The Boston Fed's Role in Developing Downtown Boston: Past and Future

Cathy Minehan, President and Chief Executive Officer
Federal Reserve Bank of Boston

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Good morning, and welcome to the Federal Reserve Bank of Boston. I'm pleased to host this timely symposium on the character of development in downtown Boston. I share your interest in the real estate market, and your excitement at the prospects for redevelopment of land over the new Central Artery. Real estate is a major factor in New England's economy, and thus of considerable interest to us at the Boston Fed. And of course as a major property owner, we have a direct stake in a healthy, vibrant downtown.

The occasion of the Big Dig, combined with forces already pushing development across Fort Point channel to the South Boston waterfront, provides us with a rare opportunity to extend and improve the character of downtown Boston. On the eve of this opportunity, I'd like to briefly recall the history of the development of this building, and then tell you about a vision we've had that we're working to make a reality in the near future. In that context, I'd also like to share some personal thoughts about the role that public institutions can play in successful urban planning.

Boston, like most of New England, endured a "long depression" throughout much of the first two thirds of the 20th century. During these hard times, as many of you know, very little was built downtown. But activity started to pick up by the late '60s. At that time, the Boston Fed had outgrown its building at Post Office Square -- now the Meridien Hotel -- where the Bank had stood since the 1920s. Managers at the Fed, including President Frank Morris, wanted to remain downtown, but the existing financial district was running out of room.

So Morris and the Fed staff took what turned out to be a bold move; buying up parcels along the Fort Point channel. That neighborhood was bounded by the largely abandoned leather and wool district on one side, and a long stretch of decaying docks on the other. No doubt some of you remember the extent of commerce there: beside the Gillette razor factory, there was the old South Station, a few taverns, retail stores, lobster wholesalers, and military recruiting stations.

The Fed hired Hugh Stubbins, one of the more innovative architects of his generation, who oversaw the design and construction, through to the final opening ceremonies in 1978. As you can see, Stubbins' design was a powerful one, and it helped to extend the central business district to the south and east. Since the 1960s, nearly 80 new office towers have changed the physical shape of the city. Various projects -- the renovated leather district, the Children's Museum, One Financial Center, International Place, Rowe's Wharf, the World Trade Center, and the renovated South Station, followed the Fed to the waterfront area. While these projects might have happened anyway, the Fed's move probably hastened the expansion of the business district.

Today, further transformations are underway, and the city continues to expand south and east. The new federal courthouse, and a large hotel across from the World Trade Center, are already going up on some 600 acres of substantially undeveloped land.

The Boston Fed would like to be part of this latest transformation as well. I'd like to share an idea with you that has been a dream of mine; it doesn't have funding yet, nor approval by either my board or the Board of Governors, but it is a vision I hope we can realize about the time the artery is completed past our building. What I'm talking about is a vision of an education-focused corridor down Northern Avenue, from the Computer and Children's Museums, to the Tea Party Boat, to the new Massachusetts Horticultural Society facility planned to be built on land reclaimed from the artery. In the midst of this corridor is my dream--a museum of New England's economic history here at the Bank. If we're successful in achieving this dream--and that's a big if--we'd have a place at the Bank to educate and involve a large number of people in the key debates around the process of economic growth, and a platform from which to develop educational tools that could be used around New England.

The museum will examine the central events in New England's economic history: first, in the colonial era, the rise of a mercantile, capitalist economy. Next, the industrial revolution, urbanization, and the mass immigrations of the 19th century.

Then, the region's stagnation through much of the 20th century. And finally, its resurgence in the current high-tech economy.

The museum's central theme will be to explain the sources of economic growth. To this end, the museum will develop analytical skills in learning about such issues as trading relationships, the advantages of industrial districts, and the economics of industrial scale and scope.

Our target audience can be divided in two: students, mainly middle-school and high-school students, and everyone else. The Boston Fed's current educational programs reach about 7,000 students annually, both through tours and programs here, and also off-site. The museum will enrich these programs and dramatically expand the number of students reached.

As for the physical part of the museum, we envision that it will be located in what's currently the main gallery, through which you passed. A series of exhibit rooms will proceed chronologically. Because we want to make the museum as accessible as possible, the exhibits will lead with a simple query in a short audio-visual presentation, then proceed to the history, and then introduce economic analysis as a tool for explaining that history. In our vision, the exhibit hall includes large scale maps; time lines; charting machines and projection screens; artifact displays; and interactive games and devices to teach economic concepts.

In addition to the physical spaces, the museum is planned to offer longer and shorter program packages for schools. These modules will offer teachers' guides, student workbooks and readings, and access to the museum's collection of data and descriptive materials via CD ROMs and the Internet. Students can then read and research their particular locales, ethnic groups, or industrial and occupational interests. We are also exploring opportunities to educate adults beyond their visits to the facility, perhaps with published volumes, or historical articles in our current publications, or even possibly by producing programs for television.

So that's the vision--what about the reality? Well, as you can tell, we've put some thought into this, and have proceeded past the conceptual stage. We may soon be looking for partners in this endeavor, who can advise about funding and other matters. Finally, once the project is put together, we'll need approvals both from our own Board and the Board of Governors. Daunting you might say, but, with luck, doable.

At the same time, by reconfiguring some of our operations, we hope to modestly expand the space available at the Bank to the public for conferences and seminars similar to this one. And for those of you who have enjoyed shows in the gallery over the years, our commitment to hosting public exhibits of art by qualified groups stands firm. The current gallery probably may be used for the museum, but we are looking at alternative spaces that can be converted to a gallery.

Brainstorming has also begun for a somewhat smaller project outside our main entrance on Atlantic Avenue. Ever since we built this tower, our "front yard," so to speak, has been a large, open brick plaza bordered at the street by concrete planters. Once the

Big Dig is completed, we hope to renovate that space into one that's more accessible and inviting to pedestrians.

As I mentioned, the Massachusetts Horticultural Society has an ambitious proposal for the surface of the Central Artery from Summer Street to International Place. The Horticultural Society envisions a four-acre floral showplace, including a large open-air garden, probably with an Asian motif, and a covered conservatory, containing a winter garden.

Our concept is on a much smaller scale, but should complement the gardens. Although we have no blueprint, or even specific plans as yet, the new space on our property might take a shape similar to the urban park at Post Office Square. That lively and beautiful space attracts nearby employees at lunch break, weary tourists -- indeed, anyone nearby seeking a moment of refreshment or contemplation. While the Boston Fed has unique security concerns, I am confident that we can provide a place people want to linger in and enjoy, not just walk through.

Now I'd like to turn briefly to the broader notion of redeveloping downtown Boston. Traditionally, there have been two major functions of the city center. First, to be the most accessible destination for an area's work force. That function has diminished since the postwar spread of suburbs across America, but downtown Boston remains a powerful hub. The second function is as the hatchery of new economic activities. Having worked most of my career in lower Manhattan and, more recently, downtown Boston, it's clear to me that the genius of the center city is its economic and social complexity. Cities grow because people there interact with and learn from other people. Communications technology may have undercut the importance of geography for many activities, but it has not replaced the benefits of face-to-face encounters.

That brings me to a personal observation about the role of public institutions in this regard. As we consider how to extend and redevelop downtown Boston over the next decade or two, public institutions such as the Fed, as well as private developers, can help build a network that affords an active street life as well as commercial and industrial space. It doesn't take a planning degree to see that mixing building use, age, and height goes a long way toward creating streets where residents and visitors want to shop, stroll, eat, people-watch, and otherwise relax and socialize.

There's always pressure to promote large scale developments. And on many sites, as when the Fed chose this site for its new building, that seems appropriate. The big public projects -- parks, courthouses, and so forth -- can be placed to fortify and extend the existing vitality, and also to help redress existing imbalances.

But it seems to me that an equally important objective is to build an environment suitable for retailers and other small businesses, and even residential spaces. Without it, parts of downtown could turn into a 9-to-5 proposition, empty and sterile at other times of day. We've already seen the area across the Fort Point channel naturally develop into a fledgling cyber-design district. Converted warehouses there overflow with multimedia businesses drawn by the cheap rent, roomy offices, and network of local artists and photographers. Encouraging that kind of small-scale activity, I believe, is as important to Boston's economy as building new office towers.

So I hope the new Atlantic Avenue and the development of this edge of South Boston, as they progress, will continue the successful tradition of diverse uses in downtown Boston -- office, retail, cultural, tourism, residential. Big buildings and small ones, workers and residents, small businesses and large, interspersed with large-scale public projects is a mix that is good not only for tourism but also improves the city's capacity for innovation and long-term growth.