Corporate Citizenship and Urban Governance in Baltimore: Implications of Restructuring and Globalization of the Economy

Royce Hanson
The George Washington Institute of Public Policy

Donald F. Norris
Maryland Institute for Policy Analysis and Research (MIPAR) and the University of Maryland, Baltimore County

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About the Authors

Royce Hanson is currently chairman, Montgomery County Planning Board, Maryland-National Capital Park and Planning Commission. When preparing this paper, he was Research Professor and Director, Center for Washington Area Studies, The George Washington Institute of Public Policy. Recent publications include articles on urban sprawl (with George Galster, et al), and a book, *Civic Culture and Urban Change: Governing Dallas (Wayne State University Press 2003)*. He holds a Ph.D. in government and public administration and a J.D. from The American University. He is a fellow of the National Academy of Public Administration, a member of the Maryland Bar, and was chair of the board of trustees of the Maryland Environmental Trust.

Donald F. Norris, director of the Maryland Institute for Policy Analysis and Research since 1989, is also a professor of public policy in the UMBC Department of Public Policy and a visiting professor in the Department of Public Policy and Managerial Studies, DeMontfort University, Leicester, England. He received a B.S. in history from the University of Memphis and an M.A. and Ph.D in government from the University of Virginia. Norris has authored or edited four books and has contributed chapters to several others. He has published numerous articles in scholarly journals in the areas of public administration, public management information systems, and urban affairs

Comments on the paper can be directed to Royce Hanson at rhanson@mncppc-mc.org.

EXECUTIVE SUMMARY

Business-led civic organizations have historically played an important role in urban policymaking, planning, and renewal. In conjunction with the Metropolitan Policy Program's "Corporate Citizenship and Urban Problem Solving" report, this case study looks specifically at Baltimore. Like other American cities, Baltimore has been roiled by structural and demographic changes in the U.S. economy over the last half-century. With changes in industry have come changes in economic and political leadership.

Specifically, Baltimore's business complexion has been completely altered by the wholesale consolidation of the financial services and real estate industries, as well as the departure of retailing to the suburbs. Over the last four decades this has resulted in expansion and contraction of the Greater Baltimore Committee (GBC) and a remaking of its membership. In short:

- Despite consolidation in the financial services industries, they remain heavily represented on the GBC. However, representatives of commercial banks have dwindled while those of specialized firms have increased. Moreover, Alex Brown and T. Rowe Price are now both owned by out-of-state conglomerates.
- Surveys of Baltimore's corporate leadership find that corporate engagement has declined. As Baltimore has become a "middle market town," executives on their way up the corporate ladder to other cities have no incentive to become engaged in the city's affairs.
- With the decline of hometown bankers and utility executives, staff at the GBC itself has somewhat filled the vacuum in corporate leadership. Additionally, GBC staff and business leaders agree that mayoral leadership in corporate engagement matters more than in the past.

With the change in the corporate structure in Baltimore, the challenges facing the GBC in keeping business engaged in the city remain substantial. However, in concert with nonprofit and political leaders, new but perhaps more precarious coalitions can be built to better the city.

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I. Introduction

Business plays a central role in urban governance. Many consider cohesive business leadership a key to maintaining effective governments in American cities (Stone 1980, 1989; Stone and Sanders 1987). From the end of the World War II and into the 1970s, executives of the largest corporations in many cities exercised extraordinary influence over a fairly broad range of civic issues and endeavors. Many of these executives had deep attachments to the cities where family businesses had prospered. They regarded engaging in city affairs an integral part of their responsibility as business leaders.

Business organizations composed of the chief operating officers (CEOs) of the city's leading corporations, and often created or led by local bankers, organized massive projects, investing their own resources or leveraging public investments in infrastructure and urban redevelopment. These included the Allegheny Conference in Pittsburgh, the Dallas Citizens Council, the Twin Cities Citizens League, Cleveland Tomorrow, and the Greater Baltimore Committee, among others. Their initiatives and participation transformed their home cityscapes and, occasionally, urban governments. If there was an element of self-interest springing from the value of corporate real estate in central business districts, there was also a public benefit in the new buildings, economic activity, and amenities. Several of these business organizations moved beyond bricks and mortar to support mass transit systems, education reform, regional planning, health systems, cultural facilities and programs, and environmental improvements.

A. The Changing Face of Civic Business Organizations

The transformation of the American economy in the last quarter-century (Hanson 1983; Logan and Swanstrom 1991; Noyelle 1995; Noyelle and Stanback 1984;) produced a major change in local corporate leadership, and with it a perceived shift in the civic engagement of the corporate sector (Hanson 1986; Savitch and Thomas 1991). Acquisitions, mergers, the creation of new types of businesses and methods of conducting business drastically changed many firms and industries that once were at the core of corporate involvement in city affairs.

Deregulation of financial institutions folded once autonomous and locally owned regional banks into great national and multinational financial empires, replacing home-grown bankers with branch managers climbing corporate ladders toward the “home” office in New York, Chicago, Columbus, Charlotte, Frankfurt, Tokyo, or Dublin. Suburbanization of retailing diffused the economic focus of merchants from the central business district to the region. Department stores that had been local icons were amalgamated into national chains, displacing local owners with transient managers whose interest in the city was governed only by corporate policy and public relations. Consolidation of newspaper ownership into a few giant media companies turned some news organizations that had long been the conscience of the city into assets to be managed for the benefit of the parent corporation's bottom line, with scant regard for local interests. The decline of manufacturing led to the emergence of new industries, largely in technologies and services, which grew exponentially before either imploding with the collapse of speculative investment or being acquired by a corporate leviathan.

In several major cities, foundations based on relatively new fortunes began to proliferate. Along with the explosive growth of nonprofit institutions, the sources, agendas, and beneficiaries of local philanthropy were, arguably, fundamentally reshaped.

What, then, do these significant changes mean for cities? We profile one city, Baltimore, in an effort to begin to answer this question. Baltimore's recent history illustrates how economic restructuring and the reorganization of business institutions has affected the extent, character, and impact of corporate executives' engagement in civic life and urban problem solving.

II. Methodology:
Measuring the Changing Corporate Involvement in Civic Affairs

To assess the extent of and changes in corporate involvement in civic affairs in Baltimore, we interviewed 18 current or former CEOs of major enterprises in the city and region, as well as two prior mayors, two members of the current mayor's cabinet, and the past and current presidents of the Greater Baltimore Committee (GBC). The GBC was formed in 1955 from a shared view among business elite that the city's downtown was in dire need of revitalization. The committee included the city's economic elite of local bankers, retail merchants, the leading newspaper, public utilities, and manufacturers. The GBC took the lead in planning for what would become the city's Charles Center redevelopment and the Inner Harbor revitalization. The Charles Center project produced new office structures, hotels, and public amenities, and attracted an estimated 10,000 new employees to the downtown. The Inner Harbor revitalization turned an area of derelict wharves into a world-class urban tourist attraction that annually draws more than 13 million visitors (Norris 2003).

We developed a list of CEOs on the basis of our own knowledge (e.g., of prominent business leaders and significant business enterprises in the city and region), and we asked the president of the GBC to review our list and nominate other CEOs. From an original list of approximately 25 CEOs, we contacted each CEO by mail and phone, explaining the research project and asking if they would consent to be interviewed. Eighteen agreed to be interviewed. We conducted most of the interviews in the fall and winter of 2001, with additional interviews in the winter of 2005 to update our information.

We used a semi-structured interview process (see Appendix A). The questions asked about the perceived effect of a changing economic structure and changing corporate organizations on the role and effectiveness of top business leaders in the civic life of Baltimore. Specifically, we asked how those changes affected their own and their company's history of participation in GBC and other civic affairs; the financial contributions to civic causes; the role of mayors, foundations, GBC staff, and other significant leaders in urban problem solving and agenda setting. We offered all respondents the assurance of complete confidentiality. Any quotes noted below were used with their express consent.

Ours is a "convenience sample" of CEOs developed using a snowball technique to accumulate networked business leaders. A convenience sample is not a random sample of corporate CEOs in the Baltimore region. It is, however, a highly representative sample of the leaders of top corporations in the region and especially of CEOs who are or were actively involved in civic affairs. As such, they constitute a body of key, knowledgeable informants about corporate civic involvement in the Baltimore region, and the information they provided is exceptionally valuable in addressing the issues we raise in this research. In all cases, the respondents were open, candid, and forthcoming in their responses.

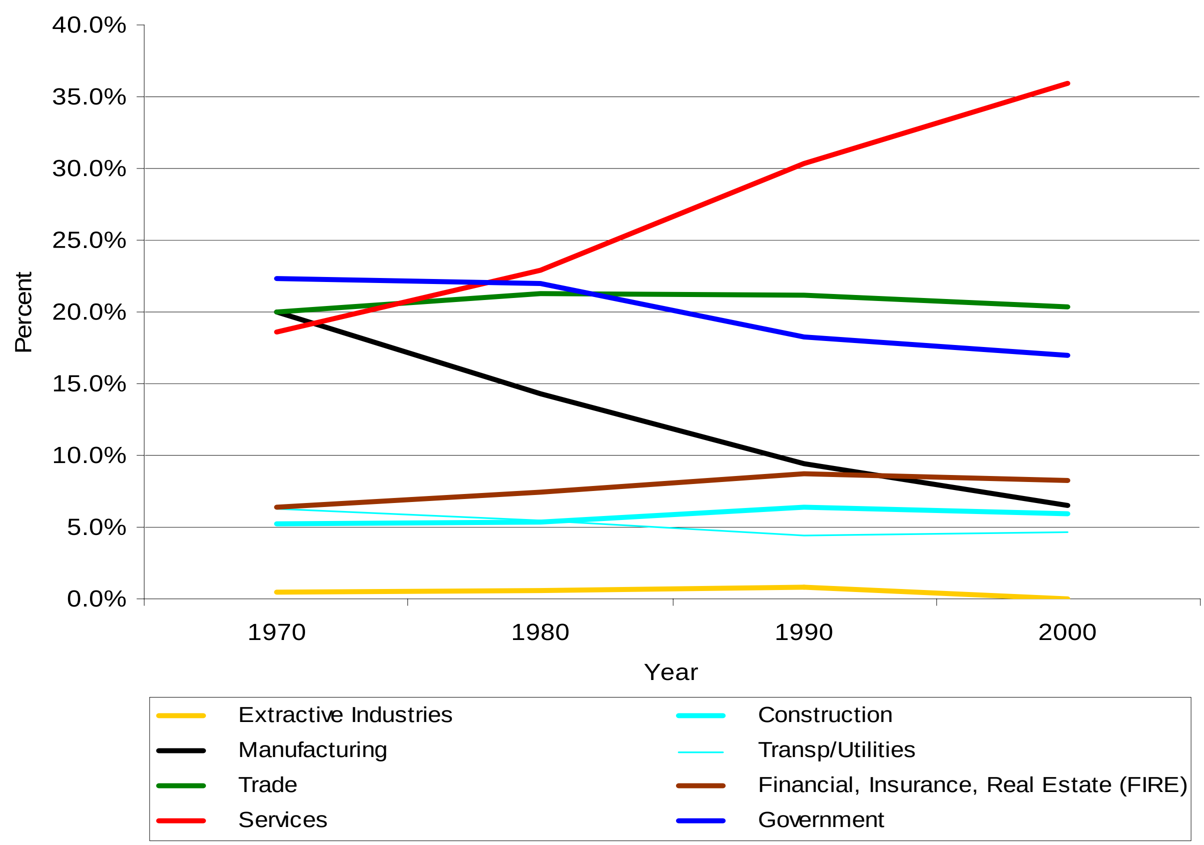
Before detailing the findings from these interviews, we offer a portrait of Baltimore and detail some trends in the GBC membership over its 50-year history.

III. The Transformation of Baltimore

Unable to expand beyond its original 1918 boundaries, Baltimore City has remained relatively small and compact. As the population of its suburbs grew by more than 500 percent, the city lost one-third of its residents in five decades, dropping from 949,708 in 1950 to 651,154 in 2000. The demography of the city was simultaneously transformed. The white population declined from 76 percent in 1950 to 31.6 percent by 2000. Census 2000 also reported that three-fourths of all city households were "nontraditional," composed of single individuals, single parents with children, childless couples, or unrelated individuals.

The Baltimore region was also transformed economically. As Figure 1 shows, in 1970 manufacturing firms employed 198,000 people, or 20 percent of the regional workforce, and equal to the proportion working in wholesale and retail trade. By 2000, manufacturing firms had shed 97,000 workers, providing only 6.5 percent of the region's jobs. During the same 30-year period, service employment almost doubled, increasing from 18.6 percent to 36 percent. Even though government, a source of stable, well-paying jobs, employed 40,000 more workers in 2000 than in 1970, its share of regional employment declined from 14.8 to 10.5 percent. By 2000, health services had become the largest employer in the region. Although a majority of the region's health care jobs in 2000 were located in Baltimore City, many were in lower-paid occupations, with an average weekly wage of $712, compared with $855 in Baltimore County.

Figure 1. Employmnet by Industry: Baltimore Region 1970-2000



Employment followed the population to the suburbs. In 1960, seven of the 10 largest employment centers in the region were located in the city. By 2000, this had dwindled to three, and fewer of the region's workers (29.5 percent) were employed in the city than in Baltimore County (30.5 percent).

Baltimore hosts all the usual urban pathologies. Three of every five residents lived in poverty in 2000. The number of vacant and abandoned housing units was estimated between 40,000 and 60,000. Despite efforts by two successive mayors, the crime rate remained among the highest among the nation's large central cities. The public school system was in persistent crisis, with a high school dropout rate more than twice the statewide average, and in 2000, only one in five Baltimore City students scored satisfactory or above on the state's standardized tests for third, fifth, and eighth graders. The city has one of the nation's highest rates of infant mortality and high rates of premature death, especially for black men. Public health problems are exacerbated by a high incidence of HIV-AIDS, drug addiction, and lead contamination in older housing and neighborhoods. The city has been in chronic fiscal stress for more than two decades. One-third of its property is held by federal, state, or local governments and nonprofit institutions, and thus excluded from its tax base. Average individual incomes for Baltimore residents are relatively low. Consequently, Baltimore has increasingly relied on the State of Maryland for special and supplementary financial support.

Despite its problems, Baltimore remains a major cultural and educational center of the Middle Atlantic region, with an outstanding concentration of educational, medical, cultural, and sports institutions, including the Johns Hopkins University, the professional campuses of the University of Maryland-Baltimore, several outstanding liberal arts colleges, the Baltimore Symphony, 30 museums, 31 theaters, the National Aquarium, two great sports arenas, Pimlico Raceway, Enoch Pratt (one of the nation's great public libraries), and an extensive urban park system. Its Inner Harbor area is one of the nation's top urban tourist attractions and has stimulated commercial and residential revitalization of nearby areas, such as Inner Harbor East, Fells Point, and Federal Hill.

IV. THE EVOLVING GBC BOARD OF DIRECTORS

The evolution of CEO engagement in the civic affairs of Baltimore is reflected in the board of directors of the GBC, which from its inception contained the heads of the region's most significant firms. Changes in GBC board membership provide a good indicator of how executives themselves view the importance of different corporations and sectors of the local economy. It also provides a measure of how restructuring of Baltimore's economy and business institutions influenced leadership in civic affairs. The stability of business leadership and the cohesion of corporate interests are also evident in the length of time individual CEOs served or specific firms were represented on the GBC board.

The GBC board expanded and contracted several times. Membership was expanded in the 1980s to admit executives of new service sector firms and to adjust to the changes in the structure of the corporate community. It contracted in the 1990s and then expanded by the end of the decade, only to shrink to 18 members in 2002 before ballooning to 48 corporate members by 2005.[1] In 2002, GBC adopted a policy of rotating board members more frequently, although there is still a tendency to retain key members on the executive committee.

A. Changing Industry Representation on the GBC

Table 1 shows the distribution of seats on the GBC board held by CEOs of different industrial sectors in each decade between 1960 and 2005. The city's financial institutions were heavily represented on the board throughout the period, despite an industry reorganization that nearly obliterated local ownership of banks and other financial services firms. In 2000, approximately one-half of the board was drawn from finance, insurance, and real estate (FIRE). By 2005, this sector provided only one-third of the expanded board. Also evident is shift in the types of FIRE firms represented. In 1960, among the board's seven FIRE firms, only the Rouse Company and Maryland Title Guarantee were not general commercial banks. By 1970, only three of the eight firms in this sector were commercial banks, and two firms, the Rouse Company and Manekin and Company, were major real estate development organizations. With the expansion of the board in 1980 to 43 members, more commercial banks were added, but of the 16 firms in the FIRE sector, one-half were specialized. The board contained only two commercial banks in 1990, four in 2000, and five in 2005. In 2000, the remaining18 FIRE institutions were equally divided between real estate development firms, insurers, and specialized financial services firms, such as investment bankers Alex Brown and T. Rowe Price, both owned by out-of-state financial conglomerates. By 2005, the number of specialized financial firms equaled the number of commercial banks.

The Rouse Company was a member of the GBC board for 30 of the 48 years for which membership data are available. It was one of only three of GBC's founding members still represented on the board in the new century. It was dropped from membership in 2003, two years

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[1] Two board members were from Constellation Energy—its current and retired CEO—each of whom were chairman of the board throughout this period.

before it was acquired by General Growth Properties, Inc., a Chicago mall operator. The other two founders that remained active in GBC in 2005 were Constellation Energy (formerly Baltimore Gas and Electric), which was on the board for 46 years, and the local office of Verizon, the metamorphosis of C&P Telephone Company, which was on the board for 40 years.

Table 1. Percentage of Board of Directors from Industrial Sectors: Greater Baltimore Committee, Selected Years, 1960-2000

Industrial Sector:	**1960 (%)**	**1970 (%)**	**1980 (%)**	**1990 (%)**	**2000 (%)**	**2005 (%)**
Finance, insurance, real estate	38.9	42.9	37.2	32.0	46.2	33.3
Manufacturing and construction	11.1	19.0	23.3	16.0	10.3	6.3
Retail and wholesale trade	22.2	23.8	9.3	0	2.6	4.2
Transportation, communications, utilities	16.7	4.8	9.3	12.0	5.1	20.9
Services:						
Health	0	0	0	4.0	7.7	12.5
Education	0	0	2.3	12.0	5.1	4.2
Law	5.6	0	7.0	4.0.	5.1	6.3
Other professional services	5.6	4.8	4.7	16.0	2.6	6.3
Recreation/Hotel	0	0	0	4.0	7.7	4.2
Foundations	0	0	2.3	0	0	2.1
Other or unclassified	0	4.8	4.7	0	0	0
Number of board members	18	21	43	25	39	48

Source: Greater Baltimore Committee for Board membership; Bureau of Economic Analysis for SIC designation of firms.

The retail and wholesale trade sector was a major presence during GBC's first two decades, with executives of the city's locally owned department stores—Hecht Company, Hothschild Kohn, and Hutzler Bros.—active in Baltimore civic life. By 1980, all three retailers had been acquired by national chains and only Hecht's was still represented. No retailers were on the board in 1990, and only one, a local grocery chain, in 2000. The two trade sector members in 2005 were the clothier Jos. A. Banks and Diamond Comic Distributors.

Reflecting national trends, service industry executives had become more than a nominal presence on the GBC board by 1980, and in 1990 service sector executives held more board seats than FIRE sector executives. Although the proportion of seats held by service industries declined in 2000, executives from law firms, health organizations, educational institutions, and professional services firms outnumbered those from banks and investment houses. Health and education organizations had displaced manufacturing as the leading employers in the city and region during the last two decades of the twentieth century and are now strongly represented on the GBC board. The largest employers in these fast-growing sectors are public and nonprofit institutions. Although their executives often play critical roles in civic affairs, they are unlikely to command the "slack," or readily available, financial resources available in other sectors for community programs and projects. In fact, hospitals and universities tend to be recipients, not providers, of such resources. Their research programs and campuses, however, are often catalysts for new businesses based on advances in science, technology, and the arts.

Manufacturing and construction industries maintained a significant presence on the GBC board into the 1990s. In 2000, three old-line manufacturers were still on the GBC board—Crown Petroleum, McCormick and Co., and W.R. Grace and Co. Only Crown Petroleum remained a year later when the size of the board was reduced to 18, but it, too, was gone by 2002. The only manufacturing firm on board in 2005 was Under Armour, a new athletic clothing company headquartered in Baltimore. Even when the manufacturing sector was well represented on the board, no firm or executive was a continuous member. In contrast, banks, financial institutions, and utilities remained members for many consecutive periods, even as their ownership and management changed. In Baltimore, as in other cities, banks and utilities, regardless of who owns or heads them, have been institutionally critical to the leadership and effectiveness of the business organization.

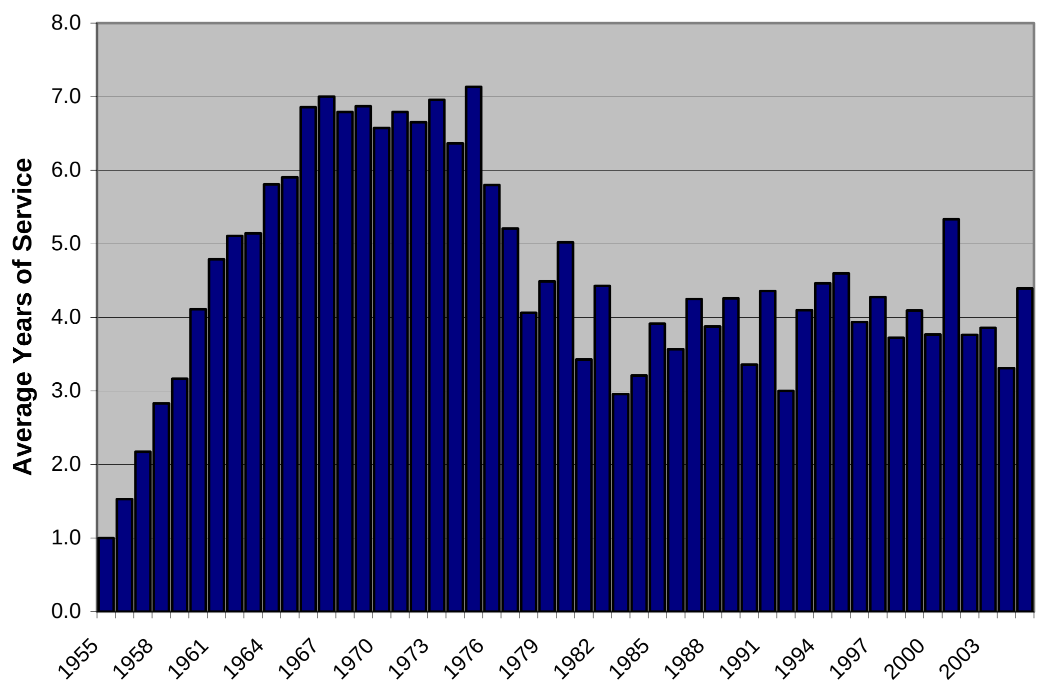
B. Board Tenure

Maintaining a balance between new and experienced members is an important issue for the GBC as it accommodates the churning and emergence of firms and economic sectors while retaining highly regarded and widely experienced members.

Since its founding, the GBC board has seated representatives from 167 firms and institutions. Long service on the board was characteristic of the first three decades. Of the 22 corporations represented on the board for 15 or more years, only eight were still on the board in 1990 or 2000, and the service of only five spanned the last decade of the twentieth century.

Similarly, the collective experience of the GBC board in Baltimore affairs has varied over its history. Of the 279 individual business leaders on the GBC board during its 50-year history, 26 served for 10 or more years, and of those, four served more than 20 years. Seventy-five members served between five and 10 years. The average tenure on the board peaked at 6.1 years in the 1960s. Consequently, the boards in the late 1960s and early 1970s had the most experienced members. More than one-half had served for six or more years, and one-third had served for more than 10 years. Average tenure declined slightly to 5.8 years in the 1970s. At the height of the economic restructuring in the 1980s, board tenure dropped to an average of 3.7 years, and from 1983 to 1989, no board member had 10 or more years of service. Tenure would begin to recover in the 1990s as the new urban economy began to stabilize and corporate reorganizations slowed. In the first five years of the twenty-first century, the average length of service for board members fluctuated, but averaged 4.1 years. Although experience has been slowly rebuilt, only rarely has more than 30 percent of the board had 10 or more years of experience. The least experienced boards were those in 1983, 1993, and 2004, years in which the board expanded, bringing in new corporate and individual members (see Figure 2). Figures 3 and 4 show the changing board tenure and changing level of experience of board members.

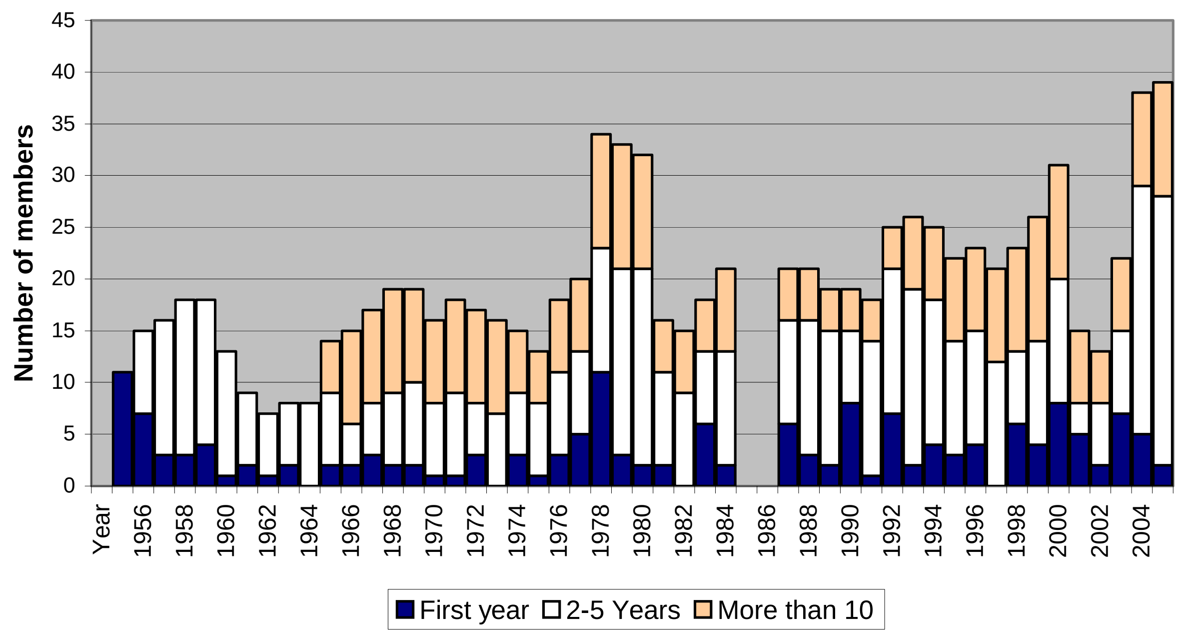
Figure 2. Average Years of Service for Individual GBC Board Members 1955 to 2005



A benign view of the high board turnover and large numbers of new or relatively inexperienced members is that GBC was adjusting to the rapidly changing economy of the city by opening its ranks to the new centers of economic power in the region, and thus maintaining its capacity to deal with major issues of concern to the business community in the city and region. Indeed, some of the executives of firms that have recently located to Baltimore or have become major employers have begun to exercise substantial influence in GBC and to demonstrate a strong commitment to the welfare of the city.

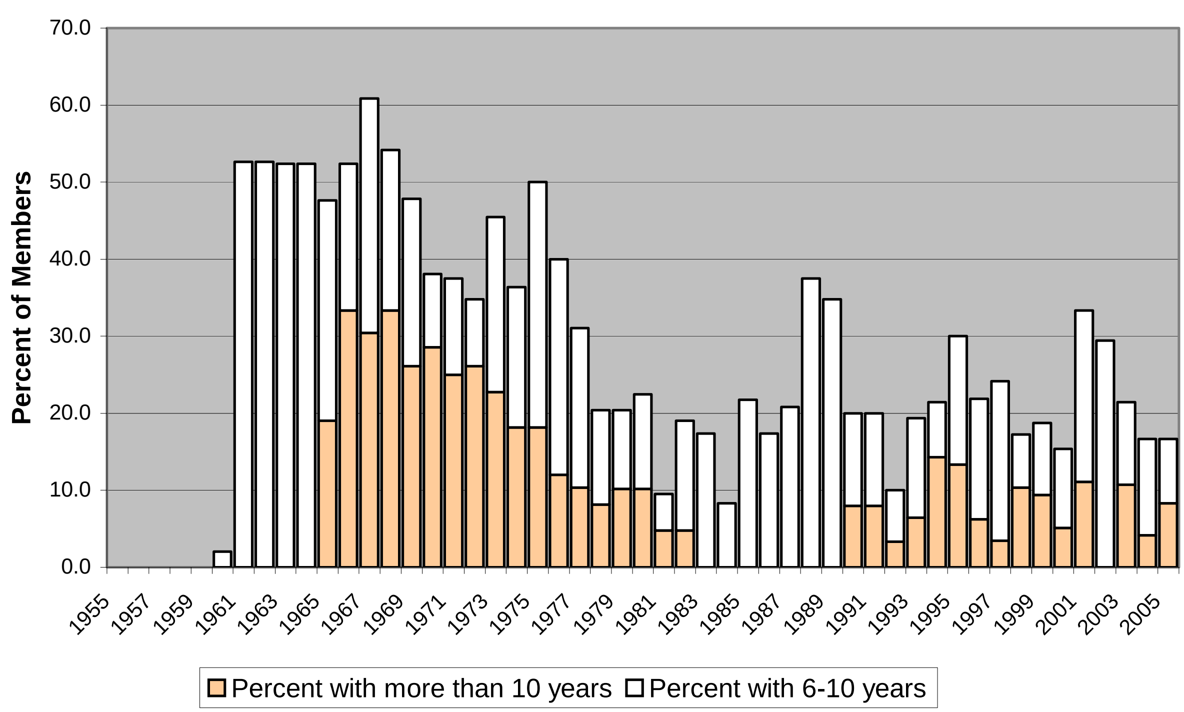
Although board turnover reflects the changing regional economy and provides an opportunity for infusion of new leadership, it also underscores the difficulty of maintaining a corps of board members who share a deep knowledge and intimate experience in addressing major civic problems. Given the continued corporate instability, the prospect of maintaining a level of experience comparable to that held by earlier boards is slight.

Figure 3. Years Served by Corporate Members of GBC Board 1955-2005*



*Data not available for 1985 and 1986

Figure 4. Percent of GBC Board Members with More than 6 Years of Service



Churning of the board's membership has two immediately apparent consequences. The first is that fewer board members are available for activities that require sustained leadership, such as school reform. The second is that the primary source of institutional memory and policy initiative has shifted from the board members to the full-time GBC president and professional staff, or to external policy experts, such as the mayor, public officials, or foundation executives.

V. GBC and Civic Engagement: The View from the Executive Suite

Given what we know from prior studies on the role of corporate executives in urban problem solving (Elkin 1989; Hanson 2003; Stone 1989), as well as our understanding of the Baltimore economy, the changing membership of GBC, and Baltimore's politics (Norris 2003), one would expect to find a decline in the level of civic engagement among corporate executives and a decline in their autonomy in making decisions. Interviews with 18 current and former GBC board members, mayors, and current and former staff officers confirmed these expectations.

A. The Decline in Autonomy and Engagement

Our respondents reported that few of today's CEOs are as deeply engaged in civic affairs as in earlier decades. Respondents generally agreed that the most important change was the declining core leadership roles of banks and utilities, which had been headed throughout most of the city's history by local men, often from the same families.

Of the three major, locally owned and operated Baltimore banks with strong traditions of philanthropy and civic investment, only Mercantile Bank remained in local ownership by 2000. The takeover of Maryland National Bank by Nations Bank and its subsequent merger with Bank of America left its local CEO with fewer resources to commit to local causes and less control over committing them, even though the bank continued to have an active interest in city affairs.

The shift in decisionmaking autonomy from the new branch bank CEOs to its corporate headquarters is illustrated by two incidents. In the first case, Mayor Kurt Schmoke made a direct request of the parent bank's chairman to be a lead corporate partner for the Port Discovery Children's Museum. Although the chairman agreed to contribute several million dollars, the gift was subsequently reduced substantially. The mayor concluded that he could not go to the local branch executive for a commitment. In the second case, during Mayor Martin O'Malley's first term (1999–2003), Bank of America's local CEO committed $800,000 to the Center Point-Hippodrome project, a high city priority, and persuaded the home office in Charlotte, NC, to honor it.

Most banks remain high-profile actors in the city, but they clearly face more hurdles in securing approval for a major commitment than would have been the case in the past, and there is no guarantee that the local CEO's enthusiasm for a project can be translated into equivalent financial support. The situation appeared to be no different when the local manager was a Baltimorean. Allfirst, formerly First National Bank, was acquired by Allied Irish Bank, which retained the local executives who had been active in local affairs. Even they, however, reported that they lacked autonomy to make major institutional commitments to local civic projects.

The utilities underwent a different metamorphosis. Baltimore Gas and Electric, as a result of energy deregulation, became Constellation Energy. Although it is still a locally based corporation, it now has a national market. Its executives remain stalwarts of business engagement in the region, although they can no longer focus their attention and resources solely on Baltimore. Constellation, however, also provided a different pattern of engagement from past practices. Its retired CEO, who retained the board chairmanship of the firm, continued to participate in GBC after his retirement, along with the current CEO, and he served as chairman of the GBC board in 2004.

The other major utility, Chesapeake and Potomac Telephone Company, the former “Baby Bell,” had been headquartered in Washington, DC, but its regional office in Baltimore had 15,000 employees. Its president was active in the community and had broad autonomy in committing corporate resources to local projects. Reconstituted as the regional telephone company Bell Atlantic following the breakup of AT&T, its local CEO remained a pillar of the business community’s leadership. However, following a further merger with GTE and reincarnation as Verizon Communications, the Baltimore branch office was reduced to 67 employees. The other 400–600 employees in the Baltimore area report to corporate headquarters in Philadelphia. Several CEOs we interviewed commented that the local Verizon executive had no direct supervisory authority and was essentially a government affairs person who held the title “president.” He represented the company in negotiations with the Maryland Public Service Commission, in the public policy arena generally and specifically with the Maryland General Assembly, and in dealings with the business community. “For the most part,” lamented one respondent, “home-based corporations have disappeared.”

The Noxell Corporation’s chief executives were strong participants in the GBC and the civic life of Baltimore for many years, serving on the GBS board for 12 years between 1976 and 1995. After acquisition by Procter and Gamble, its CEO served only a single year on the GBC board. This behavior appears to be a fairly common consequence of the mergers, acquisitions, and reorganizations of the region’s leading firms.

B. Reasons for Declining Executive Commitment

Our respondents identified four major institutional reasons for the diminishing commitment and role of corporate executives in the civic affairs of the Baltimore region. First is the sense that Baltimore is a middle-market town. The executives assigned there regard it as a stop on the way up the corporate ladder. There is no incentive to stay closely tied to Baltimore. As one local CEO put it, “These guys are just passing through. Baltimore is a stopover. All they want is not to make a mistake.”

Second, few executives who come to Baltimore to run the local division of a company headquartered elsewhere have either the money at their disposal or the autonomy to allocate resources for local projects and philanthropies. Unlike in the past, these executives now must often seek home office approval for major contributions and investments.

Third is the learning curve the new generation of CEOs must negotiate before becoming familiar with local issues and gaining the confidence of business and government colleagues. For many, they are transferred before that learning curve is completed. The most frequently cited example was the Bell Atlantic executive who came to Baltimore from New Jersey. He was in fact in line to become GBC board chairman in 1993. His corporate office, however, relocated him in 1992.

Fourth, several respondents suggested that the increased use of stock options to compensate executives created an incentive system that focused a CEO's attention on building company value. Becoming deeply involved in the life of the community is a major commitment of time and energy, and can divert from that company goal.

VI. THE NEW ENVIRONMENT FOR BUSINESS LEADERSHIP

The shifting extent and nature of corporate engagement in Baltimore has created a new environment for business leadership in city affairs. Our interviews revealed that while no one person or group has emerged to fill the core role played by bankers and utility executives in decades past, new leaders from both the business and philanthropic communities are becoming prominent players. At the same time, the role and influence of GBC's professional staff in helping to set the business agenda has increased substantially. These shifts continue to influence how the corporate sector and city hall effectively work with another to initiate and sustain projects of mutual benefit.

A. Sources of New Leadership

Though it is no longer possible for a dozen or so executives to raise large sums of money to finance a project they favor, there are several younger business executives and a few retired CEOs who remain dedicated to the city and region.

The CEOs of the city's financial institutions are still seen by their peers and public officials as essential catalysts of business action. Law firms have also become more prominent players. The managing partners of two of the city's leading law firms, PiperRudnick (formerly Piper and Marbury) and Venable Baetjer, have recently assumed leadership positions in GBC. Although law firms lack the ability independently to command large financial or staff resources comparable to that of banks and manufacturers, the heads of large corporate practices have extensive networks in both the business and political communities, and assuming prominent positions in the region's peak business organization coincides with the economic interests of their firms. A recent chairman of GBC headed one of Baltimore's most prominent law firms, and his counterpart in another major firm was included among the few "go to" people other than bankers named by our respondents. No person or group, however, appears to have replaced the bankers and utility executives as the "go to" sources in the city. Other executives most frequently mentioned the chairman of the investment house Legg Mason as the nearly indispensable business leader of the current generation.

Several of the newer corporate executives, including some of the branch managers, appear to have sufficient authority of their own or adequate influence at their home offices to commit substantial resources in money and talent to civic causes and projects. Some executives of growing firms who are new to the region and other second-generation executives of old Baltimore-based firms have begun to assume major roles in civic affairs. Donald Manekin took a leave of absence from his family's real estate development firm to serve as chief operating officer of the Baltimore Public School System. Kevin Plank, CEO of Under Armour, a new and growing firm, has begun to participate in GBC and other Baltimore civic endeavors.

Another new and potentially important source of civic leadership is emerging among the retired or semi-retired CEOs in Baltimore. Christian H. Poindexter, the immediate past chair of the GBC board, recently retired as CEO of Consolidated Energy, but retained the chairmanship of its board of directors. These committed and influential senior business leaders may have more time for deeper engagement than when they were running firms.

B. The Growing Influence of the GBC President and Staff

One consequence of shallower and shorter personal and corporate commitments to board service and civic engagement has been the strengthening of the role and influence of the full-time GBC president and staff. Busy, globe-trotting CEOs and corporate ladder-climbing, branch-managing, transient executives are more disposed to rely on staff than the older generation of CEOs. The constant loss of members to relocation, acquisition, or cutbacks has required GBC's president to become more involved in recruiting new dues-paying members to replace those that have been lost. That has become more difficult as fewer large companies locate in Baltimore. Nonetheless, this function tends to enhance the influence of the GBC president in setting the agenda for the organization and serving as the public voice of the organization.

GBC's agenda is predominately a product of the work of its 20 professional staff members, with occasional support from consultants. Staff create programs and formulate a strategic plan for board approval. Advisory committees composed of GBC board members and other stakeholders guide and oversee projects or program activities. Members, however, run meetings and propose chairs for committees.

Because civic work takes executives away from their jobs, staff organize tasks and projects so executives are called on only as needed. Business leaders still prefer to have their "faces in the right places" when meeting with the mayor and other governmental leaders or during major policy pronouncements, but they do not feel it necessary to be involved in the details. They expect GBC's full-time president to be the day-to-day voice for the business community. This gave both Don Hutchinson and Don Fry a substantial degree of independence during their terms as president of the GBC, tempered by the need to work closely with the executive committee and within the general bounds of board consensus. For both men, this cooperation was almost instinctive behavior, as both had been successful politicians. Their political skills made them valuable interlocutors between city hall and the CEOs on their board. They effectively negotiated the delicate tasks of representing the organization in dealings with public officials and other civic organizations, implementing board policy, and preparing the board's officers and CEO "champions" of GBC projects for organizational meetings and public events.

The role of its president as a key policy entrepreneur in development of the business agenda is illustrated by the GBC's organizational priorities in 2005:

1. *Expansion of biosciences and life sciences*. The health and biomedical industries are expected to replace manufacturing as the core industry of the region, building on the facilities, personnel, and the national leadership in bio-medical research and federal funding of The Johns Hopkins University and University of Maryland School of Medicine.

2. *Regional transportation and completion of a system of light and heavy rail, bus rapid transit.* An alliance is planned among business, environmental and other groups to use $230 million in the state transportation plan, beginning with a transit line connecting Catonsville and Fells Point and linking Johns Hopkins and Morgan State University. Fry has had a long interest in transportation, stemming from his experience as a state legislator representing Harford and Cecil counties. He served on an advisory committee that developed the state plan.
3. *Bridging the Gap,* led by CISCO executives who work with majority and minority business leaders, is a project designed to create real wealth in the minority community by creating business owners, board members, and executives. (It is estimated Baltimore could sustain as many as 15,000 additional minority businesses.) The project is developing minority entrepreneurship with the expectation that it could make a $5 million difference in that community. Fry recommended this project to the board because he believed too many important civic projects were threatened by excluding minorities.

All three projects were also a good fit with the city's interests. The bio-medical project coincided with city efforts to encourage development in East Baltimore near the Hopkins hospital and provide both housing and jobs in the city for higher income workers. Transportation is a high priority for the city and the region, and it is important for the mayor and county officials to have the strong support of the region's major businesses in lobbying the General Assembly and governor for the high levels of state funding that will be necessary to implement the plans. In a city that is 70 percent black, increasing the number of minority-owned firms and minority representation on corporate boards and among business executives is both an important political objective of any city administration and very much in the self-interest of the corporate community.

C. The Importance of Mayoral Leadership

A theme that ran through all the interviews with CEOs was the central importance of the mayor as the key catalyst of CEO engagement in Baltimore's civic affairs. All agreed that the level and effectiveness of that engagement depended heavily on the skill of the mayors in relating to the business leaders, understanding their interests and value to the city, providing the venues and opportunities to use their talents and resources, and providing the appropriate intangible rewards. Former mayors, whether proudly or ruefully, agreed with the sentiment: "You can win elections without business community support but you can't govern without it."

Prior to the election of William Donald Schaefer in 1971, the GBC was the principal catalyst for downtown redevelopment. It tended to focus largely on physical development projects, which primarily required only the acquiescence of the mayor and council. Schaefer took a more "hands on" approach, and as his administration became more seasoned, the role of policy entrepreneur in urban development as well as in other policy arenas gravitated from the orbit of GBC to the mayor and his staff. Schaefer was generally credited with extraordinary skill in extracting business support for his projects. "Schaefer would tell us about a problem and ask us to work on it and give us autonomy to do it," a CEO reported. The effect of the "energizer mayor's" belligerent charms for CEOs is reflected in the recollection of one respondent: "He would sometimes bluster and yell, but he got what he wanted, and the business community got what it wanted from this relationship, even though it was a relationship of both use and abuse."

Schaefer was credited with an innate sense of how to get things out of people and gain their cooperation. His tenure coincided with the initial wave of economic restructuring, although he recalled that 25 years ago he could get a small group of business people around a table to make decisions. His 16 years in office (1971 to 1987) also occurred during a time of substantial increases in federal support for cities, initially in the form of block grants for community development, and later for grants that supported—even required—public-private partnerships in development projects. These resources gave the mayor greater leverage in dealing directly with business leaders and also allowed him to circumvent the GBC, for which he appeared to have had little affection, further solidifying dependence on his leadership.

Although circumstances and personality joined to magnify Schaefer's role as catalyst and leader of the business-government coalition that is credited with transforming downtown Baltimore, they confounded his successor, Kurt Schmoke, who served three terms as mayor, from 1987–1999. The contrast between the successes of their administrations in working with business leaders suggests that in weighty matters, all politics is not only local, it is also personal. It also suggests that even though the mayoralty of Baltimore is institutionally one of the nation's strongest, the exercise of influence through informal channels is the essence of urban political leadership.

Schmoke came to office with impressive intellectual and professional credentials and high expectations as the city's first elected black mayor in a city with a large black majority. He also arrived at a time of severe economic hardship for much of his core constituency, as Baltimore's old industrial base was restructured amid an economic downturn. The city was hemorrhaging jobs, residents, and housing. Crime rates were beginning to rise along with drug trafficking and the violence surrounding drugs, and a host of urban pathologies stemming from high concentrations of ghetto poverty began to emerge. The public schools and many other public services were in trouble or failing. One scholar labeled these problems the "rot that surrounds the glitter" of the Inner Harbor redevelopment (Szanton 1985, p. 12).

Although it was a time that called for a high level of collaboration between city government and business, most CEOs interviewed believed that Mayor Schmoke had neither wanted nor sought business support. In general, all the CEOs we interviewed believed that Schmoke initially did not know how to approach them, did not know what to ask for. "Under Schmoke," one CEO said, "the business community was turned off and there was no leadership from city hall." Although the mayor had ready access to business leaders, he continued to have difficulty working with them or gaining their financial support without numerous meetings. He attributed this, at least in part, to the relocation of some firms to the suburbs and to the loss of decisionmaking autonomy by the heads of firms that had merged into larger corporations. Indeed, many business leaders were distracted by the crisis in banking and real estate, and by the mergers, acquisitions, and relocations of their firms.

Race appears to have been a subtext of some of Schmoke's uneasy relations with business executives. Some executives clearly believed that the mayor's priorities were so heavily focused on the economic advancement of Baltimore's black residents and their communities that he had little interest in the types of projects that were high on the agenda of business leaders. He also suffered from a reputation, encouraged by his predecessor, as anti-business.

The mutual suspicion that existed between Schmoke and the business community was exacerbated by the perception of business leaders that the mayor was ill-served by a staff they regarded as unwelcoming to business leaders and their interests. Relationships improved somewhat over time, but they were described by both business leaders and the mayor as "awkward." Schmoke developed no agenda with a clear civic role for the CEOs, and they seem to have been unable to fashion one on their own that he could adopt or endorse. They learned to talk together but not to work together, to their mutual frustration.

Broad disenchantment with Mayor Schmoke in the region's executive suites ultimately contributed to a mutual reluctance to initiate projects that required deep commitment from either business or the city. The GBC, nonetheless, announced an annual agenda, but the mayor's office was not, for the most part, receptive to it.

Mayor Martin O'Malley (1999–present) made a good early impression, and business leaders expected a closer working relationship with him than they had had with Schmoke. Their hopes were at least partially fulfilled.

When O'Malley was elected mayor in 1999, he asked the GBC and the President's Council (the organization of minority business executives) to examine the efficiency and effectiveness of city government and convert it to a more "business-like" model. The GBC responded enthusiastically and created a series of task forces to review and recommend changes to city agencies. The mayor implemented many of the recommendations, with noticeable improvements in procedures and management. The positive feedback from the management studies was a significant development in the GBC–city hall relationship and represented a useful but ad hoc approach to rebuilding the informal "shadow government" (Stoker 1987, p. 252) that had once governed Baltimore.

As he began his second term in 2004, the judgment of business leaders was that O'Malley was learning what business could and could not do, and business leaders were patient while he learned. They believed he paid attention to the needs and desires of the business community, but that he did not yet not fully understand how business and government fit together.

Communication was good, and the GBC had a general sense that a very good relationship had been established. In addition to attending subcabinet meetings, Don Fry, the GBC president, attended a standing monthly meeting with O'Malley's chief of staff, Clarence Bishop. The GBC broke with the mayor on taxes, however, and the mayor had difficulty convincing business leaders to support his *Believe Baltimore* campaign, a multi-faceted advertising effort to change the way people thought about the city and to encourage individuals to take action to improve it. O'Malley characterized it as a call to the people of the city to rise up and "risk action on faith." He clearly would have preferred that the CEOs be more active in addressing social problems without his prodding. There was a strong impression in city hall that business leaders would prefer more consultation and involvement.

Based on their experiences in Baltimore, our respondents from both business and government agreed that politicians and business executives often do not have a good understanding of the other's world, and consequently they often do not know how to ask for help because they do not have a sense of the limitations, pressures, or ways in which their respective organizations work. In general, business executives expect the mayor to set an agenda they can support in ways that go beyond raising large sums of money for specific projects. Costs are now so high for most projects that it is unrealistic to expect a few business leaders to single-handedly support them even if they have the autonomy to make major contributions. Moreover, the demands on business leaders for funds are constantly increasing, and corporate reorganizations have left many CEOs with less time and fewer staff resources at their disposal to assign to civic projects.

D. The Changing Role of Business and Foundation Philanthropy

Few companies in today's Baltimore are positioned to respond in concert as 10 companies did in contributing $300,000 or more each to the campaign to raise money for the Meyerhoff Symphony Hall in the 1980s. USF&G gave a $1 million. Even though that company's current owner, the St. Paul Companies, has a strong corporate culture of charitable contributions, no respondent thought the local CEO could make such a commitment today. In contrast, the *Baltimore Sun* reported that almost all of Constellation Energy's $5 million in charitable contributions in 2003 were given to Baltimore institutions and projects (Hopkins 2004a).

Some corporations and their executives lack local roots in the community, but more important is their lack of dependence on the city or region for their general business success. Corporate and individual philanthropy have increased in Baltimore, but our respondents reported that it is often directed "strategically" to special projects of interest to the respective donor firms rather than aggregated in support of strategic city- or regionwide objectives. The Rouse Company, one of the three firms that was represented on the GBC board for more than 30 years nearly tripled its level of giving during the last 20 years, in line with its earnings and inflation. Even Rouse, however, has targeted its funding more narrowly in recent years. As part of the negotiations for its acquisition by General Growth, a one-time payment was made to the Rouse Company Foundation, quadrupling its corpus. It remained unclear whether the foundation would continue to be as generous to Baltimore as it had in the past, especially with the departure of many of the executives who had spent their entire careers in the company, and with new demands from Columbia, where its offices remained (Hopkins 2004b). There was even less indication that the new parent company shared Rouse's history of sublimating its bottom line to employee performance and improving the quality of community life (Hopkins 2004a).

That the corporate philanthropic interests of international corporations may diverge from the local firms they have absorbed was indicated by the action of the trustees of the Alex. Brown and Sons Charitable Trust. On March 27, 2002, they announced they were liquidating the trust and distributing its $10 million corpus to several Baltimore cultural, health, and community institutions. Mayo A. Shattuck III, president of the foundation, former head of Alex. Brown and Sons and its successor firms, and CEO of Constellation Energy Group, Inc., said:

> Both the level and object of corporate charity and the role of a firm and its employees in civic life are reflections of the commitment of the CEOs. After two mergers and the passage of time, it became clear that the alignment between the foundation's original objectives and those of the successor firm [Deutsche Bank Alex. Brown] was likely to diverge. We want to make sure that the foundation's endowment, which was built by the firm in the period 1991–1997, goes to the purpose for which it was intended, and that is to support the greater Baltimore community." (*Baltimore Business Journal* 2002)

When Constellation Energy merged with FPL Group of Florida in 2005, co-headquarters were established in Baltimore and Florida, with Shattuck heading the Baltimore office. The merger also provided that Constellation's philanthropy commitments remain intact for 10 years.

There is no mechanism in GBC or elsewhere to coordinate corporate philanthropy to provide leverage on critical social or physical needs of the city or region. The Association of Baltimore Area Grantmakers (ABAG) provides services to local charitable and corporate foundations, including identifying funding opportunities. It includes most of the nonprofit foundations and charities of the region and some 20 corporations and corporate foundations among its members. It has not, however, developed an overarching agenda or served business philanthropy, as such. Essentially, each firm decides how to direct its slack resources to civic projects. This determination often turns on the interests of the CEO or the firm's line of business. One Baltimore firm, for example, provides major support to the arts. Its CEO believed that business should support those activities that receive relatively few public dollars. Another executive noted that his firm provided support for private schools attended by the children of senior managers and professionals. Law firms tended to support legal services for the poor, and other firms focused their giving on hospitals, medical research, or higher education. M&T Bank, which acquired Allfirst Bank, paid $75 million over 15 years for its name to appear on the Baltimore Ravens football stadium, clearly raising the visibility of the bank, but solving no urban problems in Baltimore. In 2004, the M&T Bank Foundation donated $1 million to the Hippodrome Foundation, which was renovating the historic theater that had served as a catalyst for the redevelopment of downtown Baltimore's West Side. A remodeled bank building housing the France-Merrick Performing Arts Center's multipurpose event space and Cabaret Theater was named The M&T Bank Pavilion. Tying donations to the business interests or promotion of the firm is consistent with the findings of other research that corporate philanthropy has increased as firms enter into partnerships with favored charities or link their donations to marketing objectives (Hemphill 1999; O'Keefe 2000; Useem 1990).

Surely, one factor affecting corporate giving in Baltimore is the dispersion of headquarters across the region. During the past 25 years, the number of companies with headquarters in the city has shrunk dramatically. Black and Decker, McCormick, the Rouse Company (acquired in 2005 by General Growth), and other firms with headquarters and facilities elsewhere in the metropolitan region are forced to balance pressures from their "home" jurisdictions and their employees with more traditional requests from the city. CEO respondents reported increasing competition from suburban organizations for their charitable dollars. This trend is accentuated by a firm's policy of matching the charitable gifts of individual employees.

Thus, although contributions from corporations have grown over the years, they are distributed across a wider variety of projects, institutions, and communities. One-third of the CEOs said their firm's civic donations had increased in the last decade, but they also said that the commitment to the city that existed when all of the major businesses had a direct financial stake in downtown Baltimore no longer exists. Moreover, the peer pressure from colleagues to give in concert, or reciprocally to one another's charities, has weakened with the demise of home-grown companies and long-serving executives.

Corporate giving remains primarily a function of the culture of the individual firm and the leadership of the CEO. Most respondents agreed with the proposition expressed by one executive: "If the CEO wants it to happen, it will happen." And if the CEO does not want it to happen or is indifferent, it will likely not happen. CEOs who regarded charitable and community contributions as important elements of corporate responsibility or enlightened self-interest of the firm have been able to increase donations, even with limited autonomy from the home office. "It's all in the leadership," said another CEO. "The signals come from the CEO's office."

Even though contributions to traditional social service institutions such as the United Way and the city's hospitals have increased in recent years, Baltimore corporations have been less enthusiastic in supporting more complicated or controversial social services. "People don't like to get into controversy," a respondent explained. Thus, they tend to avoid issues such as poverty and race relations and focus on building projects, consolidated fund drives, arts, culture, and hospitals or universities. The latter have a direct impact on workforce quality.

One notable shift of corporate resources is the decreasing support for public education in favor of private and parochial schools, reflecting a lack of confidence in the Baltimore school system. In addition, business support for social services in the disadvantaged communities of Baltimore has declined. The principal nongovernmental support for such services has shifted to individual philanthropists with long ties to the city and several well-endowed local and national foundations headquartered in Baltimore.

The recently established Weinberg Foundation is now the region's largest local private philanthropic institution and is playing an increasing role in Baltimore affairs. It has become a major supporter of several key city projects. Its influence has grown to the point that, according to one respondent, that it is one of the few institutions that can veto a project by withholding its support.

The Abell Foundation, established by the former owners of the *Baltimore Sun*, is deeply engaged in finding solutions for Baltimore's urban problems, and it has provided critical leadership in addressing education and other social issues. Its president, Robert Embry, was among the most frequently mentioned influential and knowledgeable executives in the city, and he has served for several years on the executive committee of GBC. The Annie E. Casey Foundation is headquartered in Baltimore and devotes considerable resources to children, families, and communities in the city. The Baltimore office of the Open Society Foundation, a George Soros foundation, also gives to community projects.

Table 2. Baltimore Foundations Giving $1 Million or More Locally 2001 & 2003

Foundation	Giving ($Millions)	
	2000	2003
Annie E. Casey	103.0	172.8
Abell	13.0	9.3
Harry and Jeanette Weinberg	12.0	100.2
Robert G. and Anne M. Merrick (France-Merrick)	11.3	8.1
The Baltimore Community	10.0	17.5
Jacob and Hilda Blaustein	7.7	5.3
Alex Brown and Sons	4.0	1.0
Morris Goldseker	3.7	3.5
Aaron Straus and Lillie Straus	3.6	2.0
BG&E (Constellation Energy)	2.9	2.1
Edward E. Ford	NA	2.9
Rollins Luetkemeyer	2.8	3.4
T. Rowe Price Associates	2.6	3.4
USF&G (St. Paul Travelers)	2.5	2.5
First Maryland (Allfirst / M&T)	1.7	NA
Rouse Company	1.7	NA
Hoffberger	1.6	*2.4
Hackerman	NA	2.3
Dresher	NA	2.2
Marion I. and Henry J. Knott	1.6	1.7
Louis and Henrietta Blaustein**	1.5l	NA
Charles Crane Family	1.5	2.3

Joseph Meyerhoff	1.5	3.1
Ben and Esther Rosenbloom	1.5	1.7
Concordia	NA	1.5
Life Science Research	1.4	NA
William G. Baker Jr. Memorial	1.2	1.1
Jonan	1.2	NA
Henry and Ruth Blaustein Rosenberg ***	1.2	5.4
Thomas F. and Kate Miller Jeffress	NA	1.2
Robert and Jane Meyerhoff	1.1	NA
Lockhart Vaughan	1.0	NA
Middendorf	1.0	1.2

Source: The Foundation Center
* 2002 figures
** dissolved in 2001
*** includes multi-year grants

Foundations that gave $1 million or more annually to Baltimore projects in 2000 and 2003 are listed in Table 2. Eight were foundations of active Baltimore corporations in 2000, but only four corporate foundations contributed more than $1 million in 2003. Most of the local foundations were established by first-generation Baltimore business magnates, many of whom were pillars of the Jewish community, and the foundations they established are extensions of the historic Jewish support of social causes and cultural institutions in Baltimore and its suburbs.

According to one-half of all the CEOs we interviewed, foundations have begun incrementally to perform some functions of policy entrepreneurs and agenda setters that once were expected of and performed by the GBC and business leaders. The Baltimore Regional Partnership of Foundations and the Baltimore Community Foundation have launched initiatives to identify measures that would increase the city's attraction to residents and businesses. The Abell Foundation has focused resources on improving educational performance and attracting newcomers, especially foreign immigrants, to the city. The Goldseker Foundation has funded research on indicators of urban and regional conditions.

None of our respondents, however, thought that the foundations had filled the vacuum left by the dissipation of business leadership, or that they could. As one CEO put it, "They can never take the place of committed economic elites, in part because they are advocacy groups as well." One way of interpreting this statement is the social orientation and funding priorities of foundations are not always congruent with the interests of the business community and, therefore, are no substitute for substantial contributions by businesses to urban causes.

VII. Corporate Leaders and the Future of Baltimore

The transformation of its regional economy made a material difference in the cohesion of the corporate leadership of Baltimore and in its capacity to participate effectively in the city's civic life. The key factors in the changing role and impact of CEOs and the GBC were: (1) the loss of corporate headquarters through acquisitions and mergers; (2) the replacement of "home grown" CEOs with long tenure in Baltimore with frequently rotated branch or division managers with less attachment to the city; (3) less autonomy among new CEOs to commit corporate resources to civic projects without approval of distant corporate headquarters; and (4) the loss of a working relationship with the mayor's office during the Schmoke administration and its slow recovery after O'Malley's election.

In this new environment, the character and intensity of civic engagement by corporate executives has also changed with their responsibilities to their firms and their career paths. In the absence of a dominant leader or a core of business leaders among the economic elite, the revival and maintenance of an enduring public-private governing coalition appears to depend heavily on the skills of the mayor and president of GBC, and a more strategic use of the resources of the city's independent sector.

In marked contrast to the early years of the GBC, business leaders in recent years have increasingly looked to the mayor to initiate the agenda and rally them to support it. The first lesson for mayors is that they must frame the agenda in ways that appeal to the interests of the CEOs, and they must know how to ask for their support in specific terms that connect the interest of their firms with the interests of the city. O'Malley's initiative in asking business leaders to recommend ways to improve city government was warmly received because it reopened the special relationship between business and city hall that had been absent during the Schmoke years. It was also something they knew how to do, and the effects of their efforts were visible and creditable to them. By adopting most of their recommendations, the new mayor laid a basis for mutual trust. The mayor's "Believe" initiative, on the other hand, seemed abstract and amorphous to most business executives, and they had difficulty seeing how it could produce any tangible outcomes.

The absence of a stable core of well-established CEOs or a dominant business leader from whom others take their cues has forced other changes in the mayor's role in mobilizing CEO engagement in urban problem solving as well. Turnover among executives in the new economy makes building a governing coalition more difficult than during the Schaefer era. Mayors must spend time identifying emerging leaders among a new generation of executives, including black and other minority entrepreneurs, and cultivating personal relationships with them. This suggests a role more akin to that of a university president who carefully nurtures long-term relationships with potential donors, matching their interests with institutional needs. The problem for mayors, however, is that unlike university alumni, the corporate executives and even the corporations keep changing.

If the initiative in mobilizing a mayoral-CEO coalition has devolved to the mayor, the changes in Baltimore's boardrooms have led to even greater changes in the role of the president of the GBC.

This person is no longer primarily an adviser of a small, experienced, and cohesive body of CEOs with intimate knowledge of the city and the one who implements their decisions. The GBC president has become the surrogate of business leadership and its principal policy entrepreneur.

High board turnover and revolving executives in member firms means that the GBC president must devote time to finding new corporate members, attending to the board, identifying emerging business leaders, framing issues to produce consensus, and serving as go-between for the city's business and political leaders. The less experienced and busy executives who make up the board rely heavily on the president and professional staff to guide them toward effective positions and actions and to support the CEO "champions" of the causes the organization supports. The GBC seems to recognize this need in that the current and former presidents of GBC have been effective political leaders, well schooled in the art of framing issues, building alliances, and making deals.

The mayor and his staff also look to the GBC president to maintain connections and communications between the public and business sectors and to offer the organization's perspective on current issues. As the one relatively constant figure among the churning of executives, the president of GBC serves as the surrogate "go to" person when the mayor needs broad business leadership support or help. Both the mayor and the GBC president have a common interest in finding those rare individuals who have an interest in the city and its future that transcends the narrow concerns of their firms and who can mobilize and inspire peers to give time, talent, and money in resolving major problems, or lacking that, finding those whose business interests coincide with those of the city. In a sense, the GBC president serves as an intermediary who can speak the languages of both business and politics and who can harmonize the two interests in projects in a way that capitalizes on the resources and power each party brings to bear on the city's problems. He or she helps his CEO members understand how their firms and employees can benefit from participation in a project or activity, and helps the mayor and other officials understand how to frame an issue to harness corporate interest.

For the foreseeable future, Baltimore's leading business organization can be expected to operate more as a trade association than the elite club it once was, in which a network of close business and social friends could work informally with the mayor on a common agenda, decide on a course of action, and provide the private funding necessary to make it happen. Now, the organization's agenda tends to be cautious, based on consensus of business and political interests.

This pattern runs counter to the idealized role of GBC as a bold and visionary organization, challenging officials and serving as a catalyst of change in the city. GBC, therefore, likely will play more supportive and transactional roles than the leading and transformative roles it once played in shaping the city's future. Although different from its zenith of influence, these roles remain important. They include using its platform of business legitimacy and leadership to educate officials and the public on important issues, such as bioscience and minority entrepreneurship's role in the future regional economy. Its periodic "State of the Region" report, which compares Baltimore with 19 other regions, helps frame the debate about economic development policy. GBC has also been a strong advocate for economic growth, the “business” agenda, and the promotion of Baltimore products. It has also revived its partnership with the mayor’s office and other business organizations to improve government efficiency and public services.

The rise of Baltimore’s private and family foundations represents an important third new component for future governing regimes and urban problem solving. Collectively, they now control more slack resources than are available from corporations. They are increasingly critical participants in ad hoc coalitions with the mayor and business. They are involved with a more diverse clientele and reach constituencies that are different in many respects from those of either business or public officials, and unlike many business firms, they are anchored to the city, devoted to its welfare by both location and the charitable concerns of their founders. Unlike corporate CEOs, their executives and board spend their full time thinking about Baltimore

Because of their economic power, the ways in which foundations allocate their discretionary funds can influence civic priorities and the success of projects that require private, public, and corporate funding. Thus far, they have tended to reinforce and support the ad hoc programs developed by mayors, although some have been aggressive in funding projects that force issues onto the public and government agendas. Others have begun to cooperate to advance a more strategic focus for their members’ unrestricted funds.

It seems unlikely, however, that foundations, even if they were to coordinate and target their giving, could supplant the role of business leaders. Foundations primarily take on social issues, not bricks and mortar. They can be expected to set their own agendas consistent with their missions and carry them forward. Foundations are fundamentally different from businesses, and they tend to have different interests and operate in different (if sometimes overlapping) spheres of influence. There are limits to what foundations can do, set by the instructions of their founders, the composition of their boards, and the limitations of the Internal Revenue Code and the Charitable Trust Doctrine. CEOs are uniquely positioned to bestow legitimacy on projects among their peers and mobilize their slack resources in civic endeavors more quickly than most foundations can. Unlike foundations and other nonprofit organization, business firms are the principal source of tax revenues for the city and have direct interests in economic development projects.

The city’s universities and health care institutions bridge the independent and private sectors. As the leading employers of the region, major landowners, and centers of research and technical innovation, these institutions have become, in effect, the basic industries of the Baltimore region. They serve as catalysts for economic development programs in the biosciences and for physical revitalization of areas adjacent to their campuses. The executives of these organizations have become regular members of GBC, and may be expected to assume major leadership positions in the future. Their institutional interests, however, are not always congruent with those of corporate CEOs.

The gradual dissipation of corporate power and CEO engagement in Baltimore’s affairs challenges mayors and GBC presidents to rethink strategies for urban problem solving. Corporate support remains vital to both the legitimacy of a wide range of policies and to the economic success of efforts to spur economic growth. CEOs, however, are no longer the only essential strategic partner in a governing regime. Foundations and major nonprofit institutions must also be included. Some, maybe most, will operate independently of GBC even if they are dues-paying members. The task of the GBC president is to institutionalize a culture of effective corporate engagement in a constantly changing, diffuse, and distracted membership and to develop an agenda that makes a difference and that matters to its members and to the city. The task of the mayor is to construct a civic agenda that can engage the corporate and independent-sector CEOs and provide both economic and intangible returns to their investments. Conceptually, these tasks are no different from those traditionally performed. Practically, however, they require far deeper understanding of the changing corporate and nonprofit worlds and greater skills in building and maintenance of coalitions.

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APPENDIX

Questionnaire
Corporate Citizenship and Urban Government

1. Our hypothesis is that, particularly since 1970—a period marked by the restructuring of the national and local economies, relocation of corporate headquarters, and reorganization of many local firms through mergers and acquisitions—corporate involvement in civic affairs in the Baltimore area has changed considerably. For example, the involvement of corporations and CEOs who are no longer purely local but are part of larger, non-locally owned companies has both changed in magnitude and declined in quality. Ask if they agree or disagree and ask for examples.

2. Would you tell us about your own involvement in civic life in the Baltimore area during this period? That is, in what activities, projects, organizations, committees and so forth have you been involved? What have been your major interests? Has your involvement fluctuated any over time? (Particularly in relation to mergers, acquisitions, relocations.) How/why?

3. What about your company's involvement? Especially top officers and directors? That is, in what activities, projects, committees, etc., have they been involved? Has this involvement fluctuated any over time? (Particularly in relation to mergers, acquisitions, relocations.) How/why?

4. What about other CEOs and companies? What can you tell us about their involvement in the civic life of the area in the past 30 years or so? What have they or their companies done or been involved in? Has their involvement fluctuated any over time? (Particularly in relation to mergers, acquisitions, relocations.) How/why?

5. In your view, what organizations (other than the companies you've mentioned—for example the GBC, nonprofits) have taken leadership roles in public policy and civic life in the Baltimore region over the past 30 years? What are/were the organizations? What did they do? Did their activism and influence fluctuate over time?

6. Overall, how would you rate the effectiveness of business leaders involvement in the civic life of the area over the past 30 years or so? Have they had much impact? A little/not much? Has this fluctuated over time? Can you give examples of individuals and organizations and areas of their influence? (Probe for differences between "projects" and social issues.)

7. Are there any notable differences in how decisions are made today and how they were made in the past regarding the use of corporate funds for civic projects and programs—both charitable giving and giving for specific projects (like the plans that the business community paid for in the 1950s and 1960s that kicked off the Charles Center and Inner harbor projects? (Amount of corporate philanthropy available; sole decision authority; orientation of corporate philanthropy to the bottom line; their company versus others.)

8. What has your company's level of giving been over the past 5 (try for 10, 20, 30) years? Stable? Increase? Decrease? What about the number of recipients (ditto time period)? Any change in the locus of giving (recipients or subject matter)?

9. Do any public officials in the city or region come to mind who were particularly easy to work with? Difficult to reach by business leaders? Who had good or not so good approaches to the interests and needs of the business community?