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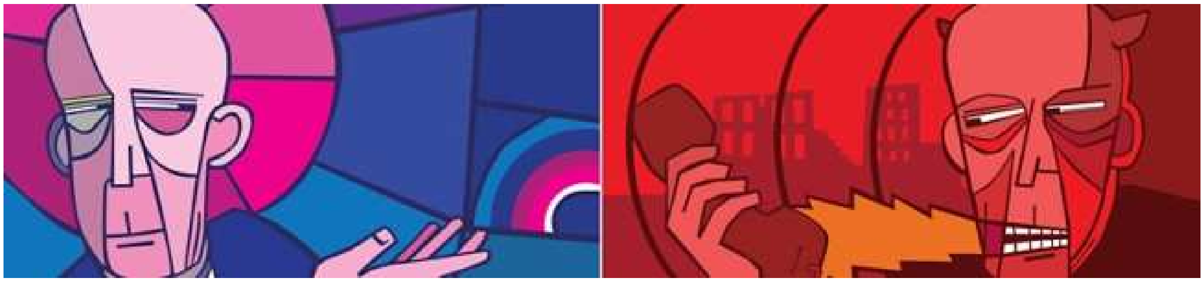

TIM HILL

Saint or Sinner?

William Donald Schaefer's unexamined legacy in Baltimore and beyond

By Edward Ericson Jr.
PUBLISHED: MAY 11, 2011

One summer in the early 1990s, as I settled into my job as a reporter for the Hartford, Conn., *Advocate*, the Hartford City Council took a junket to Baltimore to observe the wonders of the Inner Harbor.

All returned pleased by the spectacle, and discussion on the council and elsewhere—particularly in the hushed offices of the local redevelopment authority—turned to ways to replicate that grand success on the banks of the Patapsco. Hartford needed the boost, with several downtown high-rise projects stalled by the commercial real estate slump and the ongoing exodus of employable people of all races. Indeed, plans were afoot to redevelop the land closest to the Connecticut River, a magnificent waterway long cut off from the city proper by the construction of Interstate 95.

Hartford would attract a young, vibrant middle-class community back to the city, residents were told. All it would take were a few hundred million taxpayer bucks for a new convention center, some kind of "attraction," a hotel, and maybe a gigantic football stadium.

All it would take, in other words, was a civic vision like that employed by Baltimore's William Donald Schaefer.

Schaefer's legend was already cemented even then, 20 years ago, even there, 300 miles from Baltimore in a city dominated by Fortune 100 insurance companies. The story of the Man Who Got Things Done (Now!); who built shiny buildings filled with tourists and dolphins; whose new, clean industries broke with the blighted industrial past and portended a brighter future and yet who never forgot the common people seeped into the consciousness of city leaders far and wide.

This is why Schaefer's death on April 18 prompted an outpouring of reverence bordering on hagiography.

Schaefer, who served as Baltimore's mayor from 1972-'87, Maryland's governor from 1987-'95, and state comptroller from 1999-2007, was more than a saint, according to his multitudes of mourners and reverent posthumous media tributes. He was a savior whose aquarium-tank baptism marked both the city's miraculous renaissance and an unassailable political legend.

About the city, however, the true believers are somewhat mistaken. Since the beginning of Schaefer's reign, the median annual household income of its citizens has fallen 75 percent (in constant, 2008 dollars) from $70,279 to $40,087 in 2008, the most recent year for which data is available. The city's cohort of drug addicts (60,000, conservatively) has remained at least steady even as its overall population has dwindled by more than 300,000—one third of those present in the 1970 census.

But in touting his legend—his outsized personality, his singular influence on politics and policy—Schaefer's fans may actually understate the Great Man's legacy. In recent decades something like a Cult of Schaefer spread across the nation, infecting cities as diverse as Hartford and Cleveland, Ohio, with its brand of evangelistic showmanship, voracious consumption of federal dollars, undemocratic public-private partnerships, and media razzle-dazzle.

Today, nearly every faltering American city from the Deep South to the Northeast to the Midwest boasts its own gleaming convention center and publicly financed hotel. Every one of them with a waterfront has redeveloped it to attract wealth using federally supplied Community Development Block Grants, supposedly targeted to the poor. As they watched manufacturing jobs disappear, acolytes of Schaefer's Way put their faith in—and pledged their constituents' credit to—low-wage service jobs and tourism while working overtime to attract or retain professional sports teams via lavish gifts to their owners. These cities now face owed billions not only in the expenses associated with faltering convention centers and other civic attractions, but of unfunded public pension liabilities and desperately needed infrastructure improvements neglected over the past three generations.

As Schaefer's hagiographers worship at their master's feet, they would do well to open their eyes to the real legacy lying there for anyone to see.

To be sure, William Donald Schaefer put on a hell of a show, presaging Ronald Reagan, Bill Clinton, and every image-is-everything politician blighting the land today. With his pink socks, 1890s bathing suit, and temper tantrums, Schaefer attracted fawning—and shallow—national media attention for his city. The coverage in *Newsweek*, *Time*, and *Esquire* during Reagan's first term flattered not only the mayor, but his subjects, and so his cult of personality grew far out of proportion to his deeds.

Those were indeed formidable; however they include many deeds not usually celebrated.

Schaefer formalized and expanded the system of crony economic development that had for decades informally reigned here and elsewhere (in Hartford they were called "the Bishops"). Schaefer's "Trustees" (or "Shadow Government" as *The Baltimore Sun*'s C. Fraser Smith dubbed it) concentrated power more firmly in the mayor's office while both flattering the city's bigwigs and insulating them from the unpleasantness of actual democracy.

When Charles Benton, Schaefer's finance man, ran the City Trustees, for example, he was able to steer $5.6 million in public money for repair work on an apartment building owned by Schaefer supporter Henry Knot, Jr., and more than $4 million to refurbish the Belvedere Hotel, then owned by longtime Schaefer pal Victor Frenkil. The hotel went bankrupt shortly after Schaefer left the mayor's office, and the city lost millions. Benton, meanwhile, retired from city government and ended up the state's budget director when Schaefer was governor.

The "public-private partnerships" Schaefer's system spawned, most prominently the Baltimore Development Corporation, became a template for other cities, which copied the opaque process in pursuit of the same mal-investment strategy.

Schaefer's Do It Now drive and imperious nature, remembered fondly by those both abused and served by it, was the surface layer of a unique political hybridization of old-style machine politics and modern public relations. For Schaefer—like his hero, Chicago's Richard J. Daley—service to supporters and could-be supporters came first. Funding (meaning Other People's Money, by any means necessary) was second. Good publicity was always a requirement. Democracy was, at best, an obstacle.

It did not have to be this way. Schaefer came to power at a time when the political machines that had dominated urban politics for 100 years were ripe for replacement. As federal policies encouraging suburbanization began to hollow cities out, leaving the poor and black while the prosperous and white fled to literally greener pastures, the machine men redoubled their grasping, hastening a vicious cycle of decay and disinvestment.

It was the late 1960s, after rioters set fire to acres of once-productive communities in cities across the land, when new kinds of Democrat—the younger reformers, college-educated planners—began to challenge the cigar-chomping bosses who controlled the cities. The reformers wanted more than just a piece of the pie. They envisioned civil service rules, merit hiring, professional and rational planning based on open and democratic processes. And they won—in cities as diverse as New Haven, Hartford, and Cleveland, young Turks with new ideas took city council seats and eventually mayors' offices and, instead of just handing cronies jobs, started making changes. Baltimore, by contrast, had Schaefer, who learned his trade at Irv Kovens' knee.

Kovens, an associate of Teamster boss Jimmy Hoffa, founded a vending- and slot-machine company in 1939 and later made a fortune in part from investing millions of dollars from Teamster pension funds in casinos and racetracks. In 1964, Kovens' brother Calvin was convicted in the pension fraud case that ended Hoffa's career as a union boss. Kovens himself was convicted of racketeering in 1977, his conviction, like Gov. Marvin Mandel's, later overturned. Despite his criminal associations, Kovens remained one of Schaefer's closest advisers and reportedly had a say in most of the governor's patronage appointments until his death in 1989. Schaefer delivered his eulogy.

As Keith F. Girard noted in a critical 1990 *Regardie's* article, "Kovens taught Schaefer how to use patronage and contracts to grease the wheels of government." The pervasiveness of machine politics in Schaefer's City Hall was documented in a 1986 Brookings Institution study that examined how four U.S. cities had spent millions of dollars in federal grants. "Not surprisingly, only projects that had been endorsed by [Schaefer] were funded, and only the neighborhoods that were most loyal to City Hall got community grants," Girard wrote. The study said "'dissenters' were cut off, sometimes in violation of federal regulations."

Such regulations were trifling to Schaefer, who learned to handle them from Daley.

In a 1970s visit to Chicago, Schaefer bemoaned the complications involved in taking the federal government's money. "How to combine the Model Cities Initiative with the Community Action Agency," as Richard Ben Cramer put it in *Esquire* 27 years ago.

"Screw legal," Cramer quotes Daley as saying to Schaefer. "Just do it. Then you convince Washington it's legal."

The Brookings study cited dozens of cases in which federal funds for the needy were diverted to other uses: Fifteen million dollars from a program to provide rent subsidies to low-income families was used to build housing for the elderly (a reliable voting bloc). Another $15 million earmarked for disadvantaged schoolchildren was spent on other items, including the salaries of school bureaucrats.

This had been all but preordained in Schaefer's first mayoral term when Schaefer developed a public standoff stance toward the city's African-American-dominated Board of Education while seeking to control it from behind the scenes. Schaefer helped push out the city's first black school superintendent, Roland Patterson, in favor of his more pliable assistant, John Crew, who developed his own system of educational tests (and analysis of nationally standardized tests) to declare, in a bold 1982 book of which Schaefer shared co-authorship credit, that "test scores were up, discipline problems were down and public confidence in education seemed to be on the mend."

All bunkum, of course, though very much a prologue to the kinds of educational reforms that have been hailed since.

Whelped and weaned by the machine, Schaefer never saw beyond it, so his quest for "new ideas" focused on surface. He paved roads with glassphalt and replaced the street lighting on The Block. He also got new hotels and the aquarium built, which genuinely made people feel better about the city. Beneath that shiny surface, though—both in terms of the politics and the actual, physical infrastructure—was neglect.

"There is rot beneath the glitter," an anonymous city leader told a researcher for the Morris Goldseker Foundation, whose 1987 report, "Baltimore 2000: A choice of futures," predicted darkly that if policies did not change, the city would shrink to just 725,000 souls by the turn of the millennium. In fact the population shrank by 75,000 more than that.

It's not all Schaefer's fault that Baltimore today faces a billion-dollar bill to repair and replace its crumbling waterworks. But he was in charge 30 and 40 years ago when work on that should have been started. And there's no indication he ever even considered it. Like a quick-buck home flipper who puts new drywall and fresh paint over rotten studs and rusty pipes, Schaefer concerned himself with how things looked. And how fast they could be "completed."

The light rail illustrates Schaefer's unyielding interest in image over utility. In that rare instance, Schaefer eschewed federal funding so he could fast-track light rail to connect to the new Oriole Park at Camden Yards (a project that, like many of Schaefer's, enriched his friend Willard Hackerman). The result was a compromised single-tracked design along the old freight right-of-way, skipping many neighborhoods it could have served. The route still came in way over budget and struggles to attract riders even today (see here: http://baltimoreskyline.blogspot.com/2010/03/light-rail-ridership-increases-in.html), in part because it does not directly interact with Schaefer's other mass-transit project, the subway.

Set next to Schaefer's biggest transportation folly—the "highway to nowhere" built as part of the failed east-west expressway that threatened to plow under huge chunks of the city, including Fells Point—Schaefer's transit efforts, celebrated as "visionary" then and today, look anything but. As The Baltimore Brew's Mark Reutter noted in his excellent April 21 reconsideration of Schaefer's career, "While failing to get the highway through southeast Baltimore, Schaefer did push I-83, stalled at Biddle Street, one mile south to

Baltimore Street on a huge elevated platform. The city now wants to tear that down, but doesn't have the $1 billion it would take to undo what Schaefer did."

Of course, in restoring cities the "reformers" did little better than Schaefer. In Hartford, Mayor Carrie Saxon Perry's early 1990s City Council coalition lasted only a few years before incompetence and outside pressure did them in. Cleveland's one-time "wunderkind" mayor Dennis Kucinich presided over that city's 1976 bankruptcy amid a battle over its municipal utility. But these failures may be, in part, because Schaefer cut the pattern from which so many other cities attempted to redevelop.

Harborplace attracted so many young planners and visiting city council members that it became something of a joke to say that, but for those official gawkers, visitor numbers would have been way down. Schaefer's (and James Rouse's) Inner Harbor triumph spawned expensive, taxpayer-incentivized waterfront redevelopment schemes in dozens of cities during the '80s and '90s. The idea that tourist-oriented development could replace productive industry became a cornerstone of the faith—even among some of those young reformer types. There were so many glossy studies saying so, after all.

But those studies, ginned up mostly by the building and hospitality industries, were "fundamentally flawed and inaccurate," the Brookings Institution concluded in a comprehensive 2005 analysis of the convention business.

The bogus studies helped fuel a three-decade convention center building spree that increased U.S. convention floor space by 50 percent between 1991 and 2004 and continues today even though convention attendance had peaked by 1996. By 2005 the problem was dire, Brookings reported. "The sharp drop has occurred across a range of communities, including a number of the historically most successful convention locales in the nation." This included post-Schaefer Baltimore, which, despite a $156 million convention center expansion completed in 1996, has met its projected goal of 330,000 annual attendance in only two years since then, 2007 and 2008. The city pushed ahead anyway with a publicly funded $300 million hotel to bolster the convention business, and with the recession, attendance at conventions and trade shows declined in both 2009 and 2010, according to the November 2010 Baltimore Tourism Barometer, published by Sage Policy Group.

The Brookings Institution found much the same story in Chicago, New York, Cincinnati, Denver, Charlotte, Houston, and Atlantic City. Even latter-day convention kingpins Las Vegas and Orlando, Fla., saw attendance wane.

So now citizens of these cities, promoting their half-full convention centers, are saddled with billions in bonded debt—money that would have gone a long way toward fixing up other civic issues. The crisis has prompted many of them to expand their convention centers and add hotels in a desperate double-down bet for revitalization. Washington, D.C., spent more than $800 million on a new convention center with double the old one's floor space by 2003, and saw attendance remain flat. They followed with a publicly subsidized, half-billion dollar hotel. By 2007, the D.C. convention center was costing taxpayers more than $20 million each year, The Washington Post reported. Baltimore's proposed budget designates no less than $33 million for convention- and convention hotel-related expenses next year, not counting the state government's appropriations. As Brookings concluded: "With events and attendance sagging in even the hottest destination spots, few centers are even able to cover basic operating costs—and local economic impacts have fallen far short of expectations."

But launching the convention center arms race was only one part of Schaefer's legacy: He helped cement the pattern and practice of stadium giveaways that still animates municipal and state government today.

The powerful mayor, jilted by the villainous Colts owner Robert Irsay, embarked on a decade-long quest to replace the team that was lost on his watch, and tragically saw a hated adversary (Gov. Parris Glendening) finally land the deal that brought the Ravens to Baltimore (from Cleveland, which proceeded to build its own taxpayer-financed, $300 million stadium to compensate).

As the *Sun* noted in its fawning obituary, "Mr. Schaefer's poll numbers plummeted during his final two years in office—much of which he spent in a futile effort to land an NFL team to move into a second stadium the state was prepared to build near Camden Yards. But team owners used Baltimore's generous terms to extract even better deals from other cities."

Much as the felonious Gov. John Roland did in Hartford years later, and as so many other governors have done, Schaefer made landing a football team a major goal, playing into the hands of perhaps the only class of Americans more rapacious and dishonest than the political machine men to whom he owed his career. Schaefer helped usher in three decades of outrageous taxpayer giveaways to billionaire team-owners, and all of these giveaways are touted, then and now, by degreed and professional propagandists, as wholesome and effective economic development.

That they are no such thing is understood by even the most ardent right-wing partisans. As the Libertarian CATO Institute put it in the summer of 2000, “Subsidies of sports facilities may actually reduce the incomes of the alleged beneficiaries.”

Any credible economic analysis of a new facility or business must grapple with the substitution effect. That is, if a football team comes to town, how much money spent because of that is money that would not have been spent on anything nearby otherwise? And how much would have been spent on other entertainments? Economists say you can only count the new money—the cash that, but for the football team and its gleaming new stadium, would not have been spent. But all the projections of the beneficial economic impacts new stadiums bring count every dollar spent there as a new dollar, a logical fallacy.

Proponents seem to believe that the money to pay for the stadiums magically appears out of the air. As CATO reported:

> Indeed, politicians often seem to think that the means of financing the stadium generates free resources that have no alternative uses whatsoever. For example, when the state of Maryland discussed plans to lure the Cleveland Browns to Baltimore, they made clear that part of the funding for the construction of a new stadium would come from the state lottery. In state senate hearings on the issue, it was pointed out that lottery funds were essentially constant in recent years and that they were already dedicated, at least in part, to paying off the bonds issued to finance Oriole Park at Camden Yards. If lottery funds did not grow, then to add the financing of the football stadium would require that the state dip into general tax revenues either to pay interest on the baseball stadium related bonds or to spend on the other public services supported out of lottery revenues. Alternatively, the state could choose to stop supporting other public services at all. The senators dismissed this concern out of hand. As the example makes clear, the revenues have opportunity costs.

Those opportunity costs are also known as schools, waterworks, local streets, well-planned mass transit, parks, playgrounds—the things that actually make cities vital, vibrant places to live and work. All of that infrastructure maintenance and repair deferred, so that downtown “attractions” and convention centers and aquariums and stadiums could arise where, previously, factories squatted, turning out nothing more glamorous than steel, typewriters, guns, cars, and thousands of employees earning a homeowner’s wage and paying an honest citizen’s taxes.

Schaefer is not responsible for the deindustrialization that hollowed out the nation’s economy, but his priorities, now reflected in the policies of city and state governments across the land, contributed to the crisis. He would not hear critics, and he fought good-government reformer types with every fiber of his being, clearing out even low-level state functionaries who supported his opponent du jour.

Indeed, Schaefer displayed a petty and shortsighted vindictiveness through his entire career, grabbing the comptroller’s seat to spite Parris Glendening and later, from that perch, abusing then-Mayor Martin O’Malley in large part, according to the *Sun*, because O’Malley “had failed to show the deference the former mayor expected.” Allied with Republican Gov. Robert Ehrlich (whose pique-driven style mirrored his own), Schaefer did his best to starve Baltimore of the state and federal largess on which it had depended since his time in City Hall.

Schaefer amalgamated the worst aspects of both the bald-faced institutional corruption of the machine era and the sophisticated college-educated incompetence and deceit of the reform era. The combination is everywhere evident in Baltimore, from its crumbling infrastructure and collapsing buildings to its shrinking, shirking tax base and billowing pension crisis. If Schaefer’s outsized personality masked all this during his reign, it is only fair to ask: What keeps the state’s political class from noticing today?

Like the old roadside attractions that flourished briefly in the middle of the last century, Baltimore’s Inner Harbor now requires constant upgrades to keep the public’s attention. Recent proposals indicate interest in a carnival midway theme, perhaps with a Ferris wheel or zip lines, and miniature golf. Even as they revere Schaefer’s memory, Baltimore’s leaders struggle to shape the city’s future in a nation where every small to medium-sized city also has a waterfront promenade, stadium, mall on the water, an ever-expanding convention center, and, increasingly, a desperate casino, all trying to spin prosperity out of nothing but hype and Chinese-made souvenirs.

If they don't like what's coming down the road, they should perhaps reconsider where we have come from, how we got here, and where we should steer next. ■

> Email **Edward Ericson Jr.**

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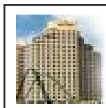

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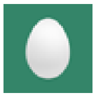

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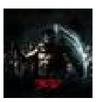

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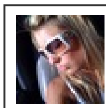

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