

Community Banks and Their Role in Civic Planning: Some Thoughts on Economic Development in Metropolitan Kansas City



*Western Historical Manuscript Collection
Kansas City*

Charles N. Kimball Lecture

Mr. James M. Kemper, Jr.

Chairman, Tower Properties Company

April 21, 1998

The Charles N. Kimball Lecture Series

is a tribute to our late friend and civic leader, Dr. Charles N. Kimball, President Emeritus of the Midwest Research Institute, to acknowledge his support of the Western Historical Manuscript Collection-Kansas City and his enduring interest in the exchange of ideas.

Charlie Kimball was a consummate networker bringing together people and ideas because he knew that ideas move people to action. His credo, “Chance favors a prepared mind,” reflects the belief that the truest form of creativity requires that we look two directions at once – to the past for guidance and inspiration, and to the future with hope and purpose. The study of experiences, both individual and communal – that is to say history – prepares us to understand and articulate the present, and to create our future – to face challenges and to seize opportunities.

Sponsored by the Western Historical Manuscript Collection-Kansas City, the Series is not intended to be a continuation of Charlie’s popular *Midcontinent Perspectives*, but does share his primary goal: to encourage reflection and discourse on issues vitally important to our region. The topic of the lectures may vary, but our particular focus is on understanding how historical developments affect and inform our region’s present and future. The Lectures will be presented by persons from the Kansas City region semi-annually in April, near the anniversary of Charlie’s birth, and in October. Additionally, presentations may occur at other times of the year, if opportunities present themselves.

WHMC-KC appreciates the substantial financial underwriting and support for this Series provided by the **Charles N. Kimball Fund** of the Midwest Research Institute and by other friends of Charlie Kimball.



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INTRODUCTION

to the Fourth Charles N. Kimball Lecture

David Boutros

Associate Director, WHMC-KC

As many of you know, the Western Historical Manuscript Collection-Kansas City established this series as a small token of thanks to Charlie Kimball for his years of support and friendship. Moreover, we wanted to acknowledge and continue the spirit of his efforts to encourage reflection and discourse on issues vital to our community.

Being here in the Mag Center without Charlie is a strange feeling for me. My memories of his distinctive Bostonian accent introducing the speaker or asking a critical first question to get the discussion started, are both rich and real in this room. I would like to thank MRI, and particularly Ward Wheeler, for scheduling us here today.

Among the many tidbits of advice he shared, Charlie encouraged me to think bigger – not that bigger is better, but that setting goals higher than I could reach would keep me looking up rather than focusing on my feet. I am not sure how he would have reacted to the fact that the big goal we are attempting now is to perpetuate Charlie Kimball's vision and method. Though I have always been cautious about suggesting the Kimball Lectures are a continuation of his Midcontinent Perspectives, I am pleased that we have successfully met his standards in both our speakers and the response from our audience. Moreover, I am delighted to report to you that we have received an additional vote of confidence in our efforts with new financial underwriting for the series. Contributions to the Midwest Research Institute's Charles N. Kimball Fund will provide support for the Kimball Lecture Series, permitting at least two presentations a year. I wish to recognize and publicly thank:

Barney Goodman Foundation
Charles W. Battey
Butler Manufacturing Company
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J.E. Dunn Construction Company
H & R Block
Hallmark Corporate Foundation
Robert P. Ingram
David Woods Kemper Memorial Foundation
Alfred Lighton
John A. Morgan
Charles H. Price
Seafeld Financial Corporation
Morton I. Sosland
Sunderland Family
Utilicorp United

As I indicated, we will now be offering two presentations a year: the first on or near the anniversary of Charlie's birth on April 21st, and the second in October. To give you a head start in marking your calendars, let me tell you that our next lecture will be:

October 21, 1998 – Donald H. Chisholm, attorney with Stinson Mag and Fizzell, speaking on philanthropy in Kansas City, and in particular the contributions of Arthur Mag.

April 21, 1999 – Vicki Noteis, Director of City Planning, Kansas City, Missouri, will speak on the history and nature of planning in our community.

Again, welcome to today's lecture. Now to introduce our speaker today is Mr. Jack Morgan....

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Mr. John A. Morgan

Retired Chairman, Butler Manufacturing Company

It is common for a person who is in the role I am in right now to say, “our speaker needs no introduction,” and that is certainly true with James Kemper and this crowd. However, with an audience much more widely geographically oriented and with the interests much wider than those of the audience that we are, it would still be appropriate to say, “our speaker needs no introduction.”

I would like to make a couple of comments about Jamie. First, I would like to speak about his loyalty – intense loyalty to family, to friends, and his loyalty to his business. I well remember that in the past when money was hard to come by and the banks were being courted by people they never heard of before, Commerce held some money in reserve so that they could take care of their long-time customers – that was not common.

Another point about Jamie I’d like to mention is that there have been times when he’s taken a position that was not the popular position, and he was criticized intensely for his position. Yet when time went by, and the cards had all been played, he was right. And I never heard him say, “I told you so.”

Editor’s note: James M. Kemper, Jr. joined the Commerce Trust Company in 1946. Commerce, now operating under the name of Commerce Bancshares, was then and continues to be the largest commercial banking enterprise with headquarters in Kansas City. Mr. Kemper retired as its chairman in 1991 to be succeeded by his sons, David Woods Kemper as Chairman and C.E.O. and Jonathan McBride Kemper as Vice-Chairman. James Kemper is presently the Chairman and C.E.O. of Tower Properties, a major factor in the ownership and development of real estate in the Kansas City community. He has participated for many years in the analysis of city planning and community development. A trustee of the Midwest Research Institute, a former member of the Kansas City School Board, the founder and first chairman of the Downtown Council, the former chairman of the Board of Associates of The Smithsonian, a former trustee of the Committee for Economic Development and a former board member of the Federal Reserve Board of Kansas City, and as an associate of The Brookings Institute, Mr. Kemper brings a wide background to the study of community planning.

Community Banks and Their Role in Civic Planning: Some Thoughts on Economic Development in Metropolitan Kansas City

Mr. James M. Kemper, Jr.

April 21, 1998

Kansas City is a wonderful place to live. More and more people are discovering that. It is a congenial place to live where people care about each other. On a lovely Sunday afternoon, if you walk across the Country Club Plaza, you see all kinds of people from all over the city refreshing themselves in sidewalk cafes, walking their dogs, visiting, romancing, or just standing there taking it all in. There is much to see and to appreciate: brand new Brush Creek full of shimmering water, our mayor's vision come true, new garages, new office buildings, new apartments—acres of them—and as you continue on to the Nelson Mall, and sit there on a bench by the shuttlecocks, you see young men hurling Frisbees, young mothers with little children, kite-flyers, older couples strolling in the sun and you ask yourself, “How did this all happen?”

If you have lived in Kansas City as long as I have, you know that it didn't just happen all of a sudden. Everything worth doing takes time and mutual effort. My first summer job was working at the Plaza Bank of Commerce. Among other duties, I delivered bank statements to residents on the Plaza and in Westport. That was in the 1930's. I carried a large sack filled with statements and cancelled checks during that very hot summer, walking from apartment building to apartment building, to business establishments, to houses, up and down stairs, through the parks, along the boulevards. I've always loved that area from the time when my father kept his horses at a stable where Plaza III is now located. My brother and I would ride with my father from there along Brush Creek.

It was the end of the Pendergast Era. Brush Creek had now been paved with Pendergast concrete. Much of the Plaza was devoted to surface parking lots. You could buy a very adequate lunch at C. Morris Watkins for a quarter, and there were only two places on the Plaza where you could buy an alcoholic drink. The stores were mostly local enterprises, and they were emphatically not open on Sundays. The Plaza sat in a residential area with modest bungalows and palatial mansions around it. Wolferman's, the best family grocery store, and Chandler's, the best florist, were there. St. Luke's Hospital occupied only a fraction of the space it occupies now.

That was sixty years ago, and Kansas City's downtown retail area was still going strong. School children could safely ride there on the streetcar on Saturdays for a dime to buy a chocolate soda. That's all changed, and during most of the time that the change went on, the city and the county and the state played a passive role.

It was not until the location of businesses became a competitive enterprise that city governments changed their roles and attempted to influence the economic development of the city. The two most popular things that a politician can do are to bring new jobs to his community and to promote new construction. These have always been a

tangible proof of civic leadership. At first, great emphasis was put on the quality of life that a community offered. Its superior educational system, its opportunities for recreation, its residential areas, its cultural and sporting activities, its parks and boulevards, the safety on its streets, and the health of its citizens. All of that costs money and that money necessarily came from taxes and from philanthropy. Kansas City was fortunate in becoming a major league sports town. It developed a huge convention center, built a new jail, a new courthouse, and ever-expanding branch of the State University, a major airport, new museums, an enlarged zoo, and the most expensive redo of an urban school system ever attempted. Kansas City became more cosmopolitan. There were many more leisure time activities that made Kansas City a better place to live and most of us felt that we had begun to take greater care of our social problems.

With the increasing competition by political and community leaders to produce jobs, the largest companies rapidly realized that they were in a buyers' market. They were happy to accept the community amenities, but these did not appear on the bottom line of the companies' operating statements. Other financial favors did. Politicians and corporate leaders alike became experts at providing direct economic assistance in new plant location. First of all came the provision of an immediately available site, owned by a community enterprise group and offered at a discount, then industrial revenue municipal bonds and job training funds from the state. None of these incentives involved the community giving up future revenue. That was sometimes not enough, so municipalities decided to forgive property taxes to industries that located in the low income, so called "blighted areas," so as to improve those areas and at the same time provide jobs for lower income people. The next step was doing the same thing if a company simply moved to your town and hired some of your citizens. As the competition for industry heated up, it became a race between the Kansas City metropolitan area communities to see how many taxes could be forgiven and for how long. Taxes such as sales taxes, earnings taxes, and utility taxes were levied but then returned under the provision of so called "TIFF districts." These projects could issue municipal bonds secured by the taxes paid by the developer. Neighborhood improvement bonds could be issued which in fact were general obligation bonds of the city issued without any vote of its citizens for projects deemed worthy of such support by commissions appointed by the Mayor and approved by the City Council. Economic consultants produced elaborate studies showing how over the long run these giveaways made sense, even though they provided no income for the other amenities that the city offered—amenities that supposedly had attracted the industry to the city in the first place.

As one looks around, more and more of our city's commercial property has been taken off the tax rolls, even while more public properties needed to be maintained. If you walk around the Plaza now, you must understand that all of the commercial construction now underway will not be taxed for the benefit of the city as a whole. It will be taxed to benefit the developer of each specific development. Older properties in the area that are still on the tax rolls will make up the difference, but in this time of liberal tax concessions, property deterioration or blight leads to tax concessions and these properties are not being maintained. With some reflection, you begin to wonder how Kansas City can build and maintain all of its expensive, new public buildings and at the same time remove more and more commercial buildings from the tax roles.

Does anyone ever define the economics of community development? Can you eat your apple and have it too? Can you avoid taxes and at the same time support public properties and services? Who is supposed to pick up the check? The answer to that question depends on the aims of the varied pressure groups that influence the agenda of the large metropolitan areas like Kansas City. When you take your Sunday stroll through the Plaza today, is the pleasure you feel due to the natural evolution of the ideas of a succession of talented people, or is it more and more going to depend on the arcane planning of quasi-official commissions appointed by powerful political figures representing quite different points of view than the old-time religion of yesteryears? Finally, if urban planning out of Washington became discredited because of the waste and political corruption involved, what safeguards protect our community when the tax incentives are now handed out at the local level based as they are on principles that the general public does not fully comprehend?

There will always be economic cycles in business. We are experiencing a wonderful period of prosperity at the present time, and the Kansas City marketplace is right up there by national standards as an excellent place to do business and to live. It is difficult to remember that just a scant six years ago at the time of the Bush/Clinton presidential campaign, Ross Perot, the third presidential contestant, was predicting that the banking industry collapse the following spring would make the Savings & Loan scandal look like peanuts. Bankers were not in good favor then. Now with the stock market hanging around 9,000, bank stocks are selling at three times book and 25 times earnings. It is certainly a time for reflection in these times of nervous prosperity. Mistakes in judgment are much more prevalent in times like this. In times of flux, there is a great advantage in dealing from strength both in the public and the private sector. It should be the banker's concern when he is loaning the public's money or recommending new community undertakings that he makes an honest appraisal of the community's interest. It should be our responsibility to be well informed and to provide leadership for the benefit of all of the people in our communities.

A great deal of attention is given to the role that banks and bankers can play in community development by the news media. That is as it should be because so-called "commercial banks" furnish the two most essential commodities needed in any civic enterprise, whether it be public or private. Those commodities are the credit that they extend and the opinions they express on new ventures. In the past that leadership has supported all sorts of innovative undertakings. More and more emphasis has been placed on the city's economic development. The attraction of industry is now considered the primary objective of the governments of the political subdivisions in the greater Kansas City area. Basically, at the local level this involves tax incentives. Cities do not have money in hand to give away so they give away future income. They are not on a pay as you go basis. Our cities are borrowing on the future. What is the driving force behind the granting of these increasing incentives to the real estate business and every other kind of business to move across a county line, a state line or sometimes just across the street? The conventional wisdom used to be that it was essential to attract commercial investment to a community so that their tax base would support schools and other essential services. Now property taxes for many of our largest business are returned to new properties in tax increment finance districts as are the earnings taxes of the people working there. With the unemployment rate of Johnson County, Kansas running at 2%

and that in the rest of the city around 4%, what is our collective objective? Why are we giving away not only future taxes, but also money from the city's general fund? Never in my experience has there been a greater boom, so why do we redouble the incentives not just in the economically deprived areas of the city, but throughout the greater Kansas City area?

The answer to that question is not as simple as it might seem. There was a time when communities were very careful about tampering with their tax base, but that is no longer true. Almost every developer in the Kansas City metropolitan area feels that the city should be asked to make concessions, not only for new properties, but also for existing ones if they are refurbished. It would appear sometimes that such concessions might be necessary forever to hold industry in the same way that sports teams play one community off against another. There is a kind of "one more martini can't hurt you" community attitude about the whole thing. The end, which is community growth, seems to justify any means as each politician attempts to out do the other to make things happen. This is not considered to be a liberal point of view; it is considered to be a wise business-like approach to community development. When human beings do expedient things, they are prone to rationalize the process. There are a number of reasons why tax avoidance has become the preferred method used in community development.

The argument for tax incentives most commonly used in Kansas City proper is that although most of the community is prosperous, there are still parts of it that are not. When you build new plants in depressed areas of the city, you provide jobs there, but you also provide construction jobs to minority contractors. That is the kind of trickle-down theory under which if you had hired most everybody else, you finally are brought to the point where you should locate industry where it is more accessible to the unemployed and the working poor. The trouble with that approach is that it overlooks the fact that the most important quality about a community is that it is a marketplace, and the most important commodity created in that marketplace is its labor. Business competes for the same pool of labor, especially high-producing labor. New construction will be located where it is accessible to the most highly qualified members of the labor force and where construction costs are reasonable. That is especially true when the same development incentives are available all over the metropolitan area. Despite corporate downsizing, it is difficult to hire qualified employees in the Kansas City metropolitan area. Those who remain unemployed are more in need of job training and educational upgrading than they are of having a job across the street from where they live. The problems of unemployment in the central cities of the country are complex. Attitudes on welfare and public education have turned full-circle with much emphasis now on welfare to work and a return to neighborhood schools, but the basics have not changed. Social programs, educational programs and health programs for the poor are expensive and need to be subsidized, whether at the state or local level. Welfare to work itself is expensive with its special requirements for daycare of children and public transportation. The increasing use of tax avoidance to achieve economic development cannot be a universal panacea for the people at the lowest economic level. Too often it means an increase in the sales tax they pay rather than in the quality of their lives. It does nothing to provide public housing for the poor. It decreases the amount of money available for the school systems.

The second factor in offering tax incentives to business in the metropolitan area is the desire to move away from perceived urban problems—real or imagined. This means that suburbs compete with each other to attract existing Kansas City business, as well as new industry. It is no accident that the Kansas City Chamber of Commerce is called “The Greater Kansas City Chamber of Commerce.” By its very nature, it endeavors to broker the best financial deal for business.

There is a suburban mentality that sees profit in peripheral growth. It is politically popular—an almost foregone conclusion—that highways will be extended, new schools will be built, water and gas lines will be lengthened, retail merchandisers like Nordstrom’s will move to where the young families and wealthy families—their best customers—reside, and of course the employers who are here will move out to where they are convenient to the best people in the labor market, many of them receiving the same tax benefits they would have received in the older, rundown part of the city. It doesn’t take much perception to see this, despite all the articles about the need for light rail transit and the return of people to an urban environment of homes built eighty years ago or longer and sometimes not very well built then.

Central urban living faces major problems. High taxes for those who do not have tax concessions, high land costs, high construction costs, traffic congestion, loss of time in the workday. Most businesses want their workforce 100% committed during the workday—not out shopping or having a leisurely lunch. An office campus in an owner-occupied building in an enterprise zone, as in the case of many of your largest employers, provides an ideal setting for the efficient employment of workers at all levels. These enclaves however require the same amount of urban services that less favored employers require.

The present love affair of suburban Kansas City with downtown Kansas City is based on the unending sameness and boredom of suburban America for an aging baby boomer generation of Americans whose children have grown up and who have done more traveling to far off places than their parents could afford or were able to do. Anyone who crowds onto a large jet airplane becomes familiar with this phenomenon. For brief periods, people enjoy being in crowded, close proximity to one another—like bees swarming. It gives one a sense of being alive. Where it’s at, so to speak—sport stadiums, convention centers, hotels, music halls, race tracks, airports, gambling boats. But most of the workweek when they are in residence, the same empty nesting baby boomers stay where they live and shop there.

The Kansas City community or market attracts people living in smaller communities from a wide area and when they come to the retail marketplaces in Kansas City, they are not at work. They have time to mix around, they are not eating a sandwich on their desk, they do not have a telephone on their head, they are not responding to or receiving e-mail or sitting in small meetings discussing pressing problems. They are there to have fun—whether at our sports stadiums or wherever. This attraction to people is the sign of a city’s importance as a market but not necessarily of its financial well-being. Larger cities like Washington D.C. and New York City have the museums, the theaters, the trendy restaurants, but they also have many social problems that those cities have had a hard time financing and the quality of life of the people living in those cities has gotten much worse as they have seen the commuters come and enjoy themselves and pay largely

specialized sales taxes. Downtown Kansas City has been pulled in different directions by the people who work there in the daytime and those who come to the downtown area at night and on the weekends. There is a larger and better-paid work force in downtown Kansas City than there has ever been, but you don't see them on the street during the workweek. They are hard at work in modern, well-designed office buildings with more parking presently available and being built in the private area than anywhere else in the metropolitan area. It is certainly not a retail daytime destination point either for the people who work in the Downtown or who might drive here to shop from the suburbs, but the planners, the City Council, and the so-called "focus group" will not accept that. It is difficult to believe that many of them have walked around our downtown viewing the situation as it now exists with many relatively new retail locations that never have been occupied. The problem is that they do not talk to people who understand the retail marketplace. It is to a great extent the process of redoubling the effort having lost sight of the end in view.

One reads articles bemoaning the fact that those ancient watering holes such as The Chesterfield Club, The Kansas City Club Bar, Gigi's, The New Yorker Hotel, or The Drum Room are no longer in evidence. No thought is given to why that is so. Serious business people at all levels no longer drink at lunch, and if they do, they are certainly not going to drive a half an hour each way to do so. What people do like to do is get out at night, especially on the weekends and when there are things going on downtown like home shows, boat shows, automobile shows, concerts, operas, or plays. Downtown Kansas City is a fun place to be and it is unique in what it has to offer. If you don't mind walking a block or two, there is free downtown nighttime parking. My company, Tower Properties, provides some of it in surface lots across from the Phoenix Bar and Lucas Place, and you can park for two dollars in many of the DST parking garages at night. There are new intimate urban restaurants like Baluchi's and the Majestic and of course that old faithful, The Savoy. It's just that people's habits are different. Have you been to the 422 Club in the City Market? That is a real urban mixing spot with jazz and interesting looking people wandering about, but it's not the 1930's—it's the 1990's. The market is different but the fundamentals are the same. The fact is that there is a large downtown daytime population in Kansas City hard at work—not out on the streets—and a much more sophisticated nighttime population of people who now live in the downtown or go there at night because of its unique attractions. This did not happen overnight and although most of it has been accomplished through tax incentives and the enlargement of our convention center and City Market, much of it is due to a change in lifestyles by people who are tired of conventional living. The important thing is that a good beginning of urban downtown living has staying power, and that it be based on the realities of the marketplace.

A third factor in the process of civic planning in Kansas City is the role of philanthropy. Many people do not realize that the United States is almost unique in its tax laws in permitting wealthy citizens to make tax-deductible contributions to foundations controlled by their donors. In a sense, the U.S. Government has taken the position that the private sector plays a vital role in determining how and why money should be allocated for worthwhile social endeavors. It follows that this private financial support often influences and is influenced by local and federal tax dollars. The seed money that jumpstarts major community efforts has increasingly come from local

charitable foundations with annual contribution requirements that are huge. Kansas City's largest foundation, The Kauffman Foundation, has a net worth of over \$1,600,000,000 and annual spending requirements of over \$75 million. It has a prestigious board of directors and executive staff. It contributes not only money but also a part of the thought process to the direction of most major undertakings in Kansas City. The same is true of many other large foundations domiciled in Kansas City—the Community Foundation, the Hall and Hallmark Foundations, The Stowers Foundation, The Bloch Foundation, the various Kemper Foundations, the Francis Foundation. The list is a lengthy one. Start-up grants by those foundations to community efforts like Kemper Arena, the Kansas City Royal Hale Arena, The Kansas City Zoo, Children's Mercy Hospital, and most significantly The Kansas City Science Museum have set the ball rolling to capture city, county and state dollars to carry various civic objectives to completion. The commitment of these foundations to every urban cause of any merit by their standards has a tremendous effect on the opinion of politicians, the news media, and ultimately on the electorate. Such lead-off gifts used to run to a few million dollars. They now often add up to fifty to one hundred million dollars in projects that are deemed important by a relatively small number of decision-makers. Their frame of reference and sense of self-importance is necessarily influenced by their background. They are well educated, on an average, senior citizens, well traveled and high-principled. Many of the proposals that they initiate or consider are complex proposals. It is still a real challenge to understand the pros and cons of the economic studies that control the initial underwriting of such projects and reviews of those economic studies are rarely done at the completion of the project. In the greater Kansas City area, it is expedient to concentrate civic improvements—and therefore taxing requirements for operating budgets on those who pay taxes in the heart of the urban area, the Kansas City, Missouri, Jackson County, Kansas City School District area where voters seem to be more manageable and the city fathers are anxious to provide a face lift to an aging infrastructure and add to their own sense of self-importance by building major public structures. This area contains our sports stadiums and arenas, our museums, our city hospital, our public market, our largest urban university, our zoo, our large park system and our convention center. These are expensive clubs to belong to for many of the poorest residents in that community because they require services and therefore tax dollars that could have been spent on the more basic necessities of the urban poor. One would hope that all of us in this community development game realize that the accuracy of the operating budgets on these enlarged enterprises are more important than the construction phase. The redo of the Kansas City School District is an outstanding example of that fact. It all becomes a part of the community market and in most cases there must be strong advocacy by community leaders and community bankers to successfully launch such projects whether it be world-class status for Children's Mercy Hospital, the refurbishment and enlargement of the Liberty Memorial, or the ownership of the Kansas City baseball team. It would be a sounder long-term program if our Kansas City foundations made it a policy to commit operating funds as well as construction funds when they initiate projects—not in the form of an endowment, but in the form of annual operating dollars. It is not difficult to estimate the cost of construction on a project. The difficult thing to do is to analyze operating costs on a best and worst basis, as well as the outside revenue that such projects will produce. The Kansas City School District, again,

is an outstanding example of the fact that the personnel within the district are far more important to its success than the buildings that have been built.

A fourth, and probably most important factor involved in the contest for locating new construction and various locations in the Kansas City area is the political factor. The assessment used to be one of the most important. At one time, the County Assessor was one of the best-known political figures in Jackson County and the same was true in the adjoining counties. These individuals were able to raise substantial political donations at election time. Properties were rarely appraised at their real value and determinations were made based on political factors, many times punishing people who had backed the wrong candidate. That has all changed. Properties are now appraised on a professional basis, but tax concessions have become the political weapon of choice—not only in new construction but in the extension of present benefits when the old ones expire. Everything is open to renegotiations on sports stadiums, old hotels, major downtown office buildings or retail shopping centers. As one major Kansas City business leader said to me recently, “If these benefits are available, it would be irresponsible not to take advantage of them.” Furthermore, in the case of the so-called Missouri Neighborhood or Nit Bonds, the Kansas City Council can now approve general obligation bonds with no vote by the electorate. The repayment of such bonds depends upon the success of the project. If the project does not attract tenants or the tenants are insolvent, the city tax revenues from other sources must make up the difference. Furthermore, the increasing use of these bonds affects the city’s credit rating, their ability to service other debt, their ability to meet their payrolls and to provide for increased salaries in times of inflation. These may not be a major concern at the present time, but they certainly could be in the future. The Federal bulldozer has been replaced by the Municipal bulldozer and large areas of land are cleared and go off the tax rolls. If the city is to compete for each new or existing employer with numerous communities in the same metropolitan area, we will have a disposable economy with each new corporate enclave competing with properties that are on the tax rolls. These properties that will suffer vacancies will necessarily be assessed at far lower figures than they were when they were built. The city in a sense will be in a competition with itself with objectives that have never been defined. The city will be giving tax concessions on new construction that will necessarily vacate properties that are already on the tax rolls or are just about to come on. Another factor in the political equation is the desire of politicians to maintain the status quo. Despite the exodus of younger, better educated, inner-city residents to the suburbs, an attempt will always be made to hold voters in the traditional wards and providing patronage in urban voters whether they are affirmative action construction workers, school bus drivers, parks and boulevards groundskeepers or light rail transit workers or highly paid consultants provides a potent political group. Urban renewal has a long and complicated history in the United States, but it has involved some expensive lessons. For one, you can’t require people to live anywhere. Voter strength has shifted and will continue to shift to newer suburban developments, but it’s expensive to buy homes there. The greatest incentive to live in older, traditional neighborhoods is affordable housing and neighborhood schools where the teachers and students are part of the local community. If neighborhood bonds are issued, they should be used for true neighborhood improvements, but the fact should be faced that older neighborhoods all over the United States contain a substantial proportion of our aged and lower income population—many of whom are not in the work

force. They have very basic needs that so called economic development has little to do with.

So to sum up, why is the city increasing its tax subsidies to business when business activity is at an all-time high? First of all, to provide jobs and amenities for areas of the city that have been neglected; secondly, to either fully develop suburbs or to compete with those suburbs. Thirdly, the influence of philanthropic foundations working for their perception of the public good; fourthly, the political agenda of politicians to hold population (and thereby voters) in traditional neighborhoods, to peddle influence by committees appointed by the Mayor and the City Council, and to appeal to the voters by their ability to accomplish projects that just a few years ago would have seemed unimaginable. A working coalition of lawyers, contractors, union leaders and investment bankers working very closely with public relations political consultants have driven many of these projects. The cost per vote cast has escalated as the stakes have grown larger and as the so-called soft costs involved have covered the expertise of the many economists, designers and national authorities who have advised our city fathers on where their interests lie. Many of the projects become as much a social engineering project as an economic development project.

The final factor in the emphasis on economic development as well as civic improvement in Kansas City has been the outstanding leadership of various people involved in the process and their pride in what the community stood for and might stand for. Mr. Tom Veatch, the founder of Black & Veatch, told me long ago that by choice he would never have attempted to do business with any number of political figures in Kansas City, Missouri, but he did so anyway because he loved the city so much. I am sure that our mayor and our other elected officials might say the same thing about some of the people they have had to deal with, for life is always a matter of compromise.

There have been any number of business and civic leaders through the years that were motivated by the same attitude and many politicians as well. The results have been commendable, but as one of our newspaper columnists pointed out not long ago, we must stop thinking of our city as a second-class city. We are, in fact, a very desirable location for business. At a time of practically non-existent unemployment and labor shortages—particularly in the construction trades—we don't need to give the town away. You don't have to take it all off unless you're like those English blokes who decided to do the full monty when they were broke and out of a job. We are not broke and our workers are fully employed.

The decision last week to move the light-rail transit system back on the city's agenda was an example of the sober kind of thinking that can result from the political leadership that our mayor displayed in asking the right questions combined with the responsible business leadership of the Chamber of Commerce. If the Kansas City School District plan designed by the Education Department of the University of Missouri had had anywhere near the same amount of analysis and more responsible civic involvement, Kansas Citians would not have needed to spend an astronomical amount of money on facilities that in many cases are not needed, and are prohibitively expensive to operate. A common sense reaction to the suggested plans of so-called "experts" who are anxious to experiment at the public expense is the sign of a strong community. I think we should sober up a bit in this time of nervous prosperity. We should love our city or our suburban

community, but it should be a tough love based on the realization that every city has its downs as well as its ups. The community as a whole has plenty on its plate right now. It is a time for a careful reappraisal of the direction in which we want to go.

WHMC-KC

The Western Historical Manuscript Collection, a joint collection of the University of Missouri and the State Historical Society of Missouri, contains primary source materials for research and welcomes use by scholars, students, and the public. Our network allows for the full resources of the Collection – the holdings of all four branches in Columbia, Kansas City, Rolla, and St. Louis – to be available to researchers throughout the state.

The Kansas City office opened in 1980 with a mission to collect, preserve, and make available for research, documents relating to the history and culture of Kansas City, western Missouri, and the Midwest. Since that time approximately 7500 cubic feet of documents has been acquired. The Collection owns the papers of important **civic and political leaders** such as Charles Kimball, Ilus Davis, Charles Wheeler, Oscar Nelson, H.P. Wright, Lou Holland, William Volker, and L. Perry Cookingham; the records of **businesses and industries** such as the Kansas City Board of Trade, the Kansas City Stock Exchange, and the J.C. Nichols Company; a very large collection of materials relating to **Kansas City's built environment**, including the records of the architectural and planning firms of Hoit, Price and Barnes, Wight and Wight, and Hare and Hare, among others; the records of **not-for-profit civic and social organizations**, including the Chamber of Commerce of Greater Kansas City; the Kansas City PTA, the Woman's City Club, and the National Council of Jewish Women; the papers of **scholars and historians** who have researched and written on Kansas City's history, including materials from the Kansas City History Project, and the papers of Bill Goff, Lyle Kennedy, A. Theodore Brown, and James Anderson; and a variety of other collections dealing with such diverse topics as labor unions, the Battle of Westport, music and cultural arts in Kansas City, neighborhood development, civil rights, Kansas City school desegregation, and the overland trails.

Questions about the use of or donations to the Collection should be directed to David Boutros, Associate Director of the Kansas City office. (816) 235-1543.

Cover Photo: Plaza Bank of Commerce (1930) located at Alameda [Nichols Road] and Central. *J.C. Nichols Company Scrapbooks (KC54 N118), WHMC-KC.*

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