

Made in Las Vegas

by

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February 1998

Working Paper #295

2/16/98

MADE IN LAS VEGAS WITOLD RYBCZYNSKI

[Sidebar] Industrial cities once made clothing and cars, now they produce financial know-how and medical research; Las Vegas and Orlando export a different sort of service.

All but two states--Utah and Hawaii--have legalized gambling in some form: bingo halls, off-track betting parlors, Indian-reservation casinos, state lotteries. Casino gambling, once restricted to Nevada and New Jersey, has spread to Colorado, Illinois, Iowa, Missouri, Mississippi, and Louisiana. This proliferation is likely to continue. Despite New Orleans' well-publicized failure, a number of cities, including Detroit, are planning casinos as tools for downtown revitalization. Atlantic City is poised at the edge of a major building expansion. Meanwhile, Las Vegas, the original gambling Mecca, shows no signs of slowing down, let alone aging. With some thirty million visitors a year, the Nevada city has joined Orlando, Florida as America's chief destination for tourists. The Las Vegas metropolitan area economy is booming. From June 1995 to June 1996, Las Vegas led the country with an 8.49 percent gain in employment (compared to 2.1 percent nationally). Some three thousand people move here every month, attracted by well-paid casino work, service and manufacturing jobs, and employment in the building trades--six billion dollars of construction is said to be planned for the next three years.

What accounts for this phenomenal success? If anyone should know it is Stephen A. Wynn. Wynn is the chairman of Mirage Resorts Inc., a billion-dollar corporation that last year reached the number two spot in *Fortune* magazine's list of America's ten most admired companies, ahead of venerable organizations such as Procter & Gamble and Johnson & Johnson. Wynn began in 1973 by acquiring the thirty year-old, neglected downtown Golden Nugget and turning it into one of the city's highest-rated casinos. In 1989, he built the first new casino on the Strip in sixteen years, the 3,049-room Mirage. The Mirage inaugurated a construction boom that has added more than five billion dollars of real estate to the city. In 1993, Wynn built the Treasure Island and convinced the acclaimed Cirque du Soleil to make it their permanent home; he followed that with the Monte Carlo, of which he is co-owner. This year he is opening Bellagio. Built at a cost exceeding \$1.4 billion, it is Las Vegas' most expensive--and most upmarket--resort to date.

"It was never only about the gambling," Wynn explains. "It was about the place itself. Originally people came to Las Vegas to see the girls, the entertainers, the gangsters. Now they come for the exploding volcanoes and the shows. Just look at it. Side by side you have an Egyptian pyramid, a pirate-ship battle, a Tuscan village, a Roman forum, and King Arthur's castle. Anywhere else in the world this would be the object of opprobrium, here people think it's great." "Las Vegas is unique," he continues. "It's the only modern city that has been built almost entirely as a resort."

TOURIST CITIES

Resort towns--towns based on leisure--are hardly new. The English spa, Bath, was a fashionable resort in the early eighteenth century; the seaside town of Brighton attracted aristocratic summer visitors as early as the 1750s. The first half of the nineteenth century saw a growth in the popularity of continental European health resorts connected to mineral springs in places such as Wiesbaden in Germany, Vichy in France, and Marienbad in what is now the Czech Republic. Seaside resorts such as Biarritz on the west coast of France also date from this period. In America, Saratoga Springs was a popular spa by the 1820s; the first summer hotel in Coney Island opened in 1824. Such resorts were difficult--and expensive--to reach, usually by stagecoach, so they remained relatively exclusive and small. It was the railroads that brought remote places within easy reach of the majority of ordinary working people. (The railroads themselves promoted holiday travel.) English coastal towns such as Blackpool, Margate--and Brighton--grew rapidly. In America, where distances were usually greater, the railroad was even more influential. Coney Island grew thanks to the railroad. In 1852, the railroad reached Atlantic City; over the next hundred years, this became the largest seaside resort city of the Northeast. It was the railroad, too, that made Niagara Falls accessible and a preeminent North American destination for tourists, especially honeymooners. Railroads also created new winter resorts in Florida, in places like Palm Beach and in Winter Park, near Orlando. As for gambling, a casino was first established in Monte Carlo in 1856 and gambling soon became the mainstay of a thriving resort city. In the United States, casino gambling was legalized earliest in Nevada, and the first casino in Las Vegas--originally a railroad junction--was built in 1941. In 1976, New Jersey legalized casino gambling in Atlantic City, and two years later the first casino opened.

Casino gambling gave Atlantic City a new life but did not dramatically revitalize an ailing urban economy, perhaps because by then resort cities served by railroads had been replaced by tourist cities served by airlines. After 1970, inexpensive air travel contributed mightily to the growth of America's two premier resort cities: Las Vegas and Orlando. Significantly, neither was close to a large metropolitan area, in fact, both were remote--and both had sunny year-round climates. Location was not a disadvantage to the air traveler, especially the international air traveler. When European and Japanese tourists came to the United States, they chiefly visited three cities: Orlando, New York City and Las Vegas. In 1996, Orlando had 34 million visitors; New York City, slightly more than 31 million (although more than half of these were business travellers); and Las Vegas, almost 30 million.

The popular image of Las Vegas is the Strip (Las Vegas Boulevard), a four-mile long avenue lined with casinos. The heart of a casino is the gaming room, a cavernous space filled with long rows of card tables and slot machines. There are many small casinos, but in the major properties, the gaming rooms are attached to hotels--extremely large hotels. Two- and three-thousand hotel rooms are common; the MGM Grand has five thousand rooms. By 1996, this added up to a grand total of more than 99,000 hotel rooms (compared to 86,000 in Orlando and 59,000 in New York). Las Vegas is home to nine of the ten largest hotels in the world. Yet to call these complex buildings mega-hotels is inadequate. They contain more eating places than typical hotels--the Mirage, for example, has sixteen restaurants and lounges. Most conventional hotels include retail space, but

some Las Vegas hotels incorporate small to mid-size specialty shopping malls. The Forum Shops at Caesars Palace, a \$100 million shopping mall, is said to be the highest grossing mall per square foot in the country. The new Venetian casino/resort will have 150 retail stores in its Grand Canal Shoppes.

Lounge acts with celebrated singers and comedians have long been a Las Vegas staple, but large casinos now routinely include 1,000-seat theaters. The elaborate live shows match or surpass Broadway musicals in technical complexity and sometime even in artistic merit, in the case of the Cirque de Soleil. Most casinos also include other large, non-gambling entertainment areas: amusement parks (MGM Grand, Circus Circus), roller coasters (New York-New York), an archaeological museum (Luxor), a dolphin pool (Mirage), and an art gallery (Bellagio).

Finally, the hotels also include meeting spaces. What is unusual in Las Vegas is the size of these facilities: the Sands Convention Center is almost one million square feet in area, only slightly smaller than the Las Vegas Convention Center. The two are among the six largest convention centers in the United States. Huge annual conventions such as the International Council of Shopping Centers and the computer show, COMDEX, are held here. The presence of not one but two major venues has made Las Vegas a prime convention city. Indeed, it leads the country in the number of convention and trade-show delegates--2.9 million in 1996. Interestingly, the number three convention city (after Chicago) was that other tourist city, Orlando, which hosted 2.6 million convention delegates in 1996.

Scale is one of the chief differences between the modern tourist city and its predecessors. While Bath and Saratoga Springs remained relatively small towns, with seasonal fluctuations in population and minor local economies, Las Vegas has undergone an economic transformation. The simplest measure of this change is the relationship between the number of visitors and the number of residents. In 1950, there were about 3 million visitors annually, and Clark County, which corresponds roughly to the present-day metro area, had a population of 48,000. By 1995, the number of visitors had grown tenfold, but the metro population had grown not by a factor of ten, but by a factor of more than twenty. Las Vegas had begun to generate its own urban growth--it was becoming a real city.

THE URBAN ECONOMY

In 1995, the Las Vegas metropolitan area was home to 1.1 million people. This represented roughly three times as many as lived here only twenty-five years ago. The growth of metro Las Vegas is a phenomenon. Between 1970 and 1980 the population grew from 307,000 to 535,000, an increase of almost seventy-five percent; during the next decade the increase was more than sixty percent. By 1990, the population was 741,000; three years later, the population topped a million. The U.S. Department of Commerce estimates that by the year 2000, the metropolitan area will be home to 1.26 million people, and by 2025, almost two million. Las Vegas is the fastest growing of the major urban areas in the country. Its rapid growth is equaled by only two other large metro areas, both in Florida: West Palm Beach-Boca Raton-Delray Beach, and that other

major tourist city, Orlando. During the period 1970-1980, Orlando's metropolitan population increased by 54 percent; during the next decade, by more than fifty percent.

Dramatic urban growth is not unusual. Between 1840 and 1860, the population of New York grew from about 300,000 to almost 900,000; between 1870 and 1890, Chicago grew from about 300,000 to roughly 1.5 million. The urban growth of New York and Chicago in those periods was driven by an economy in which local goods and services were substituted for imports. Jane Jacobs explains the process in *The Economy of Cities* (1970).

We know a few general things about the economy of cities: that cities are settlements where much new work is added to older work and that this new work multiplies and diversifies a city's divisions of labor; that cities develop because of this process, not because of events outside of themselves... that developing new work is different from merely repeating and expanding efficiently the production of already existing goods and services, and thus requires different, conflicting conditions from those required for efficient production; that growing cities generate acute practical problems which are solved only by new goods and services that increase economic abundance; and that the past development of a city is no guarantee of future development because the city can stop vigorously adding new work into the economy and thus can stagnate.

Rapid urban growth is also stimulated by the expansion of exports, that is, goods sold to non-residents. In some cases, there may be a single, major export. Many industrial cities grew this way: Pittsburgh exported steel; Akron exported tires; Detroit exported automobiles. The last twentieth-century American city to grow rapidly thanks to manufacturing is San Jose, which exports computers. Today, most growing cities export services: retirement communities, higher learning, medical research, financial know-how. Las Vegas and Orlando likewise export services--they export fun.

The metropolitan economies of Las Vegas and Orlando are compared in Table 1. Personal earnings are a measure of the relative importance of different industry sectors, and are shown for 1970 and 1990, both totals and per capita. The hotel, amusement and recreation sector (including theme parks) was relatively small in Orlando in 1970--Walt Disney World did not open until 1971--but it increased tenfold in the following two decades, although Las Vegas derives a greater share of personal earnings from this sector. Theme park workers are both fewer in number and less highly skilled (hence paid less) than casino employees. On the other hand, Orlando was a winter resort before the arrival of the theme parks, and this remains an important part of the economy, judging from the rise in retail trade. Manufacturing, including software engineering and computer services, is a significant and growing economic sector in Orlando. Las Vegas recently likewise has started to show signs of growth in this area: between June 1995 and June 1996, it was among the top five leaders in the country in manufacturing employment growth. Orlando appears to be investing more heavily in transportation infrastructure, although the period 1990-1994 has seen a roughly fifty percent increase in Las Vegas's per capita personal income in this sector.

There are other similarities. Both cities have invested heavily in construction, which includes not only casinos and theme parks, but also housing. Health, education and social services have increased in importance as both cities have matured. On the other hand, at least in Las Vegas, government and government enterprises have decreased in relative importance as private industry has grown. This is in contrast to the older industrial cities, per capita personal income from the government sector has generally increased.

[Insert Table 1]

As Las Vegas has grown bigger, its economy has grown more diversified. It has developed--in Jacobs's terms--"new work" and new goods and services. Some of these new services are the product of the evolution of Las Vegas, from gambling, to gambling plus entertainment, to gambling plus entertainment plus conventions, to gambling plus entertainment plus conventions plus family entertainment, to--if Bellagio succeeds--all of the above plus full-fledged holiday vacationing.

One of the "practical problems" that Las Vegas has faced is a sudden increase in the number of children--most of the newcomers have been young families. Hence, one of the sectors that has grown dramatically is education. Education alone generated more than twice the earnings per capita in 1990 as in 1970. Since 1995, the school district has become the tenth largest in the nation. Over the last ten years it has sold \$1.2 billion in bonds and constructed 60 new schools. With schools has come a need for public libraries. In an unusual move, the Las Vegas-Clark County Library District was granted taxation powers. The result has been three new regional libraries and eight new neighborhood branches. The libraries are unusual in being conceived as civic centers; like the casinos, they integrate many functions. In all, they house one amphitheater, four performance theaters, one auditorium, one lecture hall, one music hall, two museums, and thirteen art galleries.

The future of Las Vegas will depend on the continued health of its entertainment sectors. It will also depend on its ability to diversify into other service sectors, as Orlando is doing. These might include retirement communities, health facilities, higher education (predictably, the University of Nevada at Las Vegas already has a reputable school of hotel administration). The city would be wise to encourage conditions that would attract such enterprises for, as Jane Jacobs warned, "the past development of a city is no guarantee of future development." A well-managed growth process will keep infrastructure problems from killing, or at least limiting, the Golden Goose of growth.

LEARNING FROM LAS VEGAS

Las Vegas is what Peter Linneman and I have called a horizontal city. The city of Las Vegas extends over more than 80 square miles (almost twice the area of the city of Boston), and has a population density of about 3,000 persons per square mile (about one quarter the density of the city of Boston). The Las Vegas metropolitan area is even larger. The low density and large extent of Las Vegas is possible only because the automobile is

the chief means of transportation. Nevertheless, recent developments demonstrate an interesting trend. One example is the conversion of the main street of downtown, Fremont Street. Once known as "Glitter Gulch," the street is now a pedestrian mall, covered by a transparent, barrel-vaulted, steel-framed canopy, 90 feet high and 1,400 feet long. At night the underside of the canopy serves as the backdrop for a multimedia sound-and-light show. The \$70 million project was a joint venture between the owners of eight downtown casinos and the city and is generally considered to have been instrumental in reviving the fortunes of downtown.

Las Vegas is an automobile city, yet privately-financed mass transit is slowly being introduced along the Strip. On the east side, a mile-long elevated monorail links the MGM Grand to Bally's; on the west side, a shorter monorail connects the Treasure Island to the Mirage. According to Wynn, an extension of this line to the Monte Carlo, via Bellagio, is possible, assuming some level of involvement of other casinos along the way. The likely expansion of mass transit along the Strip, and the success of the Fremont Street project, are reminders that cities with a single-purpose economic base, such as Las Vegas and Orlando, enjoy some advantages over more diverse urban economies: it is easier for large-scale collaboration to occur when the major economic players are in the same industry (this was also true in the past in cities such as Detroit and Pittsburgh). In older, more diverse cities, there are usually too many conflicting interests, and the "what's in it for me" attitude often stalls large civic efforts.

Cities like New York, Cleveland, and Philadelphia are investing heavily in entertainment zones. If they hope to draw the public back to downtown, they would do well to learn from the masters of entertainment architecture. Thirty years ago, the Philadelphia architect Robert Venturi took fifteen Yale architecture students on a field trip to Las Vegas. They studied the major casinos on the Strip, such as the Flamingo, the Dunes, and the Aladdin. These were relatively nondescript buildings; like present-day big-box stores, they stood behind large parking lots. They were identified by huge, gaudy, neon signs. "The sign is more important than the architecture," Venturi suggested, and concluded that there was a lesson here for architects. This provocative notion was advanced in a book titled *Learning from Las Vegas* (1972), written by Venturi, Denise Scott Brown and Steven Izenour. For a short time, *Learning from Las Vegas*, a tribute to the popular iconography of the Strip became an architectural cause célèbre. A few postmodern architects incorporated neon decorations into their designs; Venturi designed some buildings--unbuilt--that resembled billboards. But most architects--and their clients--resisted his suggestion that buildings should be merely "decorated sheds."

Meanwhile, Las Vegas did some learning of its own. The parking lots became parking garages, located in the rear. The huge signs became smaller, or disappeared entirely. The greatest change was visible in the buildings. The Dunes was demolished; so was the venerable Sands--"Where the Fun Never Sets"--the home of Frank Sinatra's Clan in the 1960s. The Flamingo, the Sahara, and the Tropicana, were expanded and altered beyond recognition. What replaced the big boxes of the past was--architecture. Las Vegas discovered that striking and exciting buildings can be a lot more impressive than neon billboards--and be a bigger draw.

This first generation of architectural casinos has adopted an approach called theming, in which the exterior and the interior integrate a particular historic motif. Theming is a Las Vegas tradition. It was first used in the Last Frontier, that opened in 1942 (it was only the second casino in town). The rustic interior included a huge stone fireplace, mounted buffalo heads, and a replica of a forty-niner saloon with saddle-shaped stools and bullet holes in the bar. Guests could take horseback and stagecoach rides. Later, a simulated Western "town" was added behind the casino. The casinos of the Fifties and Sixties eschewed themes in favor of the flashy wiseguy aesthetic established by Bugsy Siegel in the Flamingo. It was not until 1966 and Caesars Palace, a Cecil B. DeMille version of ancient Rome, that theming returned. It has taken many forms. The enormous Excalibur consists of four turreted hotel blocks surrounding a medieval castle; the Luxor, fronted by a Cleopatra's Needle and a giant sphinx, is housed in a glass pyramid larger than the original at Giza. The forecourt to the Treasure Island resembles a stage set from an Errol Flynn pirate movie, with picturesque Mediterranean houses fronting a small bay. Six times a night the pirates and the British Navy engage in a mock battle, complete with booming cannons, fiery explosions, and a sinking vessel. The pirates win every time.

The current favorite theme appears to be Cities of the World. The Monte Carlo is a marble pile of swags and urns and assorted neo-classical gewgaws; New York-New York has replicas of the Empire State and Chrysler Buildings, as well as a 150-foot-tall Statue of Liberty. In addition to the Rio, there is also the Paris, that predictably includes a Champs Elysées, an Eiffel Tower and--less predictably--a River Seine. The lower portion of the new Bellagio consists of a picture-postcard village that looks vaguely Italian or, at least, Mediterranean. Unlike the pirate village of Treasure Island, the buildings with balconies and loggias, the pergolas and terraces, and the cascading gardens, are not stage scenery but the real thing. Real, too, is the 12-acre manmade lake with its extravagant water, light, and music show, said to cost \$35 million. The Venetian, to be built on the site of the Sands, will feature canals, gondolas, and the Doge's Palace. Taxis arriving at the casino will pull up beneath the Bridge of Sighs.

"Never fear being vulgar, just boring," observed the late *grande dame* of fashion, Diana Vreeland. Las Vegas casino architecture is never boring. Admittedly, many of the casinos are vulgar if not downright crude. Yet there is a lesson here for downtown entertainment zones. When the traditional urban elites--the civic leaders, the historic preservation boards, the planners and architects--have undertaken downtown revitalization projects in the old downtowns of the Northeast in the past, they have often done so with high-minded ideals. The resulting tasteful and "well-designed" environments have often proved uninspired and insipid, at least as far as the general public is concerned. It will take more than park benches, banners, and cobble stones to attract a jaded public to downtown entertainment centers. Not exploding volcanoes, but something equally dramatic and entertaining.

The use of themes by the casino builders raises an interesting question. Is the Strip really a large theme park? Las Vegas shares elements of fantasy and simulation with theme parks, but it is not Gamblingland. For one thing, it lacks the centralized control and planning of a single theme park. Just as Orlando has Disney, MGM, Universal Studios,

and Busch Gardens, Las Vegas has many competing enterprises. Unlike most present-day cities, however, Las Vegas and Orlando are highly focused, which may be a part of their success. Las Vegas is focused but hardly homogeneous; like most cities, it offers a wide range of economic choices. It has well defined areas that are public and private. It is a mixture of nightspots, theaters, restaurants, bars, hotels, conference centers, and shops. That is not so different from a conventional downtown.

Las Vegas is the quintessential "24-hour city." Not surprisingly, it is on the Strip itself where activity is most evident. The Strip was always alive. In the 1960s, it was an automobile environment, with large neon signs designed to be intelligible from the inside of a speeding car. Today, as architecture has replaced signs, and spectacles have replaced the parking lots, the buildings have moved much closer to the sidewalk, and the sidewalks have filled with people. As more and more of the older buildings are replaced, the Strip becomes a full-fledged pedestrian boulevard. The Strip is already crammed with pedestrian traffic, especially at night.

In the old export cities, the factory workers walked to work and the products were shipped far and wide, usually by rail, to the customers. In the new export cities such as Las Vegas and Orlando, the workers drive from their homes in the metropolitan area to their workplaces in the casinos and theme parks. It is the customers who fly in from across the nation, indeed, from across the world. Yet when they get there, they walk, probably more than they ever do in their home cities. This is a curious reversal. Rediscovering the pleasures of the old pedestrian city is obviously part of the fun, too.

[Endnote] David Bagnoli assisted in the research for this paper.

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