Baltimore 2000

A Choice of Futures

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REPORT TO THE MORRIS GOLDSEKER FOUNDATION

I: The Story So Far: Baltimore, 1960-1985

How has Baltimore changed over the past quarter-century? What has happened to its economy, population, social and political life? This chapter briefly reviews those changes. Its mixed and problematic message is familiar but necessary background to the forecasts of Baltimore's future that appear in Chapter II.

DEMOGRAPHICS

The Region

In the Baltimore region—defined in this report as Baltimore City and the five surrounding counties: Anne Arundel, Baltimore, Carroll, Harford and Howard—population has grown over the past twenty-five years, though not rapidly. Approximately 1.80 million in 1960 and 2.07 million in 1970, the region's population reached 2.23 million in 1985. Howard and Carroll counties grew fastest in percentage terms (Howard County more than doubled between 1970 and 1985) and Howard and Baltimore counties added the largest number of new residents. But after 1970, the region as a whole grew at only about one-third the national rate. More tellingly, it grew more slowly than the Wilmington, Washington, D.C., Richmond or Norfolk regions. Of its five neighboring metropolitan areas, only that of Philadelphia added population more slowly.

The region's racial composition shifted slightly over the quarter-century. In 1960 its population was 78% white, 21% black; in 1985, the corresponding numbers were 72% and 26%. In percentage terms, the fastest growing population groups were Asian and Hispanic; representing less than one half of one percent of the region's population in 1960, they comprised 2% of its total in 1985.

Changes in age distribution were much more dramatic. Like the nation's, the region's population aged, and diminished birth rates led to sharp drops in school enrollment. From near its historic peak of 539,000 in 1970, total school enrollment (public and private) fell to some 395,000 in 1985.

The City

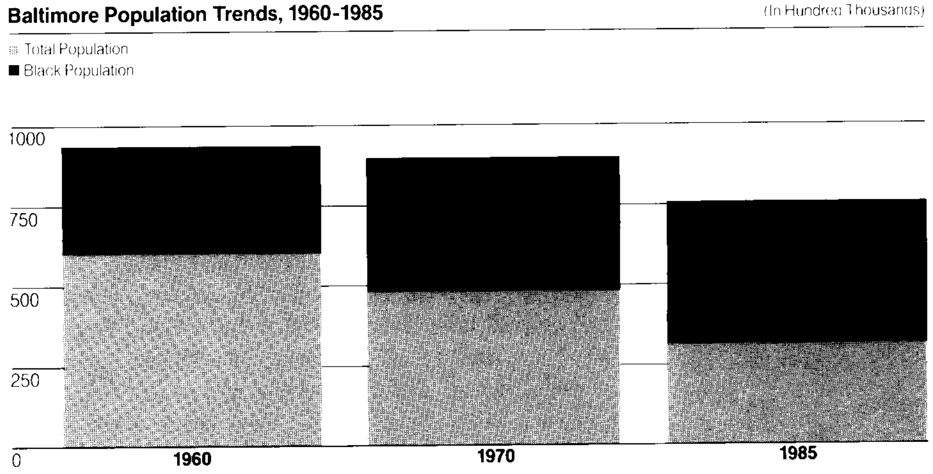
Population shifts in Baltimore over this period were more ominous. The city's population in 1960 was 939,000. But, like many older eastern cities, Baltimore had begun to lose population in the 1950s, principally to its suburbs. The trend intensified during the 1960s, peaking in the early and middle 1970s. Baltimore's population dropped to 906,000 by 1970, to 786,000 by 1980, and to 760,000 in 1985. Out-migration slowed in the 1980s, and by 1980 a partially counterbalancing movement of young professionals into the city had begun, but over the previous quarter-century the city had lost almost a fifth of its population. Of the other regional cities, only Wilmington had lost a higher proportion.

Baltimore's school population had dropped much more sharply. Like the region's, the city's population had aged. Young families with children had been particularly drawn to the suburbs. One result was that Baltimore public school enrollment, 191,000 in 1960, had fallen by 1985 to 108,000, little over half the earlier figure.

Fewer people do not necessarily mean a weaker or less pleasant city. Population decline may relieve overcrowded streets and classrooms and diminish pressure on city services. But the exodus from Baltimore had several troublesome consequences. Probably the least important was political: in 1985, residents of the city constituted a much smaller proportion of the voting population of the region and the state than they had a quarter-century earlier. In 1960, Baltimore held 52% of the region's population and 30% of the state's. (The city had accounted for 40% of the state's population as recently as 1950.) By 1985 the city represented only 34% of the region and 17% of the state.

More significant than the declining numbers was the composition of the group that moved. It was disproportionately white and affluent. Whites made up 65% of Baltimore's population in 1960, only 39% in 1985. The shift arose less from black population growth than from a massive white out-migration. The black population had grown from 330,000 to 420,000 between 1960 and 1970,

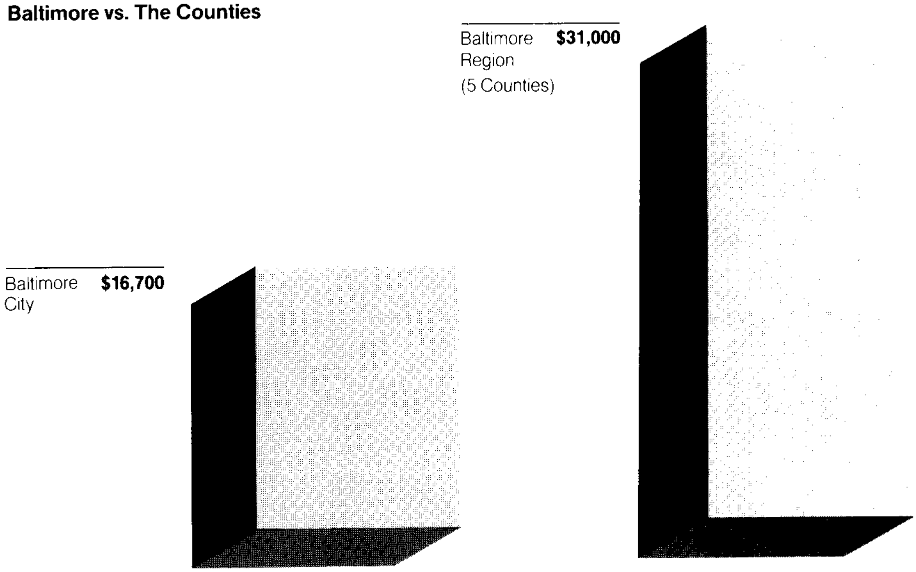
Baltimore Population Trends, 1960-1985



and, more slowly, to 450,000 in 1985. But white population had fallen by more than half—from 611,000 to 298,000 between 1960 and 1985. As a group, Philadelphia, Wilmington, Washington, Richmond and Norfolk had lost 35% of their white population between the 1960 and 1980 censuses. Baltimore had lost 44%.

From the point of view of the city's economy, the color of the departing residents was less important than their earning and spending power. In 1960, the city held 46% of the households in the region with incomes above the median. By 1985 it contained fewer than 25% of those households. The city's median annual household income in 1985 was $16,700 while the median for the region's five counties exceeded $31,000, almost twice as high.

Median Incomes, 1985
Baltimore vs. The Counties



Correspondingly, while 12% of the population of the region in 1985 fell below the poverty line, the city's proportion was almost exactly twice that. Baltimore had thus acquired a high and increasing fraction of Maryland's poor and hence of its social service burden—a burden the city's own revenues were increasingly inadequate to sustain.

THE ECONOMY

The Region

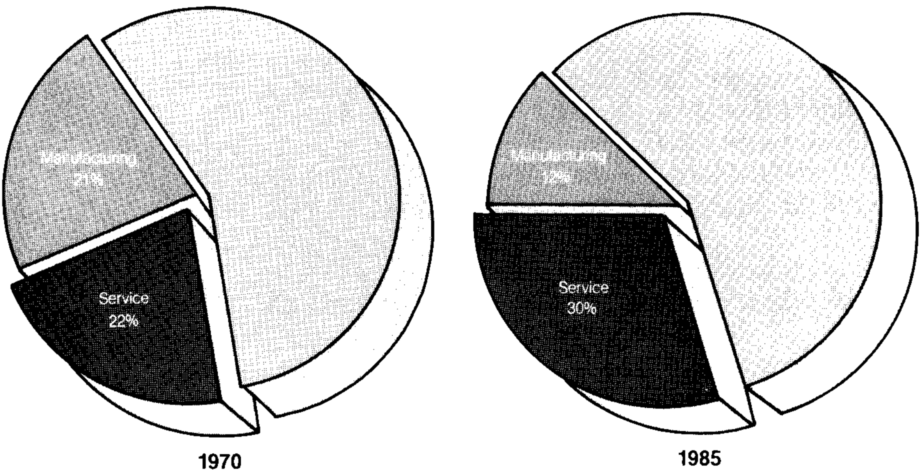
Employment in the region grew substantially over the period—considerably faster than population did, a reflection largely of the rapid addition of women to the labor force. Regional employment (by place of work) totalled 905,000 in 1960, 950,000 in 1970, and some 1,128,000 in 1985. The fastest rate of growth occurred in Howard County; the largest absolute number of new jobs was added in Baltimore County. Baltimore City continued to provide the largest number of jobs of any of the jurisdictions, though its lead steadily diminished. Significantly, the proportion of Anne Arundel and Howard county residents commuting to jobs in the Washington region more than doubled in the period.

Nonetheless, the region's growth in jobs was not particularly impressive by either national standards or those of neighboring regions. Between 1970 and 1985, national employment increased at more than half again the rate of the

Baltimore region, and of the five neighboring metropolitan areas only Philadelphia added jobs more slowly. Employment grew more than half again as fast in metropolitan Richmond, and well over twice as fast in the Washington and Norfolk areas. Maryland generally added jobs faster than the Baltimore region did, so between 1967 and 1985 the region's share of state jobs fell from 60.5% to 53.7%.

The nature of the region's jobs changed as rapidly as their numbers, especially in the last fifteen years of the period. The proportion of persons employed by government remained essentially constant between 1970 and 1985 at 24% of the total workforce, and the fraction of total employment provided by trade grew only slightly, from 20 to 22%. But both service and manufacturing employment changed radically. Those two sectors had been essentially equal in size at the beginning of the period, providing 22 and 21% of the region's jobs, respectively. But services ended the period employing almost exactly two and a half times as many persons as manufacturing: 30% (a high proportion of them women) as against 12%.

Service vs. Manufacturing In The Baltimore Region



It was a remarkable shift, and considerably more pronounced than was taking place nationally. That was because, in the Baltimore region, not only were services growing but manufacturing was contracting. Nationally, though the proportion of jobs it provided declined, manufacturing actually employed a slightly larger number of people in 1985 than in 1970. But in the Baltimore region in the same period manufacturing employment fell by almost 30%.

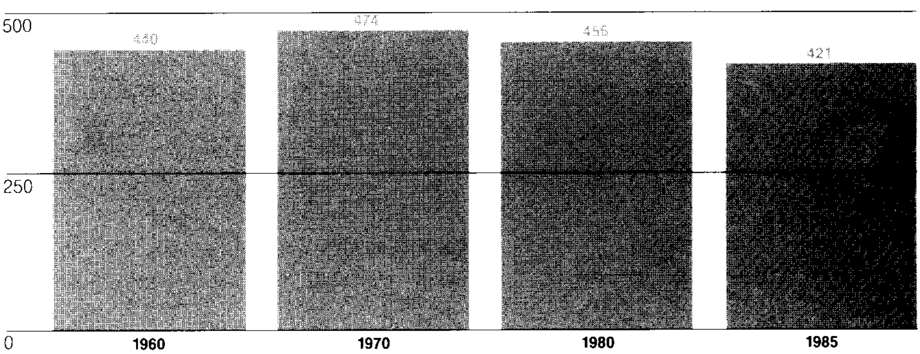
Just as significant for the future were changes in employment within the broad manufacturing category. Jobs were lost rapidly in primary and fabricated metals, food and related industries, transportation equipment and apparel. Overall, those historical industries provided the region by 1985 with fewer than half the jobs they had in 1970. But employment in electrical and electronic manufacturing, in printing and publishing and in instrumentation—forms of manufacturing associated with the rapidly growing demand for high technology and information—grew by 30% over those fifteen years, providing some 25,000 new regional jobs.

Though, overall, the region's employment grew faster than its population, it did not keep pace with the number of persons seeking employment. That number was increasing at historically high rates in those years, largely, again, through the massive entry of women into the labor force. Hence, the number of unemployed in the region also grew, rising from roughly 30,000 to roughly 60,000 persons between 1970 and 1985.

The City

If the regional employment story was one of steady moderate overall growth, Baltimore's was one of initial expansion and then sharp decline. The city remained the region's cultural, business and financial center, and continued to provide most of its legal, advertising, accounting and consulting services. So the region's high-income jobs remained predominantly in the city. But total city employment, after rising between 1960 and 1970, fell steadily.

Jobs in Baltimore, 1960-1985 (In Hundred Thousands)



The very steep rate of recent job loss was due largely to the fact that during the 1970s the number of jobs provided by the state and city governments grew by more than 20,000, while from 1980 to 1985 they decreased by more than 15,000.

Otherwise, employment trends were quite consistent through the period. Professional services expanded, and virtually everything else contracted. Wholesale and retail employment in the city fell by some 17,000 between 1970 and 1985; transportation, communication and utilities lost 12,000 jobs, and manufacturing employment was cut almost in half, from 99,600 to 52,200. Manufacturing jobs were lost especially in the mature industries: steel, motor vehicles and shipbuilding, and decreased most rapidly during the recession of the early 1980s. But the long-term trend was clear and it was not simply the result of contractions or closings of large plants. There were 1,513 manufacturing establishments in Baltimore in 1960. By 1984 only 696 remained. Moreover, though medical, legal, consulting, engineering and architectural services expanded in the city, important segments of the service sector were also declining. Computer-related and data processing jobs declined by more than a quarter in the city between 1977 and 1982. Some of this loss may have resulted from productivity gains as computers grew more powerful, but much more reflected the fact that business and financial institutions had begun to move data-processing operations to less expensive sites in the suburbs and out of the state.

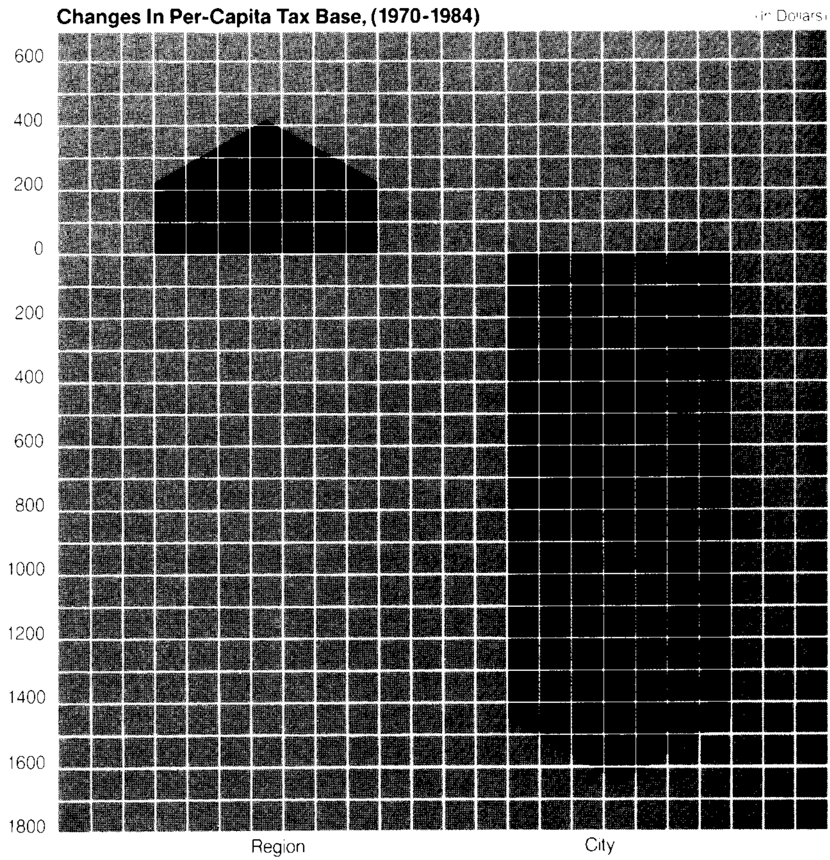
Yet, despite the decline of employment in Baltimore, the elemental fact remained that the city offered far more jobs than the city's workforce could fill. Many more workers commuted into Baltimore (just under 200,000 in 1980, the last year for which data is available) than commuted out (71,000 in that year). And this disparity was increasing. In 1980, 52% of Baltimore's jobs were held by city residents, though almost three quarters of city jobs had been held by residents twenty years before. Many Baltimore residents lack jobs. The city's unemployment rate is not high (it averaged 8.6% in 1985) but it does not measure persons who have dropped entirely out of the labor force. The "labor force participation rate" (the proportion of persons 18 to 65 who are actually employed) is more telling. Baltimore's rate was 57.8% in 1985. The rate for the rest of its region was over 67%. So the commuting evidence strongly suggests that many city residents are without work not because of any absolute shortage of jobs, but because their skills or attitudes are not as attractive to employers as those of residents of the surrounding counties, or because they have given up seeking work.

MUNICIPAL FINANCE

The past twenty-five years have seen a steep decline in Baltimore's revenues relative to those of surrounding jurisdictions, and especially relative to its needs. The basic cause has been the city's loss of population. Some federal and state funds are distributed on the basis of formulas linked to population, so as the city lost population, contributions controlled by such formulas also declined. Much more important, the departure of middle and upper income persons meant that proceeds from local property, income and user taxes fell. Between 1970 and 1985, while the total taxable wealth of every other jurisdiction in the region grew, that of the city actually declined, not only in relation to the counties, but absolutely.

Despite dramatic increases in assessments of downtown property, the assessable property tax base in Baltimore has been especially hard hit. In 1965, the city contained more than 44% of the total assessable tax base of the metropolitan area. It accounted for less than 22% of that base in 1984. While the region's property tax base had increased (in constant 1980 dollars) by some $430 per capita between 1970 and 1984, the city's base had fallen by an astounding $1,640.

The pressure to increase revenues, coupled with the very low rate of growth in the city's tax base, inevitably drove tax rates up. By 1985, the city was producing the second-highest per capita property tax yield in the region from the region's lowest per capita base. But that considerable feat required a tax rate of $6.00 per $100 of assessed valuation, essentially twice that of Baltimore County (and of Washington, D.C.). The Greater Washington Board of Trade publishes an annual "Comparative Tax Report" comparing the total tax liability of various kinds of companies, under differing revenue and operating assumptions, in each of nineteen Baltimore-Washington area jurisdictions. Its calculations for 1985 show total Baltimore City taxes typically exceeding those of the area's low-tax jurisdictions by 80 to 100% and exceeding the next two highest-taxed jurisdictions (Baltimore County and Washington, D.C.) by 15 to 35%. In an increasingly cost-competitive economy, such differentials clearly deter investment.



The slow growth in its own revenues necessarily meant that Baltimore also became increasingly dependent on other sources of support. In 1960, local taxes and other local income provided 78% of the city's operating revenues (net of expenses for functions such as hospitals and public welfare not now funded by the city). As federal and state aid increased sharply during the 1960s and 1970s, that proportion declined. By 1970, locally generated revenue provided 53.5% of the city's operating budget, and by 1980 only 44.8%. Since then, however, external assistance has dropped sharply. By 1985, the city was again obliged to raise 55.3% of its operating revenues; in five years federal support had fallen from just under $200 million to just over $80 million, a reduction only partially offset by substantial increases in state assistance. For the city's combined capital and operating budget, the impact was even more severe. Federal aid, 39.1% of the city's total 1980 budget, amounted to only 12.5% of its 1985 budget. And it was to fall still further.

Inevitably, Baltimore cut expenditures. So, of course, did other jurisdictions as federal flows diminished. But, on average, the jurisdictions of the region had to reduce expenditures between 1980 and 1984 by only $76 per capita. The city, far more dependent on external support, was obliged to cut back at nearly four times that rate, some $272 per person. As the 1986 General Development Plan of the Regional Planning Council concludes:

There are differences in taxable wealth among the jurisdictions. The greatest disparity is between the counties and the city, and it has become more pronounced over the last decade. There is pressure on poorer local governments to under-fund services and under-maintain facilities, and/or to increase levels of taxation. These may seem to be local problems, but they have regional implications because the social framework and economy of the metropolitan area is not structured around political boundaries, but it is dependent on government services, and when one unit of government cannot provide them, there is human, physical and economic damage to the whole.

SOCIAL AND POLITICAL LIFE

The social and political developments in Baltimore over the past twenty-five years are much harder to quantify but fully as important as the city's demographic, economic and fiscal changes. These final observations on the recent past attempt to identify some of the most significant changes, as well as some unchanged conditions which are likely to influence the city's future.

Probably three developments of the last quarter-century, closely related but still distinguishable, have most significantly strengthened the city's position.

Cracks in the Walls

Baltimore, a "city of neighborhoods," has paid for its boundaries in the coin of a highly segregated social and civic life. The most obvious segregation, of course, is racial. A careful 1983 study of degrees of racial segregation in each of the twenty-eight most populous U.S. cities found Baltimore the sixth most segregated. But, historically, not only blacks and whites lived apart. To a degree not characteristic of many U.S. cities, Baltimore's Catholics, Protestants and Jews developed sharply isolated communities. Even ethnic white Catholics mixed little with each other.

One significant social fact of the last twenty-five years is that these distinctions have begun to lose their power to divide. "There is still great segregation by race—more, in fact, than one would find in Richmond or Atlanta—but it is diminishing. And now one finds some Catholics and Jews mixing socially with Protestants. That simply didn't happen fifteen or twenty years ago," as one of the advisers put it. To draw on the experience of another adviser: Otis Warren, a black, served as President of the Baltimore Real Estate Board in the early 1980s. His father, also a realtor, had all his life been denied membership in the Board.

As the traditional barriers have become more porous, a greater sense of common cause appears to have developed among the various still-separate Baltimore communities, together with a stronger loyalty to the city as a whole, and greater pride in it. The point should not be overstressed; this evolution has been slow. But it has occurred and its pace is probably increasing.

A Model of City Government

The last ten or fifteen years have established high standards of political leadership and governmental performance in Baltimore. The change is evident in several dimensions. The competence of city officials at many levels has been raised. Federal money has been used to leverage other investment with remarkable success. Various forms of public-private partnership have been worked out. Corruption, no stranger to Maryland or Baltimore, appears to be sharply diminished. Perhaps most significant was an event that did not occur. Over the last decade the racial balance in the city has shifted, and the economy of the city has contracted. That combination might have produced sharp racial conflict. But the city's politics has mediated, not sharpened, the differing priorities of Baltimore's disparate communities. It has preserved the characteristic Baltimore preference for consensus over confrontation—an important and perhaps non-renewable resource.

Such gains may not all endure, but they have raised standards at least for the next decade, and perhaps for much longer.

A More Attractive Place To Live

Probably most important, Baltimore has become, at least for the well-to-do, a more attractive place to live. The magnet of the inner harbor, the redeveloped downtown, the strong neighborhood life, the relatively low cost of living, proximity to the Bay, an effective government, strong cultural institutions, a good transportation network, a growing stock of new and renovated middle- and upper-income housing, and a recovered sense of municipal pride: these make a potent combination. Executives of national corporations accept transfer to Baltimore more readily than before, and local firms find it easier now to recruit talented professionals living elsewhere. Coupled with the city's proximity to Washington, its amenities make Baltimore a plausible site for businesses and trade associations that regularly do business with the federal government.

But at the same time, several other developments suggest that despite its strengths, Baltimore faces a quite difficult future.

A Declining Revenue Base and a Growing Concentration of the Poor

As already noted, Baltimore is now home to a very large and still growing proportion of the region's poor and dependent. The incidence of poverty (as federally defined) among blacks is four times that among whites, and three quarters of the region's blacks live in the city. Despite its low nominal unemployment rate, the city does not offer jobs of a kind that many of its poor—and especially poor black youths—want to accept or are able to hold. Moreover, the city's revenues are becoming steadily less adequate to meet the full range of its needs, and federal support, now far less generous than it was up to the early 1980s, is likely to remain at low levels well into the 1990s and possibly through the remainder of the century.

Any one of those developments would be troublesome by itself. Taken together, they are potentially explosive. And they are compounded by another development of the last twenty-five years, namely a gravely weakened school system.

A Weakened School System

As enrollment in Baltimore's public schools dropped by almost half between 1969 and 1985, the racial and socio-economic character of the student body also changed. Predominantly white in 1960, it was 20% white in 1985. In part, that shift simply reflected the changes in the overall population of the city and differences between black and white birth rates. But it also signalled the reluctance of those families who could afford an alternative to send their children to the city's public schools. The declining number of school-age children in Baltimore has reduced enrollments in all types of elementary and secondary schools, but it is telling that, over the past ten years, enrollments in public schools fell more than twice as rapidly as those of non-public schools. That phenomenon is rooted in the more ominous change, not of scale but of quality.

In 1960, Baltimore's public schools, though overcrowded, were generally regarded as good. Some had quite distinguished records. By 1970 decline was well under way, and by 1983 Baltimore ranked next to last among the nation's fifteen largest cities in the proportion of 20- to 24-year-olds who had completed four years of high school. Fewer graduates, moreover, were going on to college. Statistics of a kind no longer published provide a glimpse of one aspect of the transition. During the calendar year 1961-62, 31% of the city's high school graduates of the preceding year attended degree-granting institutions of higher education. Though lower than the comparable rates for Baltimore County (35.1%) and much lower than Montgomery County's 59.7%, that figure was close to the state average of 34.4%. Only four years later, the picture had changed considerably. By the 1965-66 academic year, the statewide rate had risen to 40% and Baltimore County's to 42.6%. The rate for the city's schools had fallen to 28.3%. The system is now widely condemned as ineffective, undisciplined and dangerous. "There are more guns than books in some of those schools. The system is simply a disaster," commented one of the advisers.

Important efforts are being made to improve matters and they are showing results. In recent years test scores have improved markedly, rising at rates higher than those in any other Maryland school district. Attendance and graduation rates are also improving. Yet test scores remain lower in Baltimore than in any other district in the region or the state. The attendance rate in the city's secondary schools was 78.3% in 1982-83 (the most recent year for which data are available), while in only one other jurisdiction in the state did the rate fall below 90%. More than 15% of Baltimore City students drop out each year. The Baltimore graduation rate (the percentage of the ninth grade enrollment of four years before who graduate in any one year) in 1985 stood at 64.5%. That was a substantial improvement over the preceding year's 57.1%. But the statewide rate, by contrast, was 80.2%. The fact remains that, on leaving the school system, very few Baltimore students have been pressed to the limit of their intellectual potential, many are unprepared for any but menial employment, and some are unready for jobs of any kind.

Significantly, with the highest proportion of disadvantaged students of all the state's twenty-four school districts, and with the highest local tax rate, Baltimore ranks nineteenth among the twenty-four in expenditure per student. And it has been dropping steadily further behind. In the 1984-85 school year, Baltimore spent a total of $3,100 per student. Baltimore County spent $4,300, and Montgomery County $4,900. The state's average was $3,670.

Meanwhile, the city's Catholic schools, traditionally more disciplined and rigorous than the public schools, are laboring under probably unsustainable financial pressure. Their growing dependence on lay teachers increases costs, but their increasing proportion of poor parents cannot afford rising fees.

The problems of the city's economy and of its schools, though sharper in degree, are not different in kind than the difficulties facing many of the older cities of the East and Midwest. But they may prove more difficult to resolve, in part because of two other characteristics of the city—the weakness of its civic tradition, and the lack of influence of its black community.

A Weak Tradition of Civic Action

Of the current "Fortune 500" companies, only one is based in Baltimore. Although other large corporations are based in surrounding counties and strongly associated with Baltimore, it remains true that, for the last century, Baltimore has been a branch office, not a headquarters, town. A consequence of that fact is that, unlike such cities as Pittsburgh, Cleveland, Minneapolis, or even Rochester, it has never been able to draw upon the concentrated energy and influence of the heads of five or six great national enterprises, or upon the private wealth of their founding families. That alone makes it more difficult for Baltimore than for many cities to assemble a small group of civic leaders with deep roots in the city and an unquestioned power to make things happen.

But there seems more to the story than that. There are major businesses in Baltimore, and families of great wealth in the city and its suburbs. Yet few have exhibited strong traditions of corporate citizenship or of civic philanthropy. A recent study of philanthropic activity in seven metropolitan areas (Atlanta, Boston, Cleveland, Dallas/Ft. Worth, Minneapolis/St. Paul, San Francisco/Oakland and Washington) found that foundation assets in those localities, in the early 1980s, averaged $473 per capita. The corresponding figure for the Baltimore metropolitan area approximated $126. Annual grants in the seven cities averaged $37 per capita. The Baltimore figure was approximately $9. Equally striking is the degree to which philanthropy, and especially support of the arts, was until very recently left to the city's Jewish community. Measured by their 1985 contributions, each of the five largest Baltimore foundations was Jewish, as were seven of the largest ten.

There is, of course, a history of civic activism and corporate statesmanship in Baltimore. The great achievements of the Citizens Planning and Housing Association and the Greater Baltimore Committee illustrate it. Similarly, there is philanthropy outside the Jewish community. The strong local support of the current Johns Hopkins capital campaign demonstrates that, as does the record of generous contribution to many of the city's Catholic institutions. And corporate giving is increasing. Yet the period of the CPHA's influence was relatively brief and clearly exceptional, and downtown redevelopment was of direct and special importance to the merchants, utility executives and developers who largely led the effort. The support of Johns Hopkins, and of Loyola, also draws mainly on the special loyalties of particular communities. And though corporate giving is expanding, it still lags well behind levels in other cities.

In short, it seems fair to conclude that, while single issues and particular institutions have been able to generate corporate or private philanthropy, active and continuous concern for the city as a whole has not been characteristic of broad segments of either corporate leadership or private wealth. Indeed, several of the study's advisers have argued that the long incumbency of a powerful mayor has further weakened private civic initiative, especially in the business community, by allowing it little scope. Others have speculated that the growing tendency of Baltimore banks and businesses to become part of national enterprises with headquarters elsewhere will further dilute the concern of Baltimore-based executives for the city's long-term welfare.

An Uninfluential Black Community

Finally, given its size, Baltimore's black community lacks influence. As a recent article in "Black Enterprise" concluded, "... in this town there are two overwhelming realities: politics and money are the unabashed sources of power, and Baltimore's blacks have been unable to get a firm grip on either."

One reason may be that, as one of the advisers put it, "the community lacks glue." It is divided geographically, and by church affiliation, and again by political loyalty. And Baltimore lacks the conspicuously successful black-operated institutions—banks, insurance companies, colleges, hospitals, newspapers—that in other cities provide community-wide leadership and attract talented and well-trained young black professionals. Indeed, many of Baltimore's most prominent black institutions appear weaker now than they were a decade ago.

Similarly, Baltimore's black middle class is small by the standards of black Atlanta, Washington, Philadelphia or New York. A common explanation is that talented black youth have tended to leave Maryland for college and graduate education, and middle-class black families have often found employment opportunities or living conditions more favorable elsewhere. "The bright black kid who goes off to Yale never comes back. He gets offers from Citibank and IBM and ten other top firms. Why should he come back?" as a black adviser put it. At least until very recently, Baltimore was probably exporting talent of all races—a sure recipe for failure in a knowledge-based economy. The city was almost certainly exporting black talent. The opening of suburban housing to blacks has also tended to draw middle-class black families out of the city. (As of 1980, the proportion of blacks twenty-five years old or older who had completed high school was 44.6% in Baltimore City, 72.3% in Baltimore County and 78.1% in Howard County.) But even the metropolitan region has not proven conducive to black advancement. Applying nine different criteria to the detailed 1980 census data, the Joint Center for Political Studies recently ranked the economic well-being of blacks in the forty-eight U.S. metropolitan areas with the largest black populations. The Baltimore region ranked fortieth.

Most ominously, the proportion of young blacks seemingly locked in a self-perpetuating culture of poverty is growing. The proportion of black families in Baltimore headed by women, 35% in 1970, was over 53% in 1983. In 1970, 54% of all black births in Baltimore were to unmarried women; in 1982 the figure was 76%—higher than in any other major U.S. city. In some neighborhoods it reportedly exceeded 95%. These, obviously, are conditions that weaken not only the black community but all of Baltimore and its region and, indeed, the state.

Taken together, then, the developments of the last twenty-five years have produced remarkable success and dangerous failure. As one of the advisers summed it up, "There is rot beneath the glitter."

II: If The Future Took Its Own Course

Suppose that no new effort were made to improve Baltimore's prospects for the future. What then would be the city's situation, and the region's, in the year 2000? The projections both of the project's advisers and of various governmental bodies are not reassuring. They see the metropolitan region growing only slowly in population and wealth—much more slowly than the nation as a whole or than other mid-Atlantic metropolitan areas. And they predict a future for the city that is far less satisfactory. Its economy would likely falter, its social problems deepen and its racial disparities grow.

This chapter details those projections. The future, of course, is inherently unknowable. No fifteen-year projection will be accurate in its details. But the predictions offered here not only reflect the instincts of virtually all of the project's diverse advisers, they also draw upon the most authoritative projections available from a variety of federal, state and local agencies. Those projections are strikingly similar, so if they are wrong, they are all wrong. Most official projections, moreover, incline to the optimistic. If these are wrong, therefore, they are more likely to prove overhopeful than unduly grim.

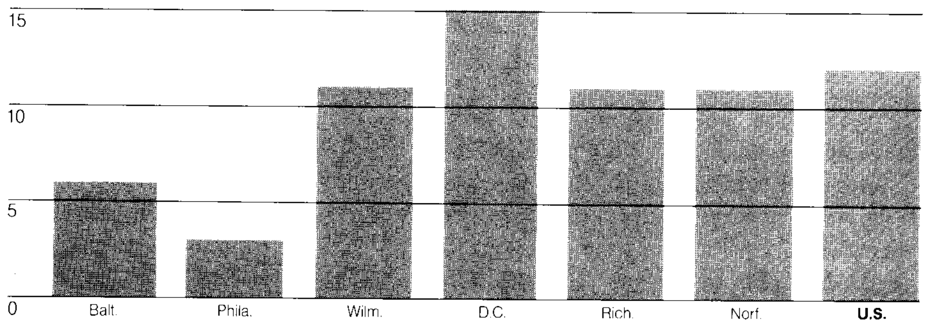
DEMOGRAPHICS

The Region

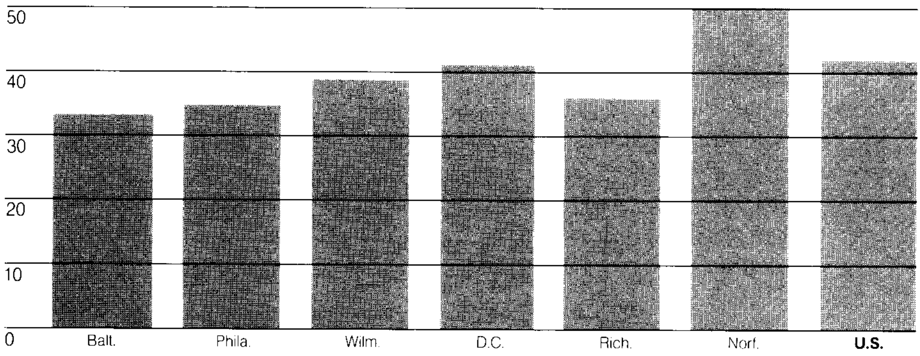
The Baltimore region can expect relatively slow growth in population. State, federal and Regional Planning Council projections all show the region growing at slightly under one half of one percent per year through the end of the century. Its population would thus expand by some 6% between 1985 and the year 2000. The most rapid population gains are expected in Howard and Anne Arundel counties. In all jurisdictions the number of households is projected to increase as the size of households contracts. The region's total personal income, over those years, should expand, in constant dollars, by a little under 2% per year, for a total growth of some 33% over the period.

Those are not particularly impressive figures. The graph below compares the greater Baltimore projections with those for the nation as a whole and for five metropolitan areas used as bases of comparison in Chapter I, those of Philadelphia, Wilmington, Washington, D.C., Richmond and Norfolk.

Projected Percentage Growth In Population
Selected Regions, 1985-2000



Projected Percentage Growth In Income
Selected Regions, 1985-2000



The City

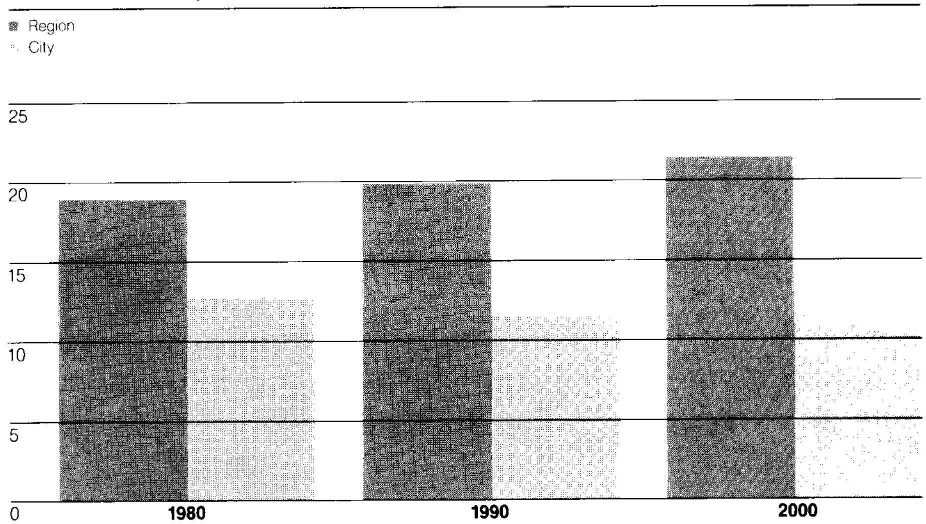
Baltimore's population will continue to decline. The most authoritative recent projections of the city's population, the so-called "Round III" forecasts developed cooperatively by city, county and state planners in 1985, show Baltimore's population at 725,000 in the year 2000, 35,000 under the level of 1985.

Baltimore would then contain under 30% of the population of its metropolitan region and under 15% of that of the state. The corresponding figures in 1960 were 52% and 30%.

As before, the shrinkage of Baltimore's population is far less significant than the changes in its composition. Despite the attractiveness of the city to young professionals, middle-class families generally will continue to leave in disproportionate numbers. Though many upper-income households will remain in Baltimore—almost as many as Carroll, Harford and Howard counties combined —"Round III" projects an absolute as well as a relative decline in the city's median household income. In real terms, it will be roughly 10% lower in 1990 than it was in 1980. Even more strikingly, median income in the city will then amount to only 60% of the median for the metropolitan area. The reason is clear: by 1990, Baltimore will contain over two-thirds of the region's poorest households.

These trends are expected to flatten out between 1990 and the end of the century, so that Baltimore's situation will not continue to worsen in absolute terms. But relative to its growing region and state, its decline continues.

Household Incomes, 1980-2000 (In Constant Thousand Dollars)



All in all, the effect of these developments is to make Baltimore a city increasingly divided—a city on the one hand of the well-to-do, mostly white and diminishing in number (a projected 267,000 in the year 2000), and on the other of the poor, largely black and much more numerous (457,000 in that year). The middle will have been largely squeezed out.

THE ECONOMY

Views of the Advisers

The background and circumstances of the study's advisers were quite varied, but their views on Baltimore's future economy were similar. I summarize those views here. Later pages present the more formal but similarly cautionary projections of economists and planners.

The advisers' forecasts focused on the city rather than the region, and can fairly be expressed in four propositions.

Blue-collar jobs will continue to disappear. Baltimore, historically a blue-collar city, will continue to lose blue-collar jobs—probably even faster than the rest of the U.S. Automation and foreign competition will reduce manufacturing employment throughout the nation, but Baltimore will be particularly hard hit because other U.S. sites offer either higher-skill or lower-cost workers, and because Baltimore firms will probably continue the pattern of failing to invest in the most efficient plant and equipment. Transportation-related jobs may be lost as manufacturing declines. Dredging, better management and more aggressive marketing should improve the port's attractiveness, but a return to the level of past bulk cargo shipments is unlikely, and general cargo shipments will be constrained by the city's undersized railroad tunnels.

Low-wage service employment will not grow substantially. The service sector—anchored by government, utilities, educational and financial institutions, and hospitals—has long provided many jobs in Baltimore. The city's resurgence as a tourist and convention center has created additional service work in hotels, restaurants and some retail establishments. But these jobs offer few "ladders" for advancement, and their number will not grow much further. Indeed, employment in health care and in sales is likely to decline, and back-office white-collar jobs may continue to leave the city.

Few high-wage service jobs. Unless major new initiatives are undertaken, neither information-based service industries nor other high-technology, high-growth business will concentrate in Baltimore. Some additional activity of this kind will be generated simply because the economy generally is demanding more of it. But, with the important exception of biomedical enterprises stimulated by the city's medical complexes and especially by Johns Hopkins, the city is not likely to attract a great deal of such growth. If much of Hopkins' expansion occurs outside Baltimore, the biomedical exception may prove a small one. In any event, these are mostly capital-intensive, not labor-intensive businesses. They will yield relatively few new jobs per dollar of investment or of revenue.

Reasons for these estimates. The reasons given for this not very buoyant sense of future are several. A high proportion of Baltimore's resident workforce is poorly educated and is regarded by potential employers as less productive, relative to costs, than workers in surrounding jurisdictions. The city's taxes are higher than those of the neighboring jurisdictions. And although the city's government has promoted economic development in the past, the next mayor, especially if his support comes primarily from the black community, may be obliged to place more emphasis on serving the poor than on encouraging business investment. For all of these reasons, areas outside the city—in the counties surrounding Baltimore and perhaps especially in the suburban Washington area—will attract most new businesses. If current pressures to shave costs and improve productivity grow even more severe, Baltimore's amenities may count for even less, and suburban areas grow even faster, at Baltimore's expense.

One adviser reached a similarly pessimistic conclusion by another route. "Baltimore's success has depended on two things: federal money and Schaefer's entrepreneurship. One has already disappeared. The other is about to. I don't see what's going to take their place." The views of the more hopeful advisers were simply more tentatively negative. An archetypical comment was this: "The city has gained a lot in the last twenty years. Above all, probably, it has gained confidence. But we're now on a plateau. What happens next is just not clear. I suppose if I were betting coldly, I'd bet on a decline."

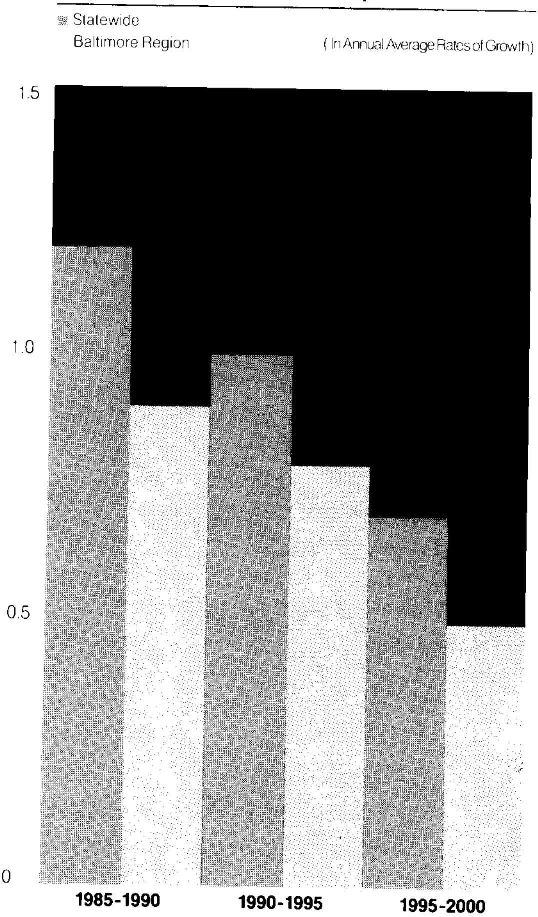
Official Projections

The more formal projections of economists and planners reach much finer-grained but quite similar conclusions.

The region. Though, again, the various available projections differ in detail, they agree on the dominant fact: the economy of the Baltimore region will grow over the next fifteen years, but not as strongly as the state as a whole and not as strongly as other mid-Atlantic regions.

The most recent projections of the Maryland Department of State Planning foresee the following between 1985 and 2000. The total number of jobs in the region will grow about 12% over the fifteen-year period, from 1,144,000 to 1,279,000. (By contrast, the DSP expects Maryland's suburban Washington region to add jobs at exactly twice that rate.) The percentage of the state's jobs held by the Baltimore region will decline from 53.7% to 51.6%. Every major sector of the region's economy will add jobs; a few sectors—trade, business and professional services, hotel, recreation and financial services among them—should grow considerably. But each of the major sectors will grow more slowly in the Baltimore region than in the state as a whole. Within the region, only Howard and Carroll counties will grow faster than the state as a whole. As the following graph displays, the region's growth will lag substantially behind the state's.

Maryland And Baltimore Region Employment Growth Rates Compared



The following tables present region-wide projections in greater detail. The first shows employment levels by major sector.

EMPLOYMENT BY MAJOR SECTORS, BALTIMORE REGION

	Number of Jobs (000's)			
	1985	*1990*	*1995*	*2000*
ALL SECTORS TOTAL	1144.4	1197.1	1244.0	1278.6
CONSTRUCTION	62.0	62.9	65.3	66.9
MANUFACTURING	140.7	145.1	146.6	145.9
NON-DURABLE GOODS	58.7	58.8	57.7	56.8
DURABLE GOODS	82.0	86.2	87.9	89.1
TRANSPORTATION, COMMUNICATION & PUBLIC UTILITIES	62.4	67.5	72.2	76.1
TRADE	253.0	269.3	281.8	290.8
FINANCE, INSURANCE & REAL ESTATE	71.6	75.8	79.6	82.1
SERVICES	291.6	304.9	322.0	334.5
GOVERNMENT	248.0	256.5	261.4	265.4

The next table displays rates of growth for each major economic sector. The rates are low.

ANNUAL EMPLOYMENT GROWTH RATES BY MAJOR SECTORS, BALTIMORE REGION

	1985-90	*1990-95*	*1995-2000*
		Percentage	
ALL SECTORS TOTAL	0.9	0.8	0.5
CONSTRUCTION	0.3	0.8	0.5
MANUFACTURING	0.6	0.1	0.0
NON-DURABLE GOODS	0.1	-0.4	-0.3
DURABLE GOODS	1.0	0.4	0.3
TRANSPORTATION, COMMUNICATION & PUBLIC UTILITIES	1.6	1.4	1.0
TRADE	1.3	0.9	0.6
FINANCE, INSURANCE & REAL ESTATE	1.2	1.0	0.6
SERVICES	0.9	1.1	0.8
GOVERNMENT	0.7	0.4	0.3

Many Baltimoreans appear to believe that while the city, looked at separately, may face hard times, the importance of that fact is small. The city is not a real economic unit, they would argue, the region is. And the region as a whole will thrive. But the data argue otherwise. The region certainly is an economic unit;

the high degree of commuting within it demonstrates that. But no current projection suggests it will thrive. It will lose ground relative to the rest of Maryland. It will lose ground relative to other mid-Atlantic metropolitan areas, and it will lose ground relative to the nation as a whole. It will do so despite reasonably strong growth in the counties surrounding Baltimore. Why? Because Baltimore is the region's largest component, and its prospects are weak.

The city. The number of jobs in the city is not projected to fall much further. Indeed, it may very slightly rise between now and the end of the century. The Regional Planning Council, for example, predicts an increase of roughly 5,000 city jobs over that period. Welcome as any growth would be—and other sources provide similar projections—it amounts to a total of just over 1% in fifteen years, well within the margin of error for the most careful estimates. Even job growth at several times that rate, moreover, would be so slow that the city's proportion of the region's employment, and the state's, would continue its sharp decline.

Within the essentially flat overall employment picture, as the following table shows, two contrary trends appear. Neither of them are surprising. Manufacturing continues to decline, as does government employment. Despite Baltimore's attractions for tourists (which produce gains in hotel, amusement and recreation employment), retail sales continue to fall as the real income of the city's own residents declines, and retail jobs therefore contract as well. On the other hand, additional jobs appear in services and in the transportation, communication and public utilities sector—but only in those two.

EMPLOYMENT BY MAJOR SECTORS, BALTIMORE CITY

	NUMBER OF JOBS (000's)			
	1985	*1990*	*1995*	*2000*
ALL SECTORS TOTAL	420.9	423.9	424.9	425.8
CONSTRUCTION	13.6	14.0	13.6	13.9
MANUFACTURING	52.2	47.1	43.1	39.9
NON-DURABLE GOODS	32.9	30.0	27.1	24.0
DURABLE GOODS	14.3	17.1	16.6	15.9
TRANSPORTATION, COMMUNICATION & PUBLIC UTILITIES	25.9	30.9	32.8	33.2
TRADE	79.5	79.1	78.1	78.4
FINANCE, INSURANCE & REAL ESTATE	35.2	35.6	35.3	34.7
PROFESSIONAL SERVICES	59.9	61.3	64.2	66.8
OTHER SERVICES	38.6	40.1	41.1	42.6
GOVERNMENT	86.9	86.4	83.8	83.1

One result of slow job growth is that the expected rate of labor force participation in the city, while rising slightly, falls further behind the state's level. The projected Baltimore rate of 58.5% in 2000 contrasts with an expected statewide rate of 67.2%.

MUNICIPAL FINANCE

Prospects for the city's finances are equally unpromising. Population decline, the continued concentration of the region's poor, and low rates of economic growth mean that Baltimore's own revenues will remain inadequate to its needs, almost certainly by increasing margins. At the same time, federal support is likely to be much more limited than it was before 1981. The alternatives that situation presents are fairly stark: considerably greater regional or state support for the city's budget, prolonged disinvestment in the city's physical and human resources, or some combination of the two.

There is no objective measure of the need for services, in Baltimore or elsewhere. So it is difficult to project those needs more precisely than to say that felt needs will grow. They will grow at least at the rate of inflation plus the rate of growth of the population in need of support. There may be ways to reduce needs for services—by attacking some of the underlying causes of dependency and joblessness through greatly intensified pregnancy prevention efforts, for example, or through comprehensive pre-school programs that better prepare poor children for school. But such efforts would obviously require higher expenditures at first.

Yet local revenues will be diminished by the city's loss of population. Population loss tends to depress at least residential property values and hence the yield from property taxes. That effect can be partially offset by increased rates, but a further increase in Baltimore's tax rates would almost certainly prove harmful. As noted earlier, Baltimore already produces, from the lowest per capita base, the second highest per capita tax yield of all the jurisdictions in the region. And since the households leaving the city are relatively affluent, substantial local income tax revenue will also be lost. Roughly 35,000 households are likely to leave the city over the next fifteen years. If the average taxable income of those households is $20,000, the income tax loss, by the year 2000, will amount to some $37 million annually.

The probable scarcity of federal support poses a much greater problem. Though, in constant dollars, federal funding had fallen, by 1985, to approximately half the level of 1980, it still covered some 20% of all of Baltimore's outlays in that year—a proportion twice as high as that of any of the counties in the region. A reasonable projection, consistent with assumptions made by the City Council Office of Finance, would put federal support at roughly half the 1985 level for at least the next five years. The effect of such a cut would be equivalent to the loss of half the income from the city's property tax. And since the city has relied much more heavily on federal funds than any of the counties, that level of federal funding would further enlarge the budgetary disparities between Baltimore and each of the region's other jurisdictions.

Given that prospect, it seems inescapable that the city must either further reduce services, or draw financial contributions, in one form or another, from other jurisdictions in the metropolitan area, or receive considerably greater support from state sources.

SOCIAL AND POLITICAL LIFE

How will the social and political life of Baltimore evolve over the next fifteen years—again, assuming no major new initiative alters the city's course? Projecting social and political developments is a far more speculative business than predicting economic change, difficult as that is. Still, over relatively short time spans, it is reasonable to expect that strong current trends will continue.

If so, some effects should prove beneficial. The most important projectable trend is that Baltimore will become a still more attractive place for middle- and upper-income persons to live. If corporate and individual philanthropy continue to raise their sights, the city's cultural institutions and higher education should gain strength over the next fifteen years. Baltimore's cost of living will probably remain low relative to other mid-Atlantic cities, and persons of better than average income will find a widening choice of attractive places to live in the city as sites on and near the harbor continue to be redeveloped.

Another positive development might follow from the election of a black mayor of Baltimore. A transfer of political leadership should bring about a more active and more confident black community—the majority community of the city. The presence of NAACP headquarters in the city may also help stimulate such change.

Finally, the erosion of Baltimore's traditional ethnic, religious and racial boundaries will probably continue. Indeed, unless interrupted by conflict over a shrinking city budget, it will probably accelerate. If cracks in the walls continue to widen, Baltimore may develop a stronger and more cohesive civic culture, and a clearer sense of common destiny. That might improve chances for broad support of a new civic agenda.

But such favorable trends may well be swamped by adverse developments. One example, already noted, is the concentration in Baltimore of growing proportions of the region's poor. As blue-collar employment diminishes, and the city continues to provide relatively generous social services, it will attract or retain an increasing share of the poor and dependent of the region and state. And unless the sources of joblessness and dependency are successfully attacked, the rates of social pathology—unwillingness to complete school, aimlessness, drug addiction, teen pregnancy and crime—are likely to remain at their current high levels, or to increase.

If so, the city may find itself divided by race and class even more sharply than at present. As several advisers noted, Baltimore may complete a pattern, already visible, of a "double-doughnut" of concentric rings. The center would contain a business, cultural and entertainment center that remained strong because it served the whole metropolitan area, and attractive housing for the well-to-do. The center would be ringed by the decaying and much more populous neighborhoods of the poor and dependent, very largely black. These, in turn, would be surrounded by middle- and upper-income suburbs, very largely white.

Such patterns are hardly new, but if the spacial divisions by race and class carried over into sharp policy differences, they might tend to become self-perpetuating. The pressure to devote city resources to supporting and providing basic services to the poor might well preclude the investments of entrepreneurial energy, political capital and public monies necessary to stimulate economic development. If so, even the very modest growth in employment now projected for the city might not occur. "White flight" might increase instead of diminishing. City revenues would then prove even more inadequate and, unless and until it were broken by state or federal intervention, the downward spiral might continue for many years.

Such developments may never occur, but their possibility underlines an important difference between projections of the region's future and those of the city's. The region may develop somewhat faster than is now projected, or its progress may be slower. But the region's economy is broad-based and fairly representative of the country's. At least over the next fifteen years, it is unlikely to experience great difficulty unless the entire country does. That is not true of Baltimore. The city also may outperform the projections. It has a number of natural advantages, and if it works at capitalizing on them it may confound the predictions as dramatically as the inner harbor and downtown did the assumptions of fifteen years ago. But the city's situation is much more fragile than the region's. Unlikely but quite conceivable events—a breakdown in relations between business and government, the failure or out-migration of several major employers, serious racial strife—not only could preclude such progress, they could readily produce economic and political outcomes far less favorable than are now predicted.

All in all, then, Baltimore's prospects, though similar in kind to those of some other older cities, are chancy and not attractive. As one of the advisers remarked, "This city needs a second act."

III: A Preferable Future

If Baltimore needs a "second act," or second effort, what should be its goals? What does the city want for itself? Economic and demographic data and evidence of social trends can suggest such goals but cannot set them. Goals follow values. To actually effect events—to stimulate action, guide policy, produce support—a community's goals must flow from the community's values.

In a city as large and diverse as Baltimore, broad agreement on goals may not be possible. But the evidence of the project's advisers suggests otherwise. They proposed many objectives, but when asked to choose two or three overriding goals for the last years of this century, the advisers, despite their considerable diversity of background, were nearly unanimous. The first two goals advanced by nearly all the advisers were a sounder economy and better schools. More and better jobs and better schools were universally seen as solutions to a single problem, "to make the city work for all its citizens," as one adviser expansively put it. The third goal was a means to the first two: greater financial support for Baltimore from its region and state.

These are goals pitched at a high level of generality. There is room for considerable disagreement as to what, in practice, they would mean. And in fact the advisers gave differing weight to different aspects of those goals. But the extent of their agreement on the dominant needs of the city was remarkable. They cited many familiar urban needs—reductions in drug addiction and crime, improved public transportation, better housing for the poor (and perhaps especially expanded home ownership by blacks)—but they agreed that none of those concerns were so fundamental as the first three. If the schools could produce young people prepared for productive lives, and if the economy offered them reasonably satisfying jobs, then other ills might begin to cure themselves; at minimum other ills would then prove treatable. But if the city's schools and its economy failed in those tasks, other ills would remain incurable. That was the dominant view.

This choice of goals remains debatable, of course. Indeed, it should be debated. Though the advisers come from various backgrounds, they may not accurately represent the views of the city as a whole. Nor, of course, did they claim to do so. But the remainder of this study accepts their three goals as, at least, one reasonable set of master objectives for Baltimore. This chapter describes them more fully. The following chapter considers how they might be put into effect.

A SOUNDER ECONOMY

The first goal was expressed variously by the advisers as "economic expansion," or "a stronger, sounder economy," or simply "jobs." Two quite different concerns were embodied in those phrases.

Jobs for the Jobless

Probably the principal concern was to provide appropriate employment for Baltimore's existing population, and especially for its poor. That concern was as much social as economic; it reflected a sense that no healthy society can long tolerate the prospect that useful work will never be found for a major fraction of its youth. Since this concern can be met most readily by blue-collar employment and by jobs in the traditional service industries, many advisers stressed the importance of retaining or expanding such businesses already in the city, and attracting new ones whose jobs do not require higher education or special skills, at least until the city has developed a better-trained labor force.

Entering the Economy of the Future

The second concern, expressed by a smaller but still substantial number of advisers, was that Baltimore has not yet paid its entrance fee into the economy of the future. Their goal of a sounder economy included attracting and developing a much higher proportion of businesses in the technical fields and the knowledge-based industries. They believed those sectors were likely to experience the fastest rates of growth, to provide the best rates of pay and to offer not simply employment but satisfying careers. They believed that Baltimore's economy would miss the most promising national economic trends of the future unless it included a much higher proportion of such businesses than it does now.

BETTER SCHOOLS

The second goal was to greatly strengthen the public schools. The school system was generally regarded as improving, but still well below any acceptable standard and inferior to the system of twenty or thirty years ago. Again, differing concerns lay behind a common objective.

To Improve Employability

Most advisers saw stronger schools as means to fuller employment. They wanted the schools to far better prepare Baltimore's young, and especially its poor, for decent jobs. They saw the school system as the only instrument society now has for insuring that young people acquire not merely a basic education, but the personal characteristics—self-respect, capacity to work with others, dependability—that employers require and that are not being absorbed through family or neighborhood life. A closely related concern was that a better-trained workforce is needed to attract potential employers. As one adviser bluntly asserted, "Jobs will never come into the city to employ the black community as it is."

To Retain and Rebuild a Middle Class

A second view, expressed by fewer advisers but with intensity, was that a strong school system not only must provide the minimum knowledge and socialization needed for employment, it must fully challenge and stimulate students of all races and backgrounds. Such a system is necessary not only to develop the full potential of its students; it is needed also to attract middle-class families to the city and retain them through the child-rearing years, and to help rebuild a middle class among current residents. The underlying proposition was that maintaining a substantial population of middle-class families, white and black, is crucial to the long-term health of Baltimore.

Whatever their reasoning, virtually all our advisers saw the current school system as grossly inadequate to its task, despite its improving trend, and despite the heroic performances of individual principals and teachers. They wanted thoroughgoing renovation and reform.

SHARING THE BURDEN

The third goal, not so much a separate objective as a condition necessary to reaching the first two, was that Baltimore receive more financial help from the other jurisdictions in its region, or from the state, or from both.

The problem this goal seeks to solve has been described in earlier chapters. A high and increasing proportion of the region's poor and dependent live in Baltimore. The city therefore bears a heavier burden of economic and social problems than the remainder of the region or state. At the same time, Baltimore's resources for dealing with those problems are shrinking, while the tax bases of surrounding jurisdictions—counties whose growth results largely from their proximity to Baltimore—are rapidly growing. Whether the resulting disparities are fair or unfair may be argued; what seems unarguable is that they cloud the long-term future of the region and state as a whole.

So the goal proposed by the advisers was the sharing of Baltimore's burdens more broadly through greater financial support for the city from its region and state. Unlike the first two goals, this one is technically easy. It can readily be achieved in any number of ways, given a political consensus to reach it. Achieving the political consensus is, of course, the problem. The beginnings of such an agreement may be slowly emerging; certainly state assistance to Baltimore has been growing. But full realization of the goal is still a long way off. Reaching it would require strong support from the governor as well as sustained effort by the business community of both the city and the region.

I have noted the near unanimity of the advisers as to Baltimore's key problems and hence as to the overriding goals the city might set for itself. But it should be acknowledged, too, that the advisers agreed more readily about the nature of those goals than about the importance of acting on them. As one would expect of community leaders, most advisers considered the problems serious enough to justify concerted community effort. But a few appeared to feel either that the problems are intractable or, on the contrary, that they are not so pressing as to justify great concern, or—in perhaps one case—that a virtue of the region, worth preserving in a land of pleasant living, is to take life much as it comes.

Any one of those positions would suggest that no great effort is worth taking, at least not soon. It is certainly true that Baltimore's economy, even without a major new effort, will reach some point of equilibrium, perhaps before sinking much further. As a historical and cultural center close to Washington and within easy travelling distance of the homes of 40 or 50 million Americans, Baltimore would survive and portions of it could prosper even if it adopted a quite passive course. Such a "museum strategy" was not at all the majority preference. Almost all the advisers would reject such a choice. But the differences among them are a useful reminder that choices turn on values as well as facts. How seriously to view Baltimore's problems and how much effort it might be worth to solve or ameliorate them are questions that, like the choice of goals, are answerable only in terms of the values of individual citizens—and those values legitimately differ.

Finally, it is worth noting that, though prior chapters have looked at the region as well as the city, the goals proposed in this chapter, and the means for reaching them discussed in Chapter IV, focus sharply on Baltimore alone. The reason for that should be clear. The subject of this analysis is still the region as a whole, but the problem of the region as a whole is the city. Baltimore is the region's heart, and its beat is weakening.

IV: What Would It Take To Get There?

The goals set out in Chapter III are not the only objectives the city might choose for itself, but they are clearly important ones, plausible candidates for the highest priority. This chapter therefore takes those goals as given, and moves to the question: what would it take to reach them?

There is no science whose laws can answer that question. No plan for reaching those goals, moreover, would or should be adopted by Baltimoreans until it had been discussed and debated throughout the city and region. So this chapter offers suggestions but no final conclusions. It seeks to provide only a starting point for the needed discussion, outlining alternatives and raising questions that more extended analysis and debate should address.

DEVELOPING A CONSENSUS

Whatever efforts are eventually launched to construct a more hopeful future for Baltimore will have to deflect or reverse powerful economic trends and deep-seated social and demographic changes. That is not easy work, and it will not be accomplished quickly. It is unlikely to be accomplished at all without a broad consensus for undertaking it.

Arguably, such a consensus is unnecessary. In Cleveland, for example, the ambitious economic recovery goals recently established by "Cleveland Tomorrow" were set by the business community acting essentially alone. Closer to home, the impetus for Baltimore's downtown redevelopment originated in the business community and was sustained by a business-government alliance. The same pattern might be tried again. My own view, however, and that of most of the advisers, is that this would be a mistake, for two reasons. First, the goals of this effort are not simply economic; they would aim to alter far more than the city's commercial life. Second, influence in Baltimore is now more diffused than before, and more diffused than in cities like Cleveland, where many national corporations are headquartered and where the tradition of corporate leadership is strong. Probably no small group of Baltimoreans, representing only one of the city's communities, could assemble and sustain the political support the effort will require. Baltimore's "second act" will need a larger cast.

Drafting a first cut at the script, on the other hand, is work for a small group. Consensus-building might therefore move through two stages. The task of the first stage would be to put together an ambitious, feasible, broadly appealing and locally developed statement of goals, together with at least an outline of the measures needed to achieve them. Almost certainly that work should be undertaken by a relatively small group of business and professional people—persons familiar with the needs and resources of the city, and with the political processes of the region and state. The group should be as representative and balanced as possible, but small enough to work effectively. Given the importance of regional support for a least some elements of the plan, persons influential in other Maryland jurisdictions should probably be asked to participate. In the second stage the plan should be offered for extended comment and debate to a much wider audience, within Baltimore and outside. It should be reviewed with as many communities and organizations as will take an interest.

The whole process would have three purposes. The simplest would be to familiarize participants with the prospects now facing Baltimore in the hope of strengthening the sense that it is time for a second effort, for a new civic agenda. A second purpose would be negative, and more difficult: to prevent the emergence of conflicting agendas from opposing constituencies. Especially unfortunate would be the proposal of a private economic development agenda by the business community while the black community committed itself to a competing program of greatly enlarged public services. As one adviser argued, "A black mayor *must* be embraced by the business community. That means the main lines of an agenda have to be worked out beforehand."

The ultimate purpose of the discussions would be more ambitious and probably more difficult still. The tendency of any diverse group trying to construct a common program is to agree to a little of everything. The problem with that tactic is that it facilitates agreements but not results. Great problems don't yield to small initiatives. Small problems may, but solving small problems is not enough. The toughest but most important objective, therefore, is to achieve focus and to set priorities. The discussions should aim for agreement on a sharply limited set of fundamental goals for the city, and then on the concrete measures most likely to achieve those goals. If it proves politically necessary to approve other steps as well, they should be understood to have lesser priority. The fundamental goals may or may not be the three advanced by this study's advisers, but they should be similarly few in number and similarly overriding in importance. They should be goals which, if achieved, would make far easier the solution of many other problems.

The mayor, the business community, and the foundations of Baltimore might make particular contributions to this process of formulating a new agenda and building support for it. Given the probable unavailability of public funding, Baltimore grant-makers, individually or in combination, might usefully support the process of public involvement and debate from which a consensus for action should emerge. They might, in fact, create and fund a new entity under whose auspices the plan might first be drafted and then subjected to comment and discussion. The role of the business and professional community would be both more central and more delicate. It would be central because the initial impetus for a new civic agenda would almost certainly have to come from that community, as would the experience and resources to put together the draft plan. It would be delicate because what consensus-building would require of business and the professions is leadership without dominance. Producing general support for a final plan would have to involve a broad cross-section of the community in more than token numbers and in more than token influence.

The mayor's role would also be demanding. The mayor should encourage the development of an agenda, and might in fact convene the drafting group. But he (or she) should also want to assure the balance and representativeness of the process, while insisting on results that balance and representativeness make difficult: namely that the new agenda establish clear priorities and a small number of overriding objectives. If the program proposed resembled a laundry list, the most useful action a mayor could take would be to reject it and ask its producers to try again. Conversely, if a well-focused and convincing program emerged, the mayor's highest service would be to adopt it as the centerpiece of his administration.

There is no way to know, of course, what objectives might be chosen through such a process. But since the advisers' three goals are at least plausible objectives, it seems useful to illustrate how an agenda of specific initiatives might be developed from them. So we turn to the question: how might those three goals be achieved?

TOWARD A SOUNDER ECONOMY

Recall that this goal had two aspects: providing fuller employment to the current workforce of the city and region, and gaining Baltimore a stronger position in the higher-growth sectors of the future economy. Achieving either will be, at best, difficult and slow. That is true not because it is unclear what, at least in general, needs to be done, but for two other reasons. First, many established patterns of both public and private action would have to be broken. Second, Baltimore must not merely do better, it must do better than the other regions—in the U.S. and outside it—with which it competes, while they also try to enhance their competitive advantages.

Many of the measures that might help reach the two economic goals overlap. Achieving a more productive labor force would serve both ends, for example. But the two ends also call for some differing actions.

Fuller Employment for the Current Workforce

Measures of many kinds might be taken to generate more and better jobs for the current workforce. Five candidates might lead the list.

More carrots. The government of Baltimore has long enjoyed the confidence of the city's businessmen. Business has regarded city agencies as more competent and more responsive than corresponding agencies in other cities, and essentially free of corruption. In its efforts to retain current businesses and to attract new ones, the city government has been persistent and aggressive. But an attitude of support for business, while essential, is not enough. To compete for businesses considering expansion or relocation, a locality must be able to offer substantial incentives. It is not clear that the city now has at its disposal as many incentives as it needs.

Consideration might be given to incentives conventionally used elsewhere. One might be an industrial development bank, able to finance plant modernization and perhaps research and development efforts at low interest rates for long terms. Depressed neighborhoods might be designated enterprise zones; businesses locating in them would be made eligible for special grants and tax benefits. Well-planned office and industrial parks might be established.

But probably the greatest strengthening of incentives would result from a solution to one particular problem. Adviser after adviser expressed rueful admiration for the ability of New York, Texas, Virginia and other states to attract new business with broad and complex packages that contained preferential treatments offered not only by state, county and city governments, but by private interests as well (banks offering low-interest home loans for relocating employees, for example). Maryland has not matched that performance. Almost certainly some entity needs to be assigned the formal authority and staffed with the energy and the imagination to perform similar feats for the state and region —with particular emphasis on creating jobs in Baltimore, or at least jobs accessible to the city's residents.

A more productive labor force. Increasing productivity in relation to costs is not easy for a whole city or region to achieve. But it is possible; the circumstances that enhance productivity are known. And few achievements would do more to make Baltimore a magnet for business investment.

Better-educated employees are, in general, more productive; measures to improve public education are discussed below. Better-equipped workforces tend to be more productive; the utility of greater capital investment in local industries is also briefly addressed below. High productivity is also characteristic of workers who understand the economic situation of their industries and who feel they are informed and even, when feasible, consulted by management. For that reason it might be useful, as the Regional Planning Council's 1986 General Development Plan proposes, to establish a Baltimore area Labor-Management Committee and a number of industry-specific committees under its aegis. As they now do elsewhere with some success, groups at both levels could work to ameliorate or resolve divisive issues of labor-management relations in advance of crises.

Improved amenities. Historically, heavy industry has located near sources of energy or of raw materials, or at transportation hubs. Light industry and most services are far freer to locate in a variety of settings. One important basis for choice is the cost and productivity of labor. Another is simply the attractiveness of living in one area rather than another. One of Baltimore's strengths is the quality of life it offers to persons with reasonable incomes. But other localities are appealing as well; Baltimore must maintain or increase its competitive advantage in amenities. Its orchestra and art museums are now being upgraded. The need for stronger institutions of higher education in the region we discuss below. Probably the reacquisition of an NFL team (and the retention of the Orioles) deserves priority. It is less clear what other amenity improvements might be worth concerted effort, but that question could be answered through surveys of employers who decided to locate in the city, of those who considered doing so but did not, of tourists and of residents.

A more competitive port. The port of Baltimore is not likely to reassume the importance to the city's economy, and to the region's, that it once had. The port's situation at the head of a long bay, the constraints on the movement of bulk rail cargo through the city, the decline in U.S. predominance in world wheat markets, the limited demand for coal exports and the shrinking of the local heavy industries that consumed and produced bulk shipments all support this conclusion. Whether the port can repay heavy new capital investment is therefore uncertain. But aggressive marketing and effective management of the port, together with selective capital improvements, should, at relatively low cost, gain a larger share of available traffic. They appear worth undertaking.

A tighter link to Washington. Baltimore benefits in many ways from its proximity to Washington. Federal agencies locate in Baltimore or close by, providing jobs for Baltimoreans. Firms requiring frequent contact with federal officials but sensitive to office space costs are attracted to Baltimore. Employees of agencies located in Washington who seek less expensive housing, or want to escape the "company town" aspect of life in the capital, settle in Baltimore and commute to work. Tourists drawn to Washington take side-trips to Baltimore.

Every one of these advantages would be enlarged if rail and road transportation between the two cities were improved. Accordingly, more frequent and more rapid rail transit between the cities, as well as better linkages between the intercity system and the two subway systems, might well be worth their cost. Means of speeding the completion of the Washington end of highway I-95 might also be explored. Meanwhile, efforts to bring additional federal offices to Baltimore should clearly continue.

Achieving such employment-generating measures would require action from many elements of the Baltimore community, and from the governor and the state's congressional delegation as well. Business would be best equipped to propose the carrots most likely to attract new industry. Establishing an office able rapidly to assemble complex packages of incentives would require business support but the governor's initiative. Labor and management would have to share responsibility for creating a regional labor-management structure. Improved amenities would again draw on the business community, but also on the city's grant-makers. A more competitive port would take state initiative, perhaps with some congressional help. A tighter link to Washington would require the involvement of business, the mayor, the governor and the state's congressional delegation.

Entering the Economy of the Future

It is a familiar fact that the U.S. economy has shifted from the production of goods to the provision of services. As Chapter I describes, Baltimore's economy has changed accordingly. But the nature of services varies enormously. Street-sweeping and dishwashing are services; so are neurosurgery and computer programming. Street-sweeping and dishwashing need not be demeaned; performed well, they deserve respect. But they will not provide the more satisfying and remunerative jobs, nor experience the highest growth-rates of the near future. It is the services that demand trained intelligence, and especially those linked to high technology and information processing, that will meet those conditions. And expansion of the more professional services will also stimulate parts of the manufacturing sector, as the recent regional growth in electronics, instrumentation and printing and publishing has demonstrated. The second of the economic development objectives, therefore, is to attract to Baltimore a growing share of high-technology business and information-based services.

How might that be done? Baltimore's proximity to Washington would help. So, as noted, would Baltimore's quality of life. But the areas in which high-growth services and their associated manufacturing thrive are places that offer not only attractive living conditions but multiple first-class universities or research centers and, secondarily, good airline service and a low-cost or high-quality workforce. Greater Boston, northern California's "Silicon Valley" and North Carolina's "Research Triangle" exemplify those traits. Similar circumstances are now rapidly developing in the area surrounding Washington's Dulles Airport. The "Research Triangle" is particularly interesting because its leadership had to work for many years to achieve those conditions.

Attracting talent. Baltimore partly meets those conditions now. Several of its colleges and graduate schools, and especially Johns Hopkins, attract bright, well-trained and, to some extent, entrepreneurial young professionals. Some remain in the Baltimore area, a few establishing technical or information-based businesses. But unlike each of the areas just mentioned, Baltimore is almost certainly a net exporter, not an importer, of talented youth. As noted earlier, a high proportion of Baltimore's ablest young blacks leave the area to attend school and find little to draw them back. The same appears to be true of whites. Only 57% of Maryland's high school students who average A– or above and who go on to college do so within the state, a proportion that has risen in recent years, but remains low.

With respect to the high-technology fields, though little hard data is available, the instinct of informed persons is that the situation is worse. In those fields, graduate training is the norm, and graduate students, if they do not return to their original homes, are likely to begin careers near where they trained —where they have friends, colleagues, mentors and a network of similarly trained prospective employers and employees. The Baltimore area is weak in high-caliber technically oriented graduate programs. Though business is the most common field of study among students in four-year Maryland institutions, the region offers no ranking business school. It provides little advanced training in physics and, outside of Johns Hopkins, no strong engineering program.

Even in medicine, the region's offerings need strengthening. There are two significant medical schools, but Johns Hopkins, while outstanding, is small (a JHU medical school class averages 120 students) and the University of Maryland, while improving, is not of national standing. Indeed it is strongly arguable that medicine, the life sciences generally, biotechnology and perhaps (drawing on proximity to the Bay) marine biology are the cluster of disciplines in which the greatest investments should be made. They are probably the only broad fields of study in which the region might hope, before the end of the century, to achieve high national prominence, and they appear to have great potential for generating new products, new services and new jobs.

It is worth noting that strong graduate programs in the sciences offer economic benefits beyond the spawning of new technologically based businesses. One is that they help hold existing such businesses in place and help them grow since, in order to survive, high-technology enterprises must maintain currency in rapidly advancing fields. More strikingly, first-class research centers can attract impressive funding from federal research and development agencies. In 1984, Johns Hopkins was awarded nearly half a billion dollars of federal R&D money; by contrast, all the campuses of the University of Maryland, taken together, received less than one-tenth that amount.

There are strong reasons to believe, then, that Baltimore and its region will share fully in the nation's economic growth only if they develop a considerably stronger system of higher education, particularly graduate education and especially in the sciences and in business. The requirement, it should be clear, is for quality. Respectable local schools serve important purposes, but they are not magnets for unusual talent. They will not bring to the region, or even keep in the region, its share of the nation's leading biochemists or circuit designers or technological entrepreneurs.

If the region is to become a center of high-quality graduate education, both the business community and the governor have much to do, for recent experience is not encouraging. In higher education the state is overbuilt and underambitious. It has logrolled its education funds, buying much mediocrity and little distinction. The incentives to go on as before will be strong. Business and professional leaders will need to press the case that in the economy of the future wealth will be based on knowledge, and new wealth on new knowledge. The governor, who appoints the Board for Higher Education and proposes educational priorities for the state, will have to be willing to set a politically difficult course—strengthening the region's strongest institutions, especially in Baltimore, and allowing weak or redundant schools to contract or close.

Raising institutions from regional to national prominence is the work of decades, but visible progress can be made much more quickly. One effective strategy is to provide generous funding for special chairs in subjects of particular importance. In that way a small number of the most distinguished researchers and teachers can be attracted. They, in turn, tend to enlist colleagues and students of high ability and, in the sciences, to draw research grants as well.

Encouraging entrepreneurship. Attracting and retaining technological researchers might be supplemented by various measures to assist technological entrepreneurs. "Incubator facilities" might be established, where management services and financing and marketing advice are readily accessible to new and small firms. The similar capabilities of the Control Data Business and Technology Center and those planned for the Francis Scott Key Medical Center should test the value of such facilities. As the University of Maryland's Technology Extension Service has proposed, a state (or possibly city-based) technical R&D matching fund might be used to stimulate private investment in commercially promising university-based research.

Special venture capital funds might also be established, though to this conventional proposal there is a powerful counterargument: very considerable amounts of venture capital are already managed in Baltimore. Probably the need is less for venturesome new capital than for promising new ventures and for more risk-tolerant and innovative commercial banking.

Focusing responsibility. Finally, as the Regional Planning Council's General Development Plan proposes, an independent regional body—the Plan calls it a Technical Development Corporation—might be created to help establish and oversee incubator facilities, generate capital, design programs to stimulate entrepreneurship among researchers and scientists, and the like. Such a corporation might, most ambitiously, try to stimulate particular technology programs as part of a coherent, continuously evolving strategy for regional advancement. It might also give special assistance to minority researchers and businessmen so that an expanding high-technology sector did not tend to resegregate the region's economic life.

In the Plan's formulation, the corporation would be governed by representatives from higher education, technologically oriented business, venture capital firms and development-related government agencies. Though such an arrangement would bring to bear all the appropriate perspectives, it also suggests why such a body might work poorly. Entrepreneurship is inherently risky, especially so in areas of rapid technological change. A single governing body might not be far-sighted enough to guide it sensibly. And unless the individuals involved were extraordinary, a governing body drawn from such different communities might produce only logrolled decisions, produce them too slowly, and adhere to them too long. It might be safer, therefore, to have the same functions performed by a smaller and less formal body, perhaps by a state equivalent to the president's science adviser.

TOWARD BETTER SCHOOLS

The second goal set by the study's advisers was the renovation of Baltimore's public school system. It was a goal sought by virtually all advisers, and asserted fiercely by many. "Blow it up!" was the immediate response of one quite knowledgeable outsider to the question of what should be done about the system. "Blow it up, and start all over again."

Two convictions produced that intensity of feeling. The first was that, at this point in Baltimore's history, the schools are extraordinarily important. The city cannot retain its remaining middle-class families, black or white, unless the schools prepare their children adequately for college. At the same time, the schools are society's last best hope for providing the neediest young people with sufficient confidence, self-discipline and respect for themselves and others to give them a chance for productive and satisfying lives. It is clear, moreover, that personal qualities, not the mastery of academic subjects, matter most to entry-level employers. As one large employer said, "All I want of a kid is that he can read, can get along with other employees, shows up on Monday mornings, and doesn't write obscenities on the walls." It is not a very demanding set of attributes, yet many graduates lack them, as do most dropouts.

The second conviction was simply that the schools are failing both the gifted and the disadvantaged. Why are they failing? Inadequate budgets, bloated bureaucracies, poor teachers, unwilling students, inattentive parents, poor security, shortages of books and supplies—so many reasons were offered as to leave obscure which were causes and which effects.

Yet the problems of Baltimore's schools are much like those in other cities, so strategies for reform can readily be constructed from the recent national outpouring of articles, books and commission reports on the state of American education. Three possible initiatives are offered here. The first concerns children of below school age. The second incorporates the main elements of current conventional wisdom in school reform. The third notes a more radical approach worth considering if conventional measures fail.

Strategy I: A Preventive Approach

The unprecedented increases in life expectancy that have occurred worldwide over the last century have been mainly produced not by advances in curative medicine, dramatic though those advances have been, but by the routine institution of basic principles of public health and preventive medicine. It has been clean drinking water, better diets and inoculations, not thoracic surgery and chemotherapy, that have extended by decades the lives of whole populations. Preventive measures—especially if applied to the very young—may now hold as much promise for social and intellectual health as for physical well-being. The reasons for thinking so lie in three quite different developments of the last twenty-five years.

One of those developments has been the enormous growth in understanding of the significance of the first three or four years of life. The first year is the time of greatest neurological growth. The brain grows to two-thirds its adult size by the age of three. Infants appear to be programmed by nature to learn at higher rates than they ever will again. In a loving, responsive environment they will learn before age two to apply crude rules of cause and effect, to plan, and to trust (or mistrust) others. They will also develop a sense of their own worth and adopt styles of dealing with others that, for good or ill, are likely to endure. But, in uncaring, abusive or grossly unpredictable environments, their cognitive and sensory development will be slow and their emotional development distorted. A protracted loss of affection and stimulation appears actually to compromise the growth of the brain. Moreover, failure to develop normally in any dimension—physical, sensory, emotional, cognitive—often retards growth in other dimensions.

The second development has been the great increase, especially among the poor and particularly in poor black communities, of births to unmarried mothers, teenagers, addicts and others who cannot or will not provide the stability, affection and attention that normal infant development requires. Some children, even at ages two and three, are amazingly resilient. They may coax and cajole the support and stimulation they need out of siblings or neighbors. Others, perhaps intermittently cared for by an attentive aunt or grandmother, will be only partially affected. But many of these children will find it hard to distinguish the real from the imaginary, will have trouble concentrating and learning, and will find it impossible to control their impulses. Throughout their lives—often short ones—they will prove disturbed, disruptive, sometimes dangerous; detriments to themselves and others.

Youngsters in this last group will impose enormous costs on society all through their lives, and indeed afterwards, since their children are likely to experience the same conditions. Those costs mount quickly as soon as they reach school age. Emotionally and intellectually unready for school, unable to profit from it and unwilling to accept its discipline, they interfere with its functioning for others. Most good teachers can isolate and control one or two such children in a class, and perhaps even help them. But four or five or more will destroy a class and make learning impossible for others. Many Baltimore classes now contain more than four or five such children.

The third development, one mainly of the last decade, has been the growth of evidence that many of these effects can be prevented. Such "at risk" children can be greatly helped by programs that identify them and help meet their minimum needs in the earliest years. One closely studied Michigan program, begun in the early 1960s, provided one year's intellectual and social training for a random sample of extremely poor minority children three and four years old whose tested intelligence was low. Twenty years later, as against a control group of similar youngsters, those who had gone through the program were one-third more likely to have graduated from high school, forty percent less likely to have been arrested, twice as likely to be employed or in post-secondary schooling, and half as likely to have become teenage parents. Other evidence demonstrates that programs beginning before age three can have even more powerful effects.

In Baltimore as elsewhere in the U.S., the programs that might identify, track and when necessary intervene and help such children and their families are funded at approximately one half of one percent of the budget for public schools. That may have been a perfectly sensible allocation of funds when almost all children entering school came from environments which had more or less readied them to learn. It is almost certainly not a sensible allocation now.

Then what might be done? The precise design and scale of appropriate programs may be legitimately debated by both experts and citizens, but the general principles seem clear. Though progress might be made piecemeal the goal should be comprehensive. Programs which offer prenatal care should be linked to those designed to identify newborns or older children at risk, and both should be connected to parent education programs and to infant care facilities where specialized diagnostic and therapeutic techniques can be applied. Good infant day care should be available for children mildly disadvantaged or at risk, and intensive high-quality pre-school programs for the most vulnerable two- to four-year-olds. Baltimore's many private non-profit social service agencies should be involved, as well as city and state resources. All programs should seek to educate and sensitize parents to the developmental needs of young children. The goal woulld be to improve care-giving in the home as much as possible, and to substitute for the home as little as possible.

Many of these services exist, at least in isolation and at small scale. And as it happens, three Maryland state agencies have developed a well-thought-out plan for linking and augmenting them. The principal remaining needs are to plan jointly with non-profit agencies; to develop the "front end" of the needed continuum of services—primary prevention activities; to coordinate the overlapping and competing efforts of several agencies; and to expand mental health services, especially for children now outside the reach of any program.

None but the most threatened or deprived children would need the whole range of those services. But even if many did, providing such services is likely to prove as cost-effective over the long term as inoculations or the purification of water. It might particularly improve school performance in Baltimore, where the gap between local and national test performance is greatest in the earliest grades—strong evidence that a substantial part of the "school problem" is the unreadiness of many children for school.

Strategy II: A Conventional Approach

The title is not meant to demean the strategy, which is by no means as thoughtless as the dominant presumption about school needs two or three decades ago. That approach called mainly for smaller classes, higher expenditures per pupil (mostly in teachers' salaries) and more modern buildings and equipment. Unfortunately for its proponents, it was widely applied, with very little result.

Experience and a series of massive and careful studies have demonstrated that the factors that most influence the performance of students are the support and concern shown by their parents, and the environment created by their peers. The preventive strategy is designed to strengthen the first; the strategy here labelled "conventional" is meant to affect the second. Motivated teachers and principals, with adequate authority, can greatly affect peer environments in the classroom. The label is meant only to suggest that the elements of the strategy are familiar, that they are widely approved by thoughtful persons inside and outside school systems and that, though there are very considerable bureaucratic and political barriers to putting them into effect, they are hardly radical.

Underlying the strategy are two rules fundamental to business and at least partially applied to some public institutions, but widely ignored in the Baltimore public schools. The rules are simply to establish clear standards of performance, and to tie authority to responsibility.

Establishing standards of performance. In Baltimore as elsewhere, public concern with schools has long focused on what an economist or businessman would view as inputs—the resources being provided to education. School budgets, teacher salaries, the age of textbooks, the availability of supplies, the condition of school buildings and teacher-pupil ratios all measure inputs. But the most important measure of any organization is not what is going into it but what is coming out—or more accurately, the relation between what goes in and what comes out. The purpose of schools is not to absorb inputs, it is to educate the young. No measure of how well the young are being educated is perfect, but almost any such measure is more informative than, say, the average age of school buildings or even the level of teacher salaries. (Throughout the U.S., the salaries of private school teachers are lower than those of public school teachers; far lower if benefits are considered. Yet private school education in general is better. The most striking evidence of that fact is that, throughout the U.S., public school teachers send a much higher proportion of their own children to private schools than does the general public.)

Accordingly, the first proposals have to do with deciding on key tests of performance—on measures of output, not input—and with evaluating teachers, principals, administrators and the school system as a whole in terms of those measures.

Some such measures are already well accepted. Reading and mathematics scores on standardized tests, achievement levels in other subjects, drop-out and graduation rates are examples. Other measures might be developed. Probably the most useful would be "non-academic." They would test how well schools were engendering the character and personality traits which, more powerfully than formal learning, influence job performance and the probability of a productive, satisfying life. Classroom noise levels, the rate of completion of assignments, the frequency of fights and petty crime would be crude such indicators. They would have to be kept over periods of time, since the only fair measure of a school's performance is the direction and speed of change in its students, not their absolute level of performance. Measures that came closer to assessing the ultimate goals of schooling would be even more useful. An example would be data on the proportion of previous year graduates either employed or in school.

But wherever useful measurements are not possible, or seem likely to be manipulated or to produce more paperwork than insight, simple on-site observation by principals or superintendents is preferable. The point is not to amass more data; it is to focus attention on what is genuinely important and to assess, as accurately as feasible, whether individual classes, grades, schools and the system as a whole are gaining or losing ground against those goals.

Measurable standards of performance, especially if maintained over time, can make clear what effects schools are having on their students. But their utility is far greater when they are used not only to observe results but to evaluate performance. Each at their own level, teachers, principals, administrators and the school system as a whole ought to be assessed in terms of trends in the performance measures for which they are responsible. And performance ought to have consequences. Poor performance should trigger opportunities for retraining or reassignment or, in extreme cases, should force demotion or dismissal. Outstanding performance might be recognized in various ways. Merit pay levels and performance bonuses are obvious possibilities, but they are difficult to administer in ways widely accepted as fair. Many other forms of recognition might be appropriate. They include formal public honors and citations, added responsibility, enhanced titles, stipends and released time for travel or study.

Tying authority to responsibility. The second axiom is that there can be no responsibility without authority. No part of the school system can fairly be held accountable for circumstances it has no power to change. Another cluster of reforms, therefore, would confer clearer authority at each level of the school system.

The job of a system's central administration is to set standards, monitor achievement, reward success and intervene whenever necessary to prevent continued failure. Its job is not to control the schools, or to regulate them in detail, or to absorb an inordinate proportion of the system's budget. Yet in Baltimore, as in most large-city school systems, authority, positions and an increasing share of the budget have tended to drift upward. Probably the most important task for central administration now is to reallocate authority positions and budget downward to principals and, through them, to teachers. The classroom and the school are the levels at which education occurs or doesn't occur. They are the levels where authority should be refocused.

Yet much remains for central administration to do. One task is to enlarge the pool of able teachers. Though many good teachers labor in the Baltimore public schools, the mean level of teacher performance seems low. It is certainly low in the estimation of parents and outside observers. Students readier for school would clearly help. So would more room for imagination and flexibility in the classroom. So would evaluation by results. But more impetus is needed. What form should it take? Of some possible approaches—raising teacher pay generally, adopting broad merit pay or bonus systems, offering additional teacher training or retraining, requiring competency testing, or offering selective early retirement—which measures or combinations of measures would most improve teacher performance? Which would be fairest? Which are feasible? Formulating convincing answers to those questions and working to get them into effect is one priority responsibility of central administration.

Enlarging student choice is another. The most effective school systems encourage marked differences among schools—differences in styles of teaching, focus of curriculum, intensity of supervision. And they offer students and parents considerable freedom to choose among them. In other cities, schools offering a distinctive specialty (arts, languages, science, mathematics) have experienced improved attendance, higher grade scores, greater parent satisfaction and higher teacher morale. Greater specialization seems promising for

Baltimore as well. Whether it should be tried; if so, the form it might take; if not, why not: those questions, too, should be resolved centrally.

A third issue for the school board and superintendent is whether exposure to school should be substantially increased. There are at least three ways in which students can gain more schooling. They can start school at an earlier age (as in the program for four-year-olds now beginning in Baltimore), or the school day can be lengthened, or the school year can be extended. And there are at least three reasons for any such change. Increased exposure to subjects normally leads to greater mastery and retention; extended schooling allows two-career families and single parents to simplify their child-care arrangements, and extended school hours or lengthened terms are good reasons for increasing teachers' salaries. Is some combination of those benefits worth the increased costs? That issue, too, should be resolved centrally—preferably with at least some decision-makers starting from the proposition that academic goals are more likely to be met by making better use of the time young people already spend in school than by adding hours or days. "Having lost sight of our objective, we redoubled our efforts" makes a poor motto for a school system.

Finally, while leaving much decision-making about curriculum to principals and teachers, central administration might still encourage system-wide observance of particularly important truths. One is that a concern for the employability of graduates need not take the form of vocational training. Surveys have repeatedly shown that with rare exceptions (such as secretaries), entry-level employees are not expected to have specific occupational skills. As noted earlier, employers look for basic literacy and for personal qualities like self-discipline, pride and a capacity to get along with others. Most higher-level positions involve less routine, so, in filling them, employers look mainly for the capacity to learn and to solve problems. Inculcating these qualities might be made the crux of the "silent curriculum" in all schools, perhaps particularly in schools designed to serve students not headed for higher education.

Despite the importance of each of those questions, it is at individual schools and in particular classrooms where education either does or does not take place. Those are the places, therefore, where maximum authority and discretion should be lodged.

Good schools, public and private, have a distinctive, individual character. They take pride in being special in some important respect, and they convey a sense of community. Special distinction—or even efficient operation—is difficult to produce unless principals have clearer authority and greater autonomy than is now the norm.

The principal's main job within the school is to establish a professional environment for teaching. Doing that requires authority—the authority to support experiment and innovation, to delegate to teachers responsibility (subject to evaluation by results) for what happens in the classroom, and to make all teachers feel a collegial concern for the success of the school as a whole. The principal's main task outside the school is to make parents feel that their concerns are understood and respected, and that they as parents have a reciprocal responsibility for their children's education. Neither of those jobs can be effectively performed unless principals have a wide measure of authority over their budgets, personnel and curriculum. They should be able to decide (again, subject to evaluation by results) where discretionary funds are most needed, what courses or activities should be stressed or dropped, what concerns of parents (should parenting skills be taught to teenagers?) should be addressed, who can best teach what, in which ways an "adopting" corporation can be most helpful.

The principal may—indeed, should—wish to delegate some of those decisions to teachers, individually or collegially. The principal may wish to retain control over other decisions, but to make them only after consultation with teachers. But there can be neither delegation nor consultation without authority.

Strategy III: "Blowing It Up"

It is at least arguable that improving the schools is important enough to the future of Baltimore that, if a conventional strategy of reform is tried and fails, or if it is blocked, more radical measures should be attempted. Probably the most appropriate radical strategy then would be one that actually does "blow up" the system, though it leaves individual schools intact. It is the so-called voucher plan.

Voucher systems have the same objective as the conventional proposal just described: they seek greater autonomy and authority for individual schools. But they assume that, as now organized, school systems cannot provide those conditions. As a recent article argued:

> *There is no conspiracy or evil intent here. The problem is a structural one in which well-intentioned people, by virtue of the ways in which they are organized, jointly produce poor outcomes for society. The public schools are captives of democratic politics. They are subordinate to three levels of government, each with its own politicians, bureaucrats and constituencies. The school thus becomes a lower-level agency in a huge administrative system that is compelled by the necessity to standardize, routinize and regulate. The existence of strong teacher unions further rigidify a system already prone to rigidity. Principals, severely constrained in staffing their own organizations, are understandably reluctant to delegate authority and share influence with the teachers they inherit....*
>
> *Within the current structure, local politicians and administrators have no incentive to grant schools greater autonomy because their careers are tied to their own control of schools, and, in a related manner, to their ability to respond to the demands of politically important constituents... School autonomy is a pipe dream until public education is cut loose from this structure of... control.*

The voucher solution takes private schooling as its model, and replaces political control of the schools with the discipline of the marketplace. It asks government only to provide parents with vouchers worth the equivalent of the per-pupil cost of public schooling (currently some $3,500 annually in the Baltimore region, approximately $3,200 per year in the city) and to establish the minimum standards that all schools must meet. Parents are then free to enroll their children in any accredited school they choose, previously public or private. They pay the school the voucher and, if the school wishes to charge more and can attract clientele at higher rates, any difference between the vouchered amount and the tuition charged. Individual schools would then, in effect, compete for students, just as private schools now do.

The normal preference of both parents and students for schools in their own neighborhoods would tend to restrain "school-shopping." That would help give current schools some years of only limited competition while they adapted to the new circumstances. But over time, new schools would be established. Formerly public schools that tolerated high and unproductive overhead costs, or that failed to attract able teachers, or ignored parents, or found no ways to interest students in learning would no longer be insulated from the consequences of those failures. Like other services that persistently failed their clientele, such schools would be forced either to change or to go out of business.

There are many unknowns about a voucher system. None has yet been tried on a large scale in any American city. But such a system might encounter very substantial problems and still, on balance, yield schooling far more responsive, creative and efficient than is now common in Baltimore. Similarly, the political barriers to a voucher plan would be very high. But if AT&T can be broken up, and air transport and trucking deregulated, and competition threaten even the U.S. Postal Service, those barriers might not prove insuperable forever. Indeed, for at least two decades the current system, though not exploding, has been eroding. Families able to afford homes in suburbs with good school systems have left the city, and continue to leave it. Of the children who remain in the city, increasing proportions enroll in non-public schools. Those with options, in short, have been abandoning the public schools. It may not indefinitely be good politics to deny to others a voucher option that would cost no more than the city and state were already spending on a system widely regarded as mediocre or worse.

It would be preferable, of course, for the system not to be so regarded—for it to have regained public confidence through greatly improved performance so that radical measures were not needed. So the first two strategies (or other evolutionary reforms) should surely be tried first. But they will not be easy to accomplish either. Again, a variety of Baltimoreans would have to provide vigorous leadership and sustained support.

Both the mayor and the governor would have to give high priority to early childhood programs, and their budgets, for the first strategy to succeed. Strategies II and III involve not so much the reallocation of budgets as of power; the mayor, backed by the business community, would have to take particular responsibility for them. The mayor appoints the school board and can set its course. No substantial renovation of the school system can be accomplished without his deep interest, steady pressure, and willingness to apply the political weight of his office to insure results.

Business leaders might be especially helpful in pressing the school system to apply the rules by which successful corporations are governed, namely that decisions be made at the lowest levels competent to make them, that authority and responsibility be lodged together, and that the test of performance is its results. Business might also be required to extend greatly the help it offers to "adopted" schools. Grant-makers might also help, especially through awards and public recognition of teachers, principals and others who showed unusual dedication to quality education. Modest grants could establish prizes that, in relation to school salaries, would be quite substantial. And more powerfully than money, the recognition generated by awards would encourage innovation and risk-taking in a system where they are now rare, and correspondingly valuable.

Genuine school reform would thus require great effort from many sides and probably for a long time. But the argument for making the effort is strong.

Schools excite or bore, encourage or demean, and prepare for failure or for success the city's most malleable, most vulnerable and, in the long run, most important citizens.

SHARING THE BURDEN

The last of the three overriding goals chosen by the study's advisers was as much a means to achieving the first two goals as an end in itself. It was to find a fairer means of meeting the public expenditure needs of the region as a whole, and in particular of reducing the extraordinary fiscal stress on Baltimore.

The nature of the problem suggests at least the broad outlines of a solution. In attempting to provide basic services and maintain public facilities, the city has taxed itself far more heavily than has any other Maryland jurisdiction. It cannot further increase its own tax levels without jeopardizing its economy; indeed its property taxes should be reduced. Substantial growth in federal assistance cannot be assumed. State contributions to Baltimore's budget, though already substantial, are not adequate either to eliminate the disparities in tax burden among Maryland jurisdictions, or to permit Baltimore to take the economic, educational or cultural initiatives that would most benefit the region and state as well as itself.

Then what might be done? Over the long run, a number of the advisers argued, some form of metropolitan unity, some "blurring of the boundaries," must take place. The theoretical argument is a strong one. The region is an economic, occupational, social and cultural entity, and is becoming steadily more so. The proportion of the region's workers employed in their jurisdiction of residence, for example, 74% in 1960, was 57% in 1980, and continues to fall. And Baltimore, whose jobs are held increasingly by non-residents, provides an especially high proportion of the region's positions for professionals and other high-wage earners. The political boundaries within the region are historical artifacts, unrelated to current realities. They ought to be relaxed, perhaps eliminated. Then some portion of the wealth surrounding Baltimore, and created directly or indirectly by its presence, would contribute to its maintenance. Moreover, public services and facilities could then be planned and operated on a more efficient regional basis that went well beyond the cooperative arrangements that now apply to some waste disposal, water and fire protection services.

But political realities argue otherwise. They are nicely captured in the Regional Planning Council's General Development Plan. "In matters of finance and revenue generation, there is no authoritative mechanism at the regional level which would allow, and no compelling reason for the six jurisdictions to institute, any form of transfers to create greater fiscal balance." The goal may remain useful as an ideal, but it seems unlikely to affect events before the end of the century.

What then? There seem essentially three other possibilities. One is only partial and incremental. The others are bolder and more comprehensive, but seemingly more difficult to accomplish.

The incremental strategy would look, one by one, at the services the city provides and the facilities it maintains. As to each, the question would be whether Baltimore was providing more service to commuters and visitors from elsewhere in the state than it was receiving in outside budgetary support. Wherever the answer was yes, additional state (and perhaps in some instances county) contributions in the nature of users fees might be sought. For example, the city's FY 1986 budget allocates some $12 million to the support of libraries, $40 million to recreation and culture and some $214 million to public safety. Unlike sums spent on Baltimore's schools or social services, those expenditures directly benefit commuters and visitors. The state contribution to these functions is substantial, but it may still not equal their value to non-residents. Increases in that support can be sought without having to establish any radical new principle or confronting directly the larger questions of interjurisdictional equity. But even if generous, increases limited to those categories would probably not be large.

A more ambitious but almost certainly more contentious measure would be a commuter tax. Here again the theory is clear: commuters not only receive income in Baltimore, but benefit from a wide range of city-provided protections and services while in the city. Moreover, since jobs in the city tend toward the upper end of the income scale, a Baltimore-oriented commuter tax would fall largely on persons well able to pay it. It could also produce considerable income. If the roughly 210,000 jobs in Baltimore held by commuters paid, on average, $20,000 a year, and if the commuter tax yielded 2% of those salaries, the additional revenue would total some $84 million annually, or roughly 7% of the city's fiscal 1986 operating budget.

But a commuter tax applied only to out-of-state residents would have little impact, and a tax designed to apply only to Marylanders or residents of the region might cost more than it was worth. It would have to be part of a system which reciprocally taxed the income of city residents working in the surrounding counties and, even so, might increase interjurisdictional frictions sufficiently to jeopardize support for greater state contributions to the city's budget. It would strengthen Washington's case for taxing Maryland residents working in the District of Columbia. And if it took the form of an additional tax rather than a reallocation of revenue from existing taxes, it would tend to drive away from Baltimore businesses considering where to locate or to expand.

Another and perhaps more feasible strategy is that proposed in the General Development Plan: a fundamental restructuring of tax and funding mechanisms. The Plan sets out three ways of approaching that goal. In each the state would collect all local "piggyback" revenues. But it would distribute those revenues differently. In one variant, designed to limit imbalances resulting from differences in taxable wealth, revenues would be allocated to local jurisdictions on the basis of their proportion of the state's population and the size of their per capita tax base. The larger the population and less adequate the tax base, the more generous the formula.

In a second variant, designed to limit imbalances in tax base and to equalize property taxes, local property taxes would be capped at the average level for the state (currently $2.37 per $100 of assessed value, or well under half the Baltimore rate). The state would reimburse from piggyback proceeds the jurisdictions thereby losing property tax revenues, and then allocate remaining piggyback funds on a basis similar to that of the first variant. The direct fiscal effects of this alternative on Baltimore would be small, but because of the sharp reduction in property taxes, its economic stimulus to the city would be far greater.

Another alternative, intended both to reduce revenue disparities and to assure a high and more uniform quality of education throughout the state, would have localities cede to the state not only all piggyback revenues but an amount equivalent to $1 per $100 of assessed value on the local property tax. In return, the state would take full responsibility for funding (and administering) public elementary and secondary education. An important advantage of such a plan, of course, would be to open another route to the school reforms discussed earlier.

Each of the alternatives has its rationale, and many others could be constructed. But the immediate task is not to design particular schemes or to choose among them; it is to make clear in the region and state the need for some greater measure of assistance to the city (and perhaps to other jurisdictions). When that is done, a general strategy (service-based incrementalism, fundamental restructuring of revenue flows, redrawing of jurisdictional boundaries) can be bargained out, and a particular mechanism chosen.

At every stage, progress would require deep commitment from the governor and the business community as well as the city's representatives in the state legislature. The governor would be essential because the issue would prove unpopular and divisive. Even relatively sympathetic representatives of other jurisdictions would find it difficult to support such redistributions of revenue without the protection of visible leadership from the state's senior elected official. Active business support would be crucial. Alone among the city's communities, business has some leverage in the surrounding counties and in Annapolis, the arenas in which the battle for burden-sharing would be fought.

V: Summing Up

Where does all this leave us? It leaves us, I believe, with four conclusions and a question—a question that no analyst or outsider can answer. The conclusions can be very briefly stated.

A city declining. Over the last twenty-five years, Baltimore has lost a fifth of its population, more than half its white population, and a hard to enumerate but very large proportion of its middle class, white and black. It has lost more than ten percent of its jobs since 1970, and those that remain are increasingly held by commuters. By 1985, the city's median household income was just over half that of the surrounding counties, and the needs of its poor for services were far more than the city's eroded tax base could support. Similar forces were working on most older eastern cities, but few had been so sharply affected.

Worse, virtually all of those trends, though flattening out, are likely to continue. White and middle-class population will continue to decline, and black and poor populations will grow. Between now and the end of the century, the number of jobs will remain at about current levels, but more and more will be held by non-residents, and good jobs will require education and training of a quality the city's school system is not providing. Meanwhile, federal support for city budgets is likely to remain low.

A region hobbled. Outside the city, the Baltimore metropolitan area is healthy. It has added jobs, population and tax base—in some counties at very high rates—and it will continue to do so. But the city is the region's largest component. Its decline, therefore, compromises the region's position. Overall, the region is growing more slowly than the rest of Maryland, more slowly than the other mid-Atlantic regions with which it competes, and more slowly than the nation generally.

A chance to do better. The forces at work on the city are powerful and deep-rooted. They will not be easy to deflect or reverse. Nonetheless, at least moderately improved performance regarding some great problems—the city's economy, its schools and its revenues—is clearly possible, and some of the elements necessary to such improvement are present. There seems fair agreement among civic leaders that a new agenda is needed, and remarkable agreement on what its focus should be. A stronger economy might well be built on the foundation of an attractive city environment, a capable government, a potential comparative advantage in medicine and biotechnology, proximity to Washington and an activist governor. Better schools might be forged out of the heat of current dissatisfaction with the system, fed by the fast-emerging national recognition of what good schools require. And if the surrounding counties and the state continue to prosper, arguments of necessity if not those of equity may produce augmented city revenues.

No guarantees. It is well to emphasize the "may." There are many obstacles. Some are conceptual: there is no sure test of Baltimore's comparative advantage in the national marketplace except the marketplace itself. Major investments—in the port, in schools, in the airport, in amenities—might turn out to yield little. More daunting are the political and bureaucratic barriers to the agenda sketched out in the prior chapters, and to any agenda similarly ambitious. Enormous quantities of time, money, effort, good will and political capital might be expended, by leaders public and private, without the effort producing much more than contention and hostility.

Indeed, because of the uncertainties abounding in any such effort, one important function, probably best funded by Baltimore's grant-makers, would be to keep score—to compile and publish, annually, a kind of civic report card. It would be a serious, independent assessment, based on the best available data, of the city's progress, or lack of it, toward the main goals it had chosen. Such a document would help keep public attention focused on the city's central goals and on which of them were being attained and which not, and why. It would also stimulate periodic rethinking and updating of the agenda. No "second act" can be entirely scripted in advance.

Which leaves the question:

Is such an effort worth making? In the end, then, the choice of futures facing Baltimore is not a neat choice between decline and progress. It is a choice among probabilities as to rates of decline or progress. Passivity will not unfailingly produce much further decay; sustained effort will not assure rapid growth. Is any effort, therefore, worth making? If so, how great an effort, by whom, with exactly what goals? That question, the hardest, the writer leaves to his readers.