harm than good. As a lifelong Detroit resident and a student of urban policy, I am grateful to the members of this committee for holding these hearings on the state of urban America, and especially grateful for allowing me to provide this testimony.