CHAPTER 8
A view from Federal Hill

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An' they hide their faces,
An' they hide their eyes,
'Cos the city's dyin'
An' they don' know why;
Oh!Baltimore!!
Man it's hard, jus livin'
Jus livin'.

Randy Newman

A city center, it has been said, is a great book of time and history. The view of Baltimore from Federal Hill (*site 1* on Figure 8.1) is an impressive introduction to that book and conveys a powerful image of what the city is about. But we have to learn to read all the signs of the landscape.

Certain things stand out in a city. A medieval European city immediately signals that religion and aristocracy were the chief sources of power by the way cathedrals and castles dominate. The United States struggled long and hard to get rid of aristocratic privilege, but Baltimore's downtown skyline says that a financial aristocracy is alive and well. As you look down on the city from Federal Hill, banks and financial institutions tower over everything else, proclaiming in glass, brick, and concrete that they hold the reins of power.

The Federal Building (*site 2*), buried in the midst of all these financial institutions, signals a system of governance that is, as Mark Twain once put it, 'the best that money can buy'. City Hall (*site 3*), attractive and classical though it may be, is neither centrally located nor conspicuous enough to suggest it has more than a marginal role to play in determining the city's fate. As for churches, they can be seen only when you look across the densely packed rowhouses of ethnic and working-class East Baltimore. God, it seems, has meaning for the working class; mammon is fully in control downtown.

The other image that stands out is the importance of water, of Chesapeake Bay, which formed Baltimore's commercial lifeline to the

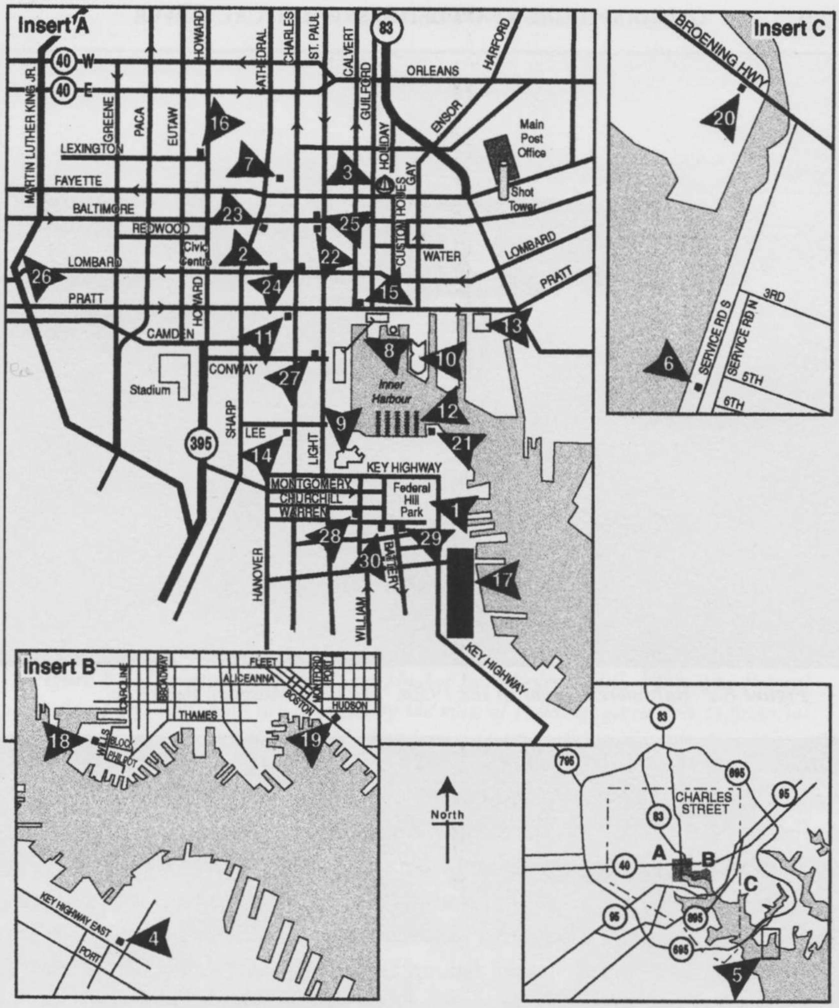

Figure 8.1 Plan of the city of Baltimore

Italic type indicates original building site or function
Bold italic indicates original building is not extant

1. Federal Hill
2. The Federal Building
3. City Hall
4. Domino Sugar plant
5. Bethlehem Steel plant, Sparrows Point
6. Dundalk Marine Terminal
7. Charles Center
8. Pavilions at Harborplace
9. Maryland Science Center
10. National Aquarium
11. Convention Center
12. Marina at Inner Harbor
13. Power Plant at Inner Harbor
14. Harbor Court
15. Gallery at Inner Harbor
16. *Hutzler's Palace*
17. *Bethlehem Steel shipyards*
18. ***Allied Chemical plant***
19. American Can Company
20. Western Electric plant
21. Rusty Scupper at Inner Harbor
22. Maryland National Bank
23. Mercantile Safe Deposit and Trust Company
24. First National Bank
25. *Merritt Commericial Savings and Loan*, now Citibank
26. Martin Luther King Boulevard
27. Hyatt-Regency Hotel
28. 820 Churchill Place, condominuim
29. *Shofer Furniture Warehouse*; called The Paper Mill by developers; now Federal Park Condominium
30. *Southern High School*, now Harbor View

Figure 8.2 Baltimore Harbor in the 1930s. The Peale Museum, Baltimore.

Figure 8.3 Downtown and the Inner Harbor, from Federal Hill, 1966. The Maryland National Bank Building dominates the center, illustrating the power and authority of financial institutions compared to those of politics, symbolized by the less conspicuous Federal Building on the left and the dome of City Hall on the right. The Peale Museum, Baltimore.

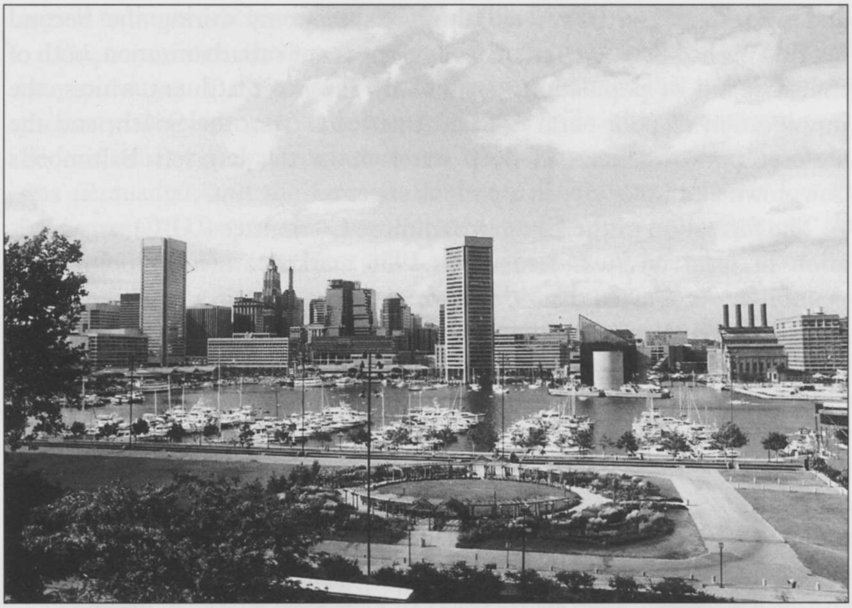

Figure 8.4 Downtown and the Inner Harbor from Federal Hill, 1988. The Federal Building and City Hall are engulfed by the mass of buildings given over to financial functions and the pavilions of Harborplace, a center of leisure and consumerism sprawled around the Inner Harbor edge.

world and became the nexus for much of its now declining manufacturing industry. Signs of those connections abound: the Domino Sugar plant (*site 4*), grain elevators, the chemical plant, and oil tanks that line the edge of the bay, as it opens out from Federal Hill toward the Bethlehem Steel plant at Sparrows Point (*site 5*), and the Dundalk Marine Terminal (*site 6*), still one of the most important ports of entry on the East Coast of the US.

Nor is it hard to imagine that the Inner Harbor, now important as a tourist attraction and leisure park, was once the main port of entry to the city. Indeed, those functions were preserved there until shortly after the Second World War.

Though the view from Federal Hill tells us much about the city, it cannot tell us how what we see came into being. How was Baltimore built? Who decided that it should be a tourist mecca rather than an industrial city? Why do the buildings look the way they do, and to what traditions are they monuments?

Charles Center

Most of the downtown skyline has been in place since 1970 or so, though a transitional period dates to the mid 1950s. By then, the boom in production and trade that had powered Baltimore's economy during the Second World War had begun to fade. Strong currents of suburbanization, both of industry and of population, particularly the more affluent whites, the immigration of poor rural African Americans from the South, and the shift of port functions to deep water down the bay left Baltimore's downtown and inner city in a parlous state.

The formation of the Greater Baltimore Committee (GBC), an association of local business leaders, in 1956 marked a turning point. The committee recognized that downtown deterioration threatened the future of business in the city and that it was politically dangerous for any ruling elite to abandon the symbolic and political center of the metropolitan

Figure 8.5 The Mies van der Rohe building, One Charles Center, centerpiece of Baltimore's first attempts at downtown revitalization, 1988

region to an underclass of impoverished blacks and marginalized whites.

The committee developed a plan and then pressured city government into pursuing a downtown urban renewal project that would revive property development and corporate power in the downtown core. Federal urban renewal funds were available, Mayor Thomas D'Alesandro was persuaded, and the Greater Baltimore Committee/Charles Center Management Corporation was formed to promote and organize the renewal. This was the first of a succession of quasi-public agencies, dominated by corporate and business interests and outside any democratic control, that were to shape downtown renewal efforts over the next twenty years.

After nearly $40 million in public expenditures, which attracted a further $145 million of private investment, Charles Center (*site 7* on Figure 8.1) was essentially completed by the late 1960s. Modernist in design (its Mies van der Rohe building is considered a classic), Charles Center houses office workers and financial or governmental institutions in somewhat arid modern buildings punctuated by bleak open public spaces.

The city, it was argued, would receive two main benefits from such development: The increase in employment would help the city's economy, and the increase in the tax base would provide the city with more resources to meet the needs of its poor. Unfortunately, from the beginning, Charles Center was conceived and built as a property development scheme of direct benefit to corporate and finance capital. The city as a whole received very little benefit from it. Much of the new downtown employment, particularly in skilled and well-paying jobs, went to residents of the suburbs. The jobs created for city residents were either in temporary construction or low-paying services.

Moreover, Charles Center was so heavily subsidized that it was a drain on, rather than a benefit to, the city's tax base. This was particularly true before an upward revaluation in 1975, a year after it was revealed that tax assessments in Charles Center were lower than they had been before redevelopment.

The Inner Harbor

With the completion of Charles Center in the late 1960s, downtown realtors and business leaders turned their attention to the Inner Harbor. Plans were laid to extend development to the decaying waterfront of derelict piers and crumbling warehouses, marks of Baltimore's once significant water trade now rendered obsolete by the trucks that rolled across the expanding network of federally subsidized highways.

There were few takers for developing this zone until the early 1970s.

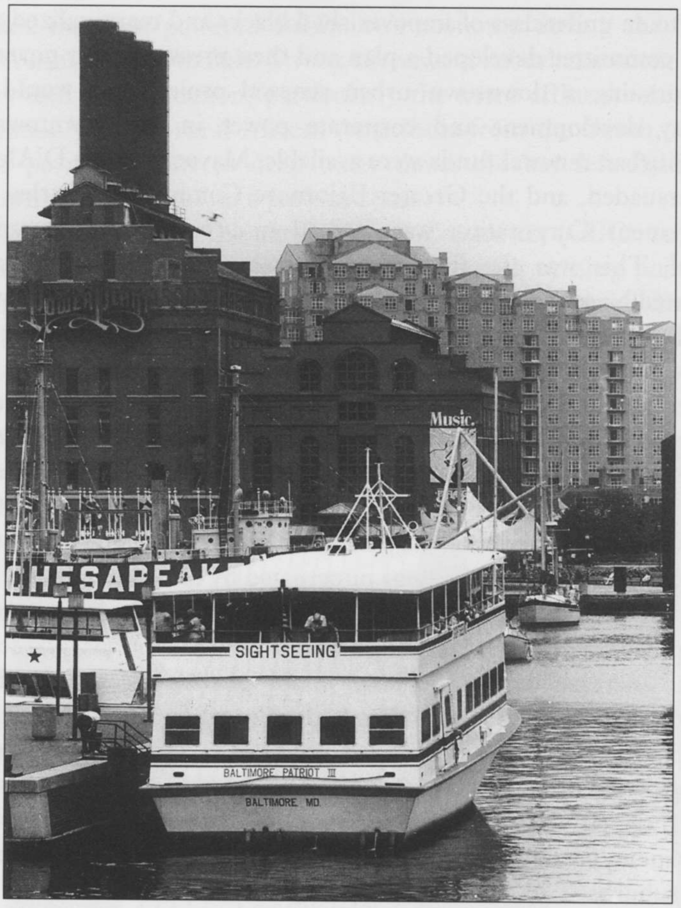

Figure 8.6 Tour boats, the converted Power Plant, and Scarlett Place, captured in a view from the pavilions of the Inner Harbor redevelopment.

And it took a basic shift in orientation and philosophy to bring about this new and most recent phase of construction.

Baltimore, like many cities in the 1960s, was racked by race riots and civil strife. Concentrated in the abandoned and decayed inner cities, this breakdown in civil order focused on racial discrimination in job and housing markets, unemployment, and the disempowerment and impoverishment of much of the city's African-American population. Investment in the inner city seemed neither safe nor profitable. The urban spectacles that drew the crowds downtown were race riots, anti-war demonstrations, and all manner of countercultural events.

The riots and burnings that gutted areas of Gay Street and North Avenue in the wake of the assassination of Dr Martin Luther King, Jr, in April 1968, left six people dead, some 5,000 arrested, massive property damage, and streets patrolled by the military. In 1970, a day-long skirmish between youths and the police at the city's flower mart – an annual event promoted by Baltimore's elite since 1911 – indicated that anger was common to disempowered blacks and discontented white youths.

On 25 October 1973, a group of women representing Baltimore's elite placed a plaque at the Washington Monument to commemorate the end of the flower mart. At the time it seemed a fitting symbol of the lack of confidence and social malaise that inhibited any investment in the city's future. The business climate in downtown Baltimore could not have been less propitious.

It was precisely in this context that many in the city sought for some way to restore a sense of civic pride, some way to bring the city together as a working community, some way to overcome the siege mentality with which investors and the citizenry viewed the inner city and its downtown spaces. The coalition that was to form was much broader than the Greater Baltimore Committee. It included church and civil rights leaders, distressed that the riots generated as much self-inflicted pain as social redress for those doing the rioting; academics and professionals, including downtown lawyers, suddenly made aware of the wretched living conditions of

Figure 8.7 The postmodernism of Scarlett Place, with its preserved nineteenth-century seed warehouse on its left-hand corner and its attempt to simulate a Mediterranean-style hilltop village, contrasts with the austere modernism of Mies van der Rohe.

Figure 8.8 Baltimore riots in 1968, following the assassination of Dr Martin Luther King, Jr, resulted in significant property damage in several of the city's neighborhoods. The riots dramatically enacted the deep racial tensions of the city and represented the first time since the railroad riots of 1877 that the National Guard was summoned to Baltimore to enforce state power. The Baltimore Sun, 1968.

the majority of the city's population; city officials who had long striven to build a better sense of community; and downtown business leaders who saw their investments threatened.

In this climate, the idea of a city fair that would build on neighborhood traditions but would celebrate a common purpose began to take shape. In 1970, when the first fair was held, the fear of violence was great. But 340,000 people came during the weekend of the fair in peaceable fashion, proving that disparate neighborhoods and communities could come together around a common project.

'A city reborn through a fair of neighbors,' trumpeted Baltimore's newspapers. A Department of Housing and Urban Development report in 1981 recommended the fair to other urban governments in these terms: 'Spawned by the necessity to arrest the fear and disuse of downtown areas caused by the civic unrest of the late 1960s, the Baltimore City Fair was originated by individuals in city government who seized upon the idea of a country fair in the city as a way to promote urban redevelopment.'

By 1973, the fair was attended by nearly 2 million people. It had abandoned its location in the secure heart of Charles Center and moved to the edge of the Inner Harbor. In so doing, it suggested an entirely different set of uses to which that site could be put. The city fair proved that large numbers of people could be attracted downtown without having a riot. It also helped Baltimore rediscover the ancient Roman formula of bread and circuses as a means of masking social problems and controlling discontent.

The story of the Inner Harbor's construction is one of a steady erosion of the aims of the coalition that set it in motion and its capture by the narrower forces of commercialism, property development, and financial power. Two events had particular significance. The first was the election of a strong-willed and authoritarian mayor, William Donald Schaefer, in 1971.

Schaefer had grown up in Baltimore's Democratic party machine politics, and he was everything a machine politician should be. He believed strongly in a partnership of business and private enterprise for furthering the city's development and in an elaborate and often ruthless politics of social control over the city's neighborhoods. To offend the mayor was to risk retribution; to play along with him meant patronage and access to city services.

The second event was the recession of 1973–5, which brought a massive wave of plant closures and deindustrialization to the Baltimore region. Unemployment surged. The prognosis for the city's economic future was bleak. In 1973, after President Nixon announced that the urban crisis was over, Baltimore faced the beginning of the end of large-scale federal programs to assist cities with their problems.

Budgetary cutbacks in the Reagan years were the highwater mark of federal government withdrawal from its commitment to help the nation's cities. The recession of 1981–3 – along with sharper foreign competition from Japan, Western Europe, and a host of newly industrializing countries – added to the city's difficulties. The list of plant closures and lay-offs grew daily more threatening. A new international division of labor was coming into being, with manufacturing plants moved to cheap-labor locations overseas and basic US industries like steel falling behind Japan and South Korea in world markets. Baltimore now had to find its way in a hostile and highly competitive world.

Table 8.1: Where the jobs have gone

The recession of 1980–3 brought a powerful wave of job losses to the Baltimore region, as illustrated in this list of cutbacks in manufacturing and retail establishments from 1980 through 1985. The list is adapted from a chart appearing in the *Baltimore Sun* on 21 March 1985. Companies marked with an asterisk have shut down operations completely.

Company	*Type of business*	*Number of jobs lost*
* Acme Markets	Grocery chain	1,200
* Airco Welding	Cored wire	150
* Allied Chemical	Chromium	145
Bethlehem Steel	Steel	7,000
* Bethlehem Steel Shipyard	Ship repair	1,500
* Brager-Gutman	Retail stores	180
* Cooks United	Discount stores	220
Esskay	Meat packing	240
General Electric	Electrical products	550
General Motors	Auto parts and distribution	247
* Korvette's	Department stores	350
* Maryland Glass	Glass	325
* Maryland Shipping & Drydock	Ship repair	1,500
Max Rubins	Apparel	225
* Misty Harbour Raincoat	Rainwear	210
* Pantry Pride	Grocery chain	4,000
* Plus Discount Stores	Discount stores	150
* Two Guys	Discount stores	500
Vectra	Fiber and yarn	600
* Western Electric	Electrical products	3,500

The turn to tourism, the creation of an image of Baltimore as a sophisticated place to live, the razzle-dazzle of downtown, and the commercial 'hype' of Harborplace (*site 8* on Figure 8.1) have to be seen as Mayor Schaefer's (and the GBC's) distinctive solution to that problem. With the crowds pouring in, it was a short step to commercializing the city fair, first by adding all manner of ethnic festivals, concerts, and spectacular events – for example, the visit of the 'tall ships' during the 1976 bicentennial celebration – to draw even more people downtown.

Then, having proved the existence of a market, the next step was to institutionalize a permanent commercial circus through the construction of Harborplace, the Maryland Science Center (*site 9*), the National Aquarium (*site 10*), the Convention Center (*site 11*), a marina (*site 12*), and innumerable hotels, shopping malls, and pleasure citadels of all kinds. The strategy did not even have to be consciously thought out, it was such an obvious thing to try.

This thrust had the additional virtue of projecting a new persona for the city. The 'armpit of the East' had been the out-of-town image of Baltimore in the 1960s. But by transforming the entertainment spectacle into a permanent image, it became possible to use it to lure in developer capital, financial services, and entertainment industries, all big growth sectors in the US economy during the 1970s and 1980s.

The imaging of Baltimore itself became important. The mayor, the media, and civic leaders set out on a binge of civic boosterism that would brook no criticism. When excessive cancer rates were reported in a neighborhood long exposed to chemical wastes, the mayor criticized those who did the reporting because they had sullied the city's image. When an impoverished population took advantage of a heavy snowstorm in 1978 to loot city stores, the mayor accused them of creating unemployment because they had damaged the city's image. So pervasive did the campaign become that when someone dreamed up the catchy slogan 'Think pink', the mayor had downtown sidewalks painted pink.

Image building of this sort had definite rewards. The mayor, designated the best mayor in America by *Esquire* in 1984, appeared more and more to be the savior of a city, a magician who had made Renaissance City emerge phoenixlike out of the ashes of the civil strife of the 1960s. Twice featured in *Time* magazine, Baltimore's Inner Harbor began to gain national and even international recognition as an example of urban revitalization. In November 1987, even the UK's *Sunday Times* newspaper bought the idea, lock, stock, and barrel:

> Baltimore, despite soaring unemployment, boldly turned its derelict harbor into a playground. Tourists meant shopping, catering and transport, this in turn meant construction, distribution, manufacturing – leading to more jobs, more residents, more activity. The decay of old Baltimore slowed, halted, then turned back. The harbor area is now among America's top tourist draws and urban unemployment is falling fast.

If people could live on images alone, Baltimore's populace would have been rich indeed.

After fifteen years as mayor, Schaefer was elected governor in 1986. Only then could another tale of Baltimore be freely told. *Baltimore 2000*, a report commissioned by the Goldseker Foundation in 1987, summed up Baltimore this way:

> Over the last twenty-five years, Baltimore has lost a fifth of its population, more than half of its white population, and a hard to enumerate but very large proportion of its middle class, white and black. It has lost more than ten per cent of its jobs since 1970, and those that remain are increasingly held by commuters. By 1985, the city's median household income was just over half that of surrounding counties and the needs of its poor for services were far more than the city's eroded tax base could support.

There was plenty of 'rot beneath the glitter', as one consultant to the report put it. The depth of that rot can perhaps best be illustrated by the rapid rise in the city's status to that of fifth-worst-off city in the nation, according to a 1984 congressional estimate. The city was ranked next to last among the nation's fifteen largest cities in the proportion of twenty- to twenty-four-year olds who had completed high school, in part reflecting the more than 15 per cent decline in municipal spending on education between 1974 and 1982.

Impoverishment in inner-city neighborhoods increased. 'Of the officially designated neighborhoods in the city,' wrote Marc Levine in an article in *Urban Affairs*, '210 (75.8 per cent) experienced increases in the percentage of their residents living below the poverty line between 1970 and 1980,' while almost 90 per cent of the city's predominantly African-American neighborhoods saw their poverty rates rise. A *Baltimore Sun* survey of the Gay Street neighborhood, scene of some of the worst rioting in 1968, showed little change in conditions of impoverishment between 1966 and 1988. Yet the city's expenditures on social services for the poor fell by an astounding 45 per cent in real terms over the 1974–82 period.

These facts cannot be seen from Federal Hill, but they belie the image of affluence and fun that the Inner Harbor conveys. Nor can we see the more-than-40,000 families that wait patiently for access to public housing and the many others suffering from housing deprivation.

We cannot see the 45 per cent of the population over age sixteen who either do not or cannot enter the job market, the desperate plight of female-headed households, the record number of teenage pregnancies, the severe problems of infant mortality that put some neighborhoods on a par with Mexico or Venezuela, the problems of rats, high cancer rates, and a resurgence of tuberculosis and lead poisoning. The conditions of grinding poverty in the city do not in any way appear to have been assuaged by all that massive downtown redevelopment.

This failure of the downtown redevelopment to make any substantial dent in the city's social and economic problems is all the more shocking when the vast public subsidy is taken into account. According to a US Civil Rights Commission report of 1983, the first phase of the Inner

Table 8.2: Gay Street: Baltimore then and now

The statistics that follow appeared in the *Baltimore Sun* on 4 April 1988. They were compiled from surveys commissioned by the Baltimore Urban Renewal and Housing Agency in 1966 and by the *Baltimore Sun* in April 1988, and are reprinted with permission.

	1966	*1988*
Economic percentages		
Adult unemployment rate	7	19
Households receiving welfare	28	30
Households with incomes under $10,000 (1988 dollars)	41	47
Households with incomes over $20,000 (1988 dollars)	16	18
Adults who are high school graduates	10	49
Households in which at least one person owns a car	23	36
Percentage employed as laborers	43	8
Percentage doing clerical work	1	30
Household and family structure		
Median household size	2.9	1.9
Percentage of adults retired	13	30
Percentage of population under 18 years of age	45	34
Percentage of households with children that contain a male adult	56	43
Percentage of one-person households	16	31
Percentage of households with five or more people	30	12
The neighborhood		
Most commonly cited 'good' aspect	people	people
Most common complaint	housing	drugs, crime
Percentage of residents who are renters	85	78
Percentage of adults who have lived in neighborhood 10 or more years	48	60
Percentage who think neighborhood is getting better	N.A.	14

Harbor development (costing $270 million) was 90 per cent funded from the public treasury 'either in infrastructure, business subsidies, or loans/grants'. Yet the management of the project remained entirely in corporate hands.

Where did the benefits of all this public investment go? There is no easy answer to that question, but some tentative conclusions can be

Figure 8.9 Strolling along the dockside at Harborplace.

drawn. First, most of the development so far has been hugely profitable to those who undertook it, with a few signal exceptions, such as the conversion of the old Baltimore Gas and Electric Company power plant into the Six Flags Power Plant entertainment center (*site 13* on Figure 8.1).

Second, though not as seriously undertaxed as in the early 1970s, present tax flows barely match public expenditures on the Inner Harbor. Indeed, a recent internal study suggested that Baltimore spends $17 million a year more on servicing the downtown and Inner Harbor than it gets back in tax revenues.

Third, the Renaissance has indeed brought jobs to the city, but most are low-paying jobs (janitors, hotel staff, service workers). Those who hold well-paid managerial jobs, such as the six directors of T. Rowe Price (a dynamic Baltimore money fund that grew rapidly in the 1980s) each of whom gets more than $600,000 a year, tend to live in the suburbs. Some middle-level managers stay downtown and create a demand for gentrified housing and condominiums.

Fourth, and perhaps most problematic, the redevelopment has certainly brought money into the city through a rapid growth of the convention and tourist trades. But there is no guarantee that the money stays in Baltimore. Much of it flows out again, either as profits to firms or payments for goods from Europe, Hong Kong, South Korea, Japan, England, or elsewhere. Spending money at Benetton or Laura Ashley does not stimulate the Baltimore economy. Evidence is hard to find, but the Inner Harbor may function simply as a harbor, a transaction point for money flowing from and to the rest of the world.

Baltimore's urban elite have struggled to make a new city. Powerless to prevent deindustrialization and recession, they have tried to create a profitable growth machine that has focused on tourism, leisure, and conspicuous consumption as an antidote to falling profits and urban decline. In limited ways, the strategy has worked, though mainly for them. By putting Baltimore on the map and by creating a prideful image of place and community, they have to some degree secured the political compliance of the majority. This can be measured by Mayor Schaefer's re-election victories of 1979 and 1983, in which community activists lost heavily to machine politicians.

The close public-private partnership forged between City Hall and dominant corporate power helped turn Baltimore into an entrepreneurial city that fared rather better in a highly competitive world than some of its rivals, cities like Detroit, Newark, Cleveland, or even Pittsburgh. Yet such victories may prove pyrrhic. Excess investment in shopping malls, entertainment facilities, high-priced condos, office space, convention centers, and sports stadiums throughout urban America spells trouble for some cities, and Baltimore may or may not be one.

The failure of the Six Flags Power Plant amusement park in the Inner Harbor and the difficulties encountered selling high-priced condos in Harbor Court (*site 14*) are warning signals. And there are signs that the city is robbing Peter to pay Paul in the downtown commercial redevelopment stakes. James Rouse's Gallery (*site 15*), a three-story shopping mall at Harborplace, is a success, but Hutzler's Palace, (*site 16*) four blocks away on Howard Street, has had to close its doors.

Several festival marketplaces in other cities (Norfolk, Toledo, Flint, and even New York's South Street Seaport) are awash in red ink. Houston, Dallas, Atlanta, and Denver experienced overinvestment in hotels and office space in the 1970s, with catastrophic effects on the financial health of local banks and savings and loans. There is no reason to think that Baltimore is immune. There are already signs that the tourist trade is leveling off (according to Baltimore Office of Promotion and Tourism data), while employment in financial services took some hard knocks in the wake of the stock market crash of October 1987.

Furthermore, a serious social danger attaches to creating an island of affluence and power in the midst of a sea of impoverishment, disempowerment, and decay. Like the city fair, the Inner Harbor functions as a sophisticated mask. It invites us to participate in a spectacle, to enjoy a festive circus that celebrates the coming-together of people and commodities. Like any mask, it can beguile and distract in engaging ways, but at some point we want to know what lies behind it. If the mask cracks or is violently torn off, the terrible face of Baltimore's impoverishment may appear.

The lost treasures of Chesapeake Bay

Turn your back on all the downtown glitter and look down the long reach of the Chesapeake Bay, and you will see another, far less glamorous Baltimore. The landscape reflects the change from manufacturing to service industry and the growing influence of foreign capital in the Baltimore economy.

Along with this has come harder times for Baltimore workers. Total employment in the metropolitan region has remained fairly constant since 1970, but the average wage has declined substantially. Employment has shifted radically from blue-collar jobs (many in relatively high-paying unionized industries sprawling around the edge of the bay) to white-collar occupations (many in low-paying and insecure service jobs, often held by women, and concentrated downtown). Where family incomes have risen, it is nearly always because more women have entered the workforce.

For example, at the foot of Federal Hill, on the eastern side, you can see the abandoned Bethlehem Steel Corporation shipyard (*site 17*), once a thriving centerpiece of Baltimore industry that employed some 1,500 blue-collar workers, many of whom lived in South Baltimore. The yard was closed in 1983, put out of business by foreign competition, particularly from the Far East, and world recession, in spite of wage concessions and give-backs by the workers.

To the chagrin of even South Baltimore gentrifiers, the yard was bought by a developer who proposed to convert the site into a marina, a repair yard for pleasure boats, a large office and commercial complex, and more than 1,500 expensive condos with two twenty-nine-storey towers that would block views of the harbor. The Coalition of Peninsula Organizations protested loudly and won some concessions, but they lost the battle for the site. A zoning change from industrial uses to residential and commercial uses was approved in 1985.

But the developers went bankrupt, and the project's most recent $100 million incarnation, Harbor Keys, is funded by a consortium of investors from Singapore, Malaysia, Hong Kong, and Australia, all brokered by the Bangkok Bank of Thailand, which financed the purchase of the site. This means that jobs lost in the region through competition from the Far East allow capital abroad to return to dominate Baltimore.

The closure of the Allied Chemical plant (*site 18*) directly across the Inner Harbor is another sign of lost industrial power. A gray-striped eyesore, it was the last barrier to continuous condos and conversions on the northern side of the harbor from downtown through Fells Point to Canton. Developers would like to build condos here too if a way can be found to get the poisonous chromates out of the soil underneath.

The list of plant closures and industrial loss grows longer as we look down the harbor's edge: the American Can Company at Fells Point (*site 19*), the Western Electric plant on Broening Highway (*site 20*) that eliminated 3,500 jobs in 1984, and the host of abandoned warehouses and rotting piers that testify to Baltimore's decline from a once-powerful port and manufacturing city.

Even with the costly modernization projects recently undertaken with taxpayer dollars, the port of Baltimore is barely competitive as a major seaport on the East Coast. But the price has been tighter labor contracts and rapidly falling employment for Baltimore workers. The death of a union picket in 1985 in a struggle to stop the use of non-union labor may signal a return to a bitter era of labor relations. The International Longshoreman's Association, once a powerful voice in Baltimore's labor movement, now has to balance a struggle to improve wages and working conditions against the kind of concessions demanded to keep Baltimore competitive with Norfolk, Charleston, and other ports. The difficulty of dredging the Bay and disposing of the soil, the long journey up the Bay, and the canalization of the Mississippi-Tennessee river system also threaten the viability of the port.

We should be careful not to romanticize the lost era of powerful industry and commerce and the strong traditions and labor culture it nurtured. Many of the traditional industries (including the port before containerization) were onerous and dangerous. The division in the labor force between relatively affluent white male workers and the less-skilled, less-powerful women and African Americans was always a barrier to efforts to improve the lot of working people. Moreover, the economy was heavily involved in the exploitation of Third World resources and labor and was largely dependent on defense contracts. The Domino Sugar plant reminds us, for example, of the strong connection between Baltimore and Havana that had Baltimore businessmen rooting for Fulgencio Batista and against Fidel Castro precisely because of the cheap sugar produced by wretchedly paid Cuban sugarcane cutters. The Cuban revolution forced a major shift in Baltimore's trade. Interestingly enough, Domino Sugar has recently been sold to a British company (Tate and Lyle), illustrating once again how vulnerable Baltimore's industry is to international forces.

The Rusty Scupper, a restaurant at the foot of Federal Hill (*site 21*), is another reminder of the negative aspects of international trade. Permission to build the Rusty Scupper was held up by local protests

Figure 8.10 The Rusty Scupper Restaurant provides a foreground to Scarlett Place.

because the developer was a subsidiary of Nestlé, a Swiss corporation accused in the early 1980s of the deaths of thousands of babies in the Third World by marketing its infant formula as a substitute for breast feeding. The Rusty Scupper opened only after Nestlé agreed to change its practices in the face of widespread international protest.

Military contracts have always been an important source of employment in the Baltimore region. Steel and shipbuilding were heavily favored in the Second World War, but military expenditures in recent years have focused on more high-tech materials for which Baltimore was not so well positioned. It was the loss of military contracts that put the final nail in the coffin of the Bethlehem shipyard.

Some of the region's most thriving firms, such as Martin Marietta and Westinghouse, depend heavily on defense contracts. This fact of Baltimore's existence has not changed, despite efforts by local peace activists to focus attention on the waste of such expenditures relative to the social needs of the city. It should be possible, they argue, to convert industries producing instruments of death and destruction into activities that serve more human and benign social purposes.

For most visitors, Baltimore's dependence on military production and its connection with the exploitation of Third World labor are the least visible aspects of a view from Federal Hill. Stroll along the Inner Harbor or climb to the top of Federal Hill, and you are more likely to notice how pretty the sight is and to appreciate it as a place of entertainment and diversion. But whether or not you care to consider it, the landscape of the center city is a great book of time and history, proclaiming in glass, brick, and concrete who holds the reins of power.

Baltimore's banks

Banks and financial institutions dominate the downtown skyline. There are no huge corporate headquarters in Baltimore of the sort we would encounter in Pittsburgh or Cincinnati because Baltimore is a branch manufacturing city run by financiers rather than industrialists. Only one of the Fortune 500 largest manufacturing companies has its headquarters here. It has been like that since the turn of the century when many local industrialists sold out to the trusts and cartels that were forming at the time.

Table 8.3: Bank control of Baltimore

Until the recent deregulation, a few Baltimore banks controlled much of the economic activity in the Baltimore region. The concentration of banking power, documented for 1968 in the congressional Wright-Patman Report, showed the statistics that follow.

Bank	*Percentage of bank trust assets in the region*[a]	*Number of companies on the boards of which bank directors had positions*	*Number of companies in which bank held more than 5 per cent of the stock*
Mercantile Safe Deposit and Trust Company	63.38	196	213
Equitable Trust Company	13.85	137	53
Maryland National Bank	13.51	86	13
First National Bank of Maryland	5.28	213	56
Union Trust Company	3.66	74	55

[a] Bank trust assets are investment funds, such as pension money, administered by the bank on behalf of others.

Bethlehem Steel, General Motors, Westinghouse, and the now-departed Western Electric play a small role in what happens in Baltimore, because corporations with branch plants are usually less concerned about the effects of plant closure and less involved with local education, cultural facilities, and the like. In contrast, local banks and financial institutions are much more interested in property development than they are in employment and education.

Historically, the governance of Baltimore has been heavily influenced by a small group of local banks. As recently as 1968, a congressional report depicted Baltimore as one of the most monopolistically-organized cities in the US with respect to its financial structure. The Maryland National Bank (*site 22*), together with the Mercantile Safe Deposit and Trust Company (*site 23*) and the First National Bank (*site 24*), decided what the city was to be about and who was to run it.

A list of directors of these institutions reads like a who's who of Baltimore's elite. It includes members of the media and educational institutions (for example, The Johns Hopkins University), and leaders of the city's cultural and business life. It was in the Maryland National Bank building that Mayor Schaefer waited for the result of his final mayoral election.

Consider, then, the two buildings that form the pinnacle of the downtown skyline. A venerable old Baltimore institution, the Maryland National Bank lies at the center; beside it rises, like an upraised finger, the newer and more formidable-looking building owned by Citibank (*site 25*), a recent interloper from out of state.

A prime funder of real estate speculation and blockbusting in the 1960s, Maryland National persisted in its lack of concern for mortgage financing for low- to moderate-income inner-city neighborhoods, a recent study showed. The effect has been to promote the deterioration of housing conditions for the less well-off, and so prepare the way for more urban development and gentrification. At the same time, Maryland National was using the deposits of Baltimore residents to invest in South Africa. Only after an intense campaign by an activist group called the Maryland Alliance for Responsible Investment did Maryland National agree to pull out of South Africa and promise $50 million, over a five-year period, for financing inner-city housing.

The Citibank Building was begun in the early 1980s as the prestigious headquarters of the Merritt Commercial Savings and Loan Association, a fast-growing financial institution that rivaled another savings and loan, Old Court, in competing for deposits and in undertaking spectacular ventures. Caught in the shifting sands of interest-rate fluctuations and recession, Maryland's state-insured savings and loan industry came crashing down in the late spring of 1985 because Merritt, Old Court, and several other savings and loan institutions had engaged in shady deals and made preposterous unsecured loans.

The Maryland Deposit Insurance Corporation, which is supposed to guarantee customer deposits, went bankrupt, forcing the state government into a crisis that took two years to resolve. Depositors could not gain access to their funds, and the flamboyant philanthropist Jeffrey Levitt,

Figure 8.11 Citibank Building, formerly the Merritt Tower, site of the ill-fated Merritt Commercial Savings and Loan that went into state conservatorship during the savings and loan crisis of 1985.

head of Old Court, ended up in jail for bilking his savings and loan of millions. Both Merritt and Old Court were put into state conservatorship. Merritt was eventually sold to Citibank, an out-of-state bank that appropriated Merritt's building for its own use and gained access to a Baltimore market long monopolized by local banks.

This opening-up of Baltimore's financial market to out-of-state banks marked the end of local control. In 1983, for example, the largest bank in Ireland acquired a stake in First Maryland, the second-largest bank in the state with assets of $6.1 billion, and plans a total takeover. Breaking the local financial monopoly opens Baltimore even further to the chill winds of competition for money capital, which these days flashes around the world in the twinkling of an eye. Thus, the local economy becomes much more vulnerable to the whims and insecurities of international finance.

Redevelopment in the Inner Harbor

Maryland Science Center

Four sites in Baltimore's Inner Harbor may help explain what the redevelopment process has been about. The Maryland Science Center, which opened in 1976, was one of the first buildings planned there. It looks like a fortress. It has no entrance facing the community or even the street. The building was designed in the wake of the 1968 riots, at a time when a substantial African-American population inhabited the close-by community of Sharp-Leadenhall. The fortress design is deliberate; it is designed to keep out social unrest and minimize property damage.

The Maryland Science Center functions as a kind of strategic outpost, now rendered largely irrelevant by the gentrification of South Baltimore, at the south end of the Inner Harbor. Another example of strategic building is Martin Luther King Boulevard (*site 26*). Besides relieving traffic congestion downtown, it creates an easily patrolled line of defense between the mass of downtown buildings and the low-income and largely African-American communities of West Baltimore.

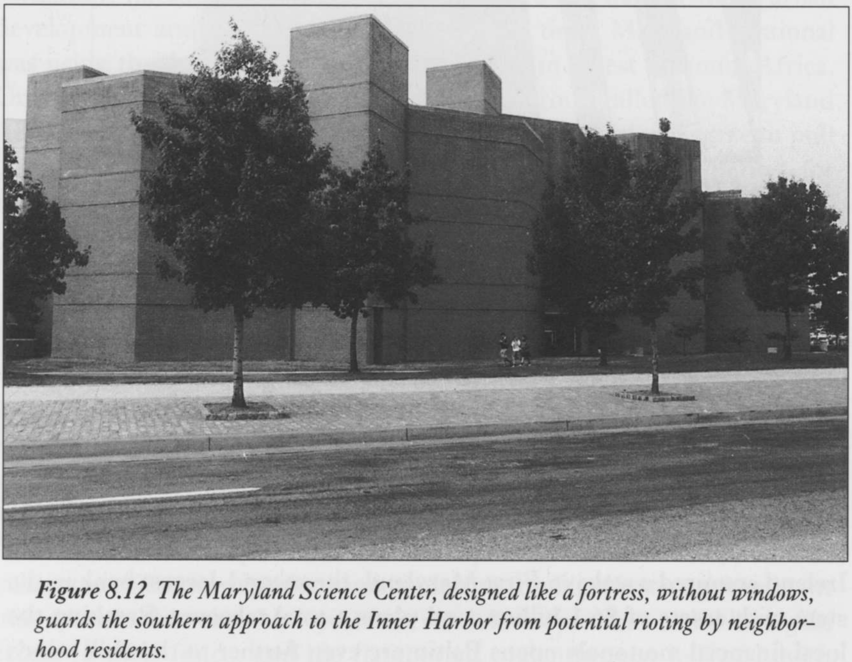

Figure 8.12 The Maryland Science Center, designed like a fortress, without windows, guards the southern approach to the Inner Harbor from potential rioting by neighborhood residents.

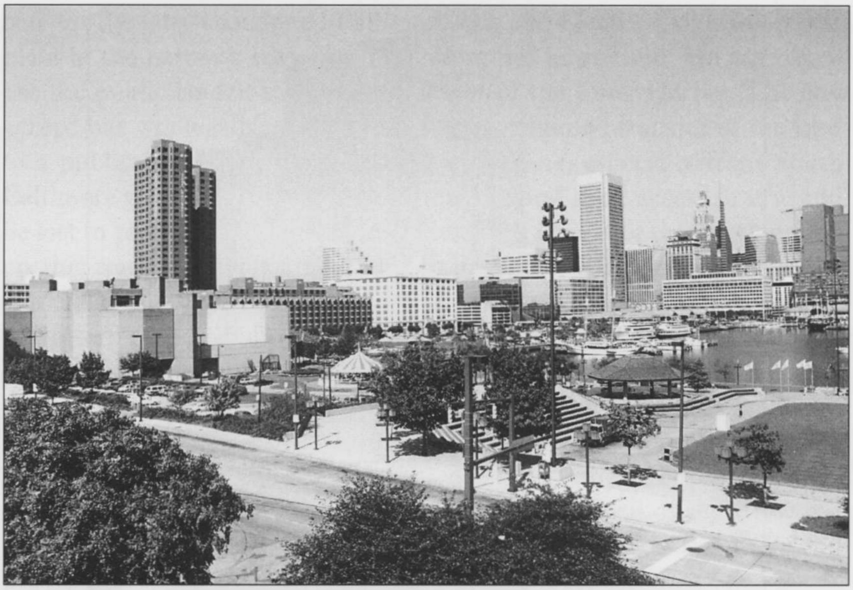

Figure 8.13 The western edge of the Inner Harbor with the Maryland Science Center on the left, Harbor Court towers rising behind, and the Hyatt-Regency Hotel to the right.

Hyatt-Regency Hotel

The shimmering, glass-fronted Hyatt-Regency Hotel (*site 27*), costing $35 million, was almost entirely financed by a $10-million federal subsidy in the form of an Urban Development Action Grant, plus loans that the city secured. The owners, the Pritzker and Hyatt interests, put up only $500,000. They took no risks and ended up with a $35 million hotel. Holiday Inn and other hotel chains in the city protested that the arrangement was unfair. Since Urban Development Action Grants were originally set up to help cities deal with problems of urban distress, their diversion into this project was justified in terms of employment and tax-base benefits. But the benefit and subsidy to the developers was enormous compared to the numbers of relatively low-paid service jobs created and a tax benefit that barely kept pace with public costs.

Harbor Court

Harbor Court is another example of a public subsidy for private gain. In 1984, the city transferred one of the prime pieces of development property on the East Coast to David Murdock, a California developer. Mayor Schaefer agreed (over oysters at Lexington Market, some say) to sell the land at a net loss of $500,000 in return for a promise that Murdock would

Figure 8.14 The Harbor Court tower block, 1988.

help redevelop the predominantly black retailing district around Lexington Market.

Murdock took the property, erected an $85 million building, then sold condos in it for up to $1 million each, in a city with a huge waiting-list for public housing. In 1986, Murdock withdrew from the Lexington Mall development proposal with no penalty, leaving the city with nothing except a supposedly improved tax base and an ugly tower to block the view.

Harborplace Pavilions

The pavilions of Harborplace, built by James Rouse, were the subject of considerable controversy. Rouse was originally offered the option to convert the long-abandoned Baltimore Gas and Electric Company power plant at the harbor's edge into a pavilion, but he refused. He wanted to use the public land at the strategic corner of the Inner Harbor. The city agreed but was legally obligated to put the proposed transfer of the land to a public referendum. Opposition was strong, especially from South Baltimore residents, who felt the waterfront and their access to it would be lost to private control. They also feared the impact of the development on this traditional working-class community, which had long lived and worked in South Baltimore. But the referendum passed.

Rouse's project opened in the summer of 1980 and was an instant commercial and popular success. It became the crown jewel of Baltimore's Renaissance, supposedly drawing in more visitors than Disney World.

The rate of return per square foot of rental space is reputed to be one of the highest in the US, yet the tax benefit to the city is relatively modest, given the public expenditures required. Much of the attraction and charm of Harborplace comes from the people who mass there and provide the spectacle – the same crowd that pays for the overpriced goods and services that generate such fabulous financial returns for private and corporate business.

South Baltimore

The Inner Harbor has had a substantial impact on areas immediately surrounding it, such as the streets in South Baltimore behind Federal Hill. A glance down the western side of the hill shows a solidly gentrified community with its sundecks, newly cleaned brick exteriors, and shuttered windows. The ubiquitous coach lamps, a symbol of the new urban gentry that lives here, march street by street into South Baltimore.

An African-American neighborhood church has been converted into condos (*site 28*), as was the old Shofer Warehouse (*site 29*). Developers call it the Paper Mill – a reflection of its earlier use – perhaps to make the price of $300,000 (and up) per unit a bit more palatable. Housing prices have shot up from the $10,000 level common in the early 1970s to well over $100,000 for a refurbished rowhouse in the late 1980s.

The effect has been to increase local tax assessments and property tax burdens (from $300 to $2,000 a year, in some cases), pushing poor people out and making way for speculators and developers. The displacement of local residents sparked local resistance, and the Coalition of Peninsula Organizations led the way in trying to rescue the neighborhood, in spite of (then) Mayor Schaefer's opposition. But with no more employment in the shipyards, South Baltimore has become vulnerable to the inflow of young professionals seeking a safe neighborhood close to downtown office jobs.

Figure 8.15 The old Southern High School converted into the condominiums of Harbor View with the help of the 'shadow government' of city trustees.

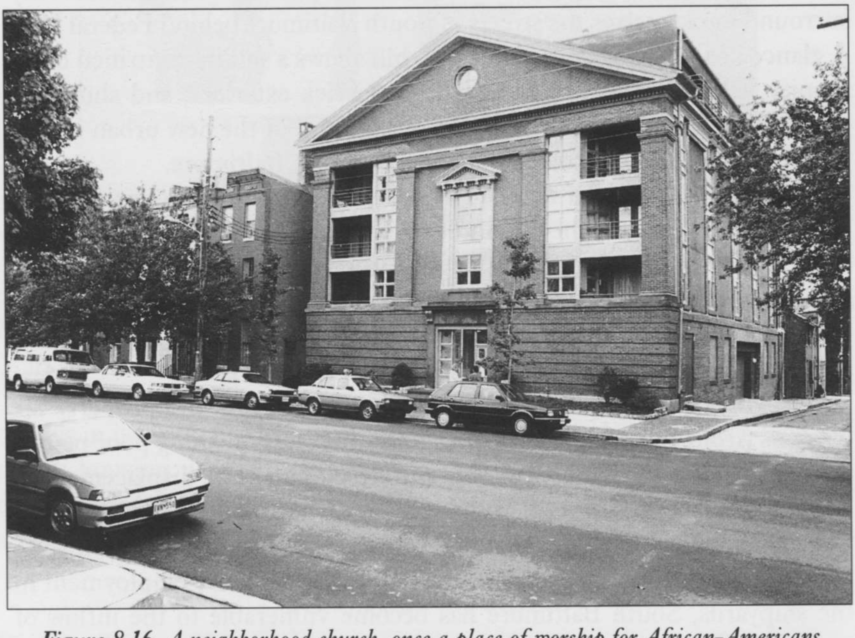

Figure 8.16 A neighborhood church, once a place of worship for African-Americans in South Baltimore, now converted to condominiums.

Figure 8.17 Shofer Warehouse, once an old paper mill, has been converted to condominiums.

City Hall's part in that transition can be seen most clearly in its role in the conversion of the old Southern High School (*site 30*), on the southwest corner of Federal Hill Park, into condos. Now called Harbor View, this building is one of many memorials to an undemocratic system of city governance that has allowed the City Council's control over city expenditures to be superseded by the formation of what became known as a shadow government.

In the 1970s, Mayor Schaefer designated two trustees to administer all federal loans and grants to private developers. As repayments from developers came in, the trustees built up a $200-million development bank, entirely under the mayor's control, that could be used as a revolving fund to promote further private development. One such project was the conversion of Southern High School by the Jolly Company, which acted as developer and builder. The company put up no money of its own, but borrowed everything it needed from the trustee fund. When the company failed to make interest payments on the loan they had taken to purchase the site, the city foreclosed. But the company continued with the lucrative business of building conversion at a price it had set as a developer.

The city ultimately managed to sell off the condos without too much loss, but Jolly the builder profited most handsomely from the conversion at public expense from an operation with no risk. In fact, none of the agencies responsible for the downtown and Inner Harbor redevelopment

Figure 8.18 Federal Park condos, after conversion from the warehouse.

was accountable to anyone but itself, even though they were awash with public funds. In 1980, a reporter from the *Baltimore Sun*, C. Frazier Smith, exposed the whole structure of shadow governance, including several quasi-public agencies (the Charles Center Management Corporation was the first) that controlled public funds for largely private purposes.

The issue, most agreed, was not corruption of the ordinary sort but circumvention of the democratic processes of government and of public accountability for the use of public money. The mayor argued, with some justification, that the trustee system was the only way he could bypass the conservatism of Baltimore banks. He wound up the trustee system as banking became more open and competitive in the mid-1980s, but other quasi-public corporations, still unaccountable to the City Council, have not been touched and have remained the vital center of Baltimore's so-called public-private partnership.

Figure 8.19 The coach lamps of gentrifiers, marching into South Baltimore behind Federal Hill, leaving the formstone houses as a sign of long-standing residency.