

A View From Federal Hill Revisited with David Harvey

From the City from Below Conference: Crisis and Resistance in the Neoliberal City

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*Scene starts from Federal Hill overlooking Baltimore's Inner Harbor. David Harvey revisits and updates his famous essay *A View from Federal Hill*, which appeared in *The Baltimore Book* and was reprinted in *Spaces of Capital*. This talk was from the opening of the City from Below Conference, organized by the Baltimore Development Cooperative, Red Emma's bookstore, and the Independent Reader.*

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Capitalism sort of goes through phases of boom and bust. And, actually, when I was writing *The View from Federal Hill*, it was a moment of bust, big bust, actually. Around that time, something like 600 financial institutions in the country went bankrupt. There was a serious crisis in the savings and loan industry.

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See the chapter "A view from Federal Hill" from *The Baltimore Book*.

The Maryland Savings and Loan Deposit Insurance Corporation went bankrupt. And some people who had their money in some of these savings and loan associations, like Old Court and Merritt, couldn't get their money out for about two or three years. So, this was, if you like, a period of crisis, which is very much about the patents of urban development of the time.

And I think one of the things we tend to have is a sort of amnesia about these past crises. And it's worthwhile remembering that what had happened here around Inner Harbor from the 1970s to the late 1980s. That period was a period of very rapid transformation of the Baltimore economy and a great deal of emphasis on the reconstruction of downtown and the reorganization of downtown as a consumer place, as an office space.

And this was a period when Baltimore went from being a blue-collar town with a lot of industrial employment to being essentially a white-collar town. And I think that the hiatus that occurred at the end of the 1980s, the end of that property boom, was caught up with the financial crisis. And so, I think that one of the things I would want to say about today's financial crisis, the foreclosure crisis, is that we should look at it in part as an urban crisis.

And for that reason, I think it's worthwhile looking at what happened, if you like. In the last urban crisis of the late 1980s, which was when I was writing this thing about the view from Federal Hill and in effect, the end of the 1960s and early 1970s saw the city in a very desperate sort of situation, which followed upon the uprisings in the city and after the assassination of Martin Luther King.

At that time, a large portion of the inner city was going that was there was a fire fires, there was looting, there was violence. They had to bring the tanks and the National Guard in to control of the city. And basically the sense was that the city was in a situation where nobody could possibly want to invest in it.

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Nobody would want to live here, given that almost everybody through the 1960s who had money had fled the city and been suburbanized. So, the big problem was what to do. Now, I came to the city in 1969. And at that time hardly any of this at all existed, just the Maryland National Bank. You can see the gold for the tower at the back and a few other buildings, and that was basically it.

And the big question was how to revitalize this part of the city. How to bring things back into town. And there were a coalition formed of all sorts of people, you know, business people who were interested in revitalizing the city for commercial purposes. But also, you would say liberals and others who had some sort of passionate involvement in the city. And one of the people who had passionate involvement that saw that time was the chair of the department at Johns Hopkins that I just joined, a guy called Reds Wolman and "Reds" stands for the color of his hair, not his politics. And he became very involved in the city and housing questions and employment questions, even though he was a physical scientist he was deeply committed to the idea of trying to bring the back the city in a more humane kind of way.

[M. Gordon "Reds" Wolman](#) was Chair of Johns Hopkins' Geography and Environmental Engineering Department.

And on that, for that reason, he took over and decided to try to work with questions of housing in the city. And I got then involved myself a lot in what was going on in the low-income housing in the city and got to know the city pretty well from that perspective and then started to recognize what was going on here in terms of the commercial development.

See "[Absolute Rent and the Structuring of Space By Governmental and Financial Institutions](#)" with Lata Chatterjee.

Now, the idea came up around 1970 ... what to do in the wake of the eruptions that had occurred in 1968? And the idea came that you would run a city fair. And the idea was that this is a city of neighborhoods, very diverse neighborhoods with different ethnic backgrounds Lithuanian, Polish and the neighborhoods still had a very strong ethnic character, so the idea was to try to bring the city together around the idea that this is a city of ethnic neighborhoods and that therefore we should have a collective fair where we all came together in a sense to reassert that this was a city that was worth living in.

It was a city worth being part of. The city fair occurred in 1970 and it was pretty much a great success. And within two or three years, the city fair it was bringing in two million people downtown.

That was a very important demonstration, if you like, that the city was not necessarily dead. That therefore there was a possibility to try to reconstruct downtown. Which would bring, if you'd like, initially the population of the city together. And then as time went on, of course, bring people in from outside.

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And to that end, Rouse, who was at that time a pioneer of urban redevelopment of this kind, suggested that he would build some sort of pavilions and harbor place type thing. And there was a big argument about where he should do it and how he should do it. And the initial idea was that he would be given the power plant over there and that he would convert that inside. He basically said, no, that's not a good idea. I'm a real estate developer and real estate developers know this is very great importance of location, location, location. And I want this corner down here. The trouble was, this corner down here was public land. And there was a big fight over the big question of whether he would be allowed to build on that public land. And there was a referendum, I think in 1975 on that on that question, very narrowly won referendum for the commercial interests to be able to rebuild this part of the center of the city this way.

[James W. Rouse](#) of the Moss-Rouse Company.

Now at that time also there were other proposals. One of the proposals I really like is the science museum over here. And one of the things that's very peculiar about its design is you notice it has a solid brick backside. And that's because over here in Sharp-Leadenhall, it was an African American population.

And there was a terrific fear that there, you know, they would raid the city, trash the windows, this kind of thing. So, it's actually built as a military establishment. It's kind of an outpost of the Inner Harbor to try to defend against the possible violence that might come from that Sharp-Leadenhall whole kind of African American population. It didn't really matter because within about 10 years, gentrification had taken over Sharp-Leadenhall, and so they disappeared. But you're left with a horrible, horrible design of the Maryland Science Center that they still have a terrible time trying to reorganize in such a way as to make it a civilized place to be.

So that was one of the first, if you like, buildings that came in here and then after that Rouse built the pavilions and then there was a tremendous kind of period where public subsidies were coming in. And this was a period when Mayor Schaefer, was elected I think in 1971, became the mayor and really espoused this notion of a public private partnership. And interestingly, at that time, the banks were very reluctant to invest in the city. So, what Schaffer did was to set up a reconstruction bank of his own kind of a private, quasi-public entity which created, in effect, what many people came to call a "shadow government". These were where the real decisions were being made. And this is something I think is really important to think of right now, because if a mayor can do that in order to get commercial development going, why can't a mayor build up something of that kind to try to get actually more social justice in the city, a better kind of division of goods and services and all the rest of it in the city?

William Schaefer, a democrat, was mayor of Baltimore from 1971 to 1987.

In other words, there are ways in which you can bypass normal banking practices if you want. And I think that's a very important issue today. My own view is, right, today that we probably need to set up some of the equivalent of a National Reconstruction Bank, although maybe we don't call it bank, but something of that kind that can actually deal with the catastrophic effects of the foreclosure crisis on the ground in many parts of the country and deal with the fact that homelessness is rising at the same time as vacant buildings are cropping up all over the place and abandoned buildings, all over the place.

The crazy system in California of tent cities arising in the midst of sort of empty, abandoned housing, which seems to me is an invitation to invasion and taking them over and all the rest of it. But that could be done with official support.

If you had a kind of institution that was prepared to sort of say, OK, we're going to take over that housing and bring the people in. Anyway, what then followed was a whole series of tremendous subsidies that came from the city to try to get commercial activity in here. The building over there, the glass building, which is the Hyatt building, that was, I think, about half a million dollars. The Hyatt put about half a million dollars into thirty-five million.

The rest of it was actually built by the city.

And the idea was that the city owned the walls and the Hyatt owned the interior. It was a very peculiar kind of sort of arrangement for many years. That tall building over there, the Harbor Towers, was actually built on very prime land for almost nothing.

I mean, again, it was subsidized. The guy who built it promised he would actually put a lot of money into revitalizing the area around Lexington Market, largely African American sort of shopping area. But of course, the guy never did anything of the sort.

He built the building, got rid of the properties and then sort of disappeared from town. So, this is the sort of thing that was going on at this at this time in this Harbor area. But that was supposed to compensate for the tremendous wave of job closures. And the job closures in the late 1990s were really pretty catastrophic. In some cases, you're just dealing, as was Bethlehem Steel, way down there, with the reduction of the work force.

But in other cases, you have Western Electric and all the rest of it down here that were actually just closing down, losing three thousand five hundred jobs or something of that kind abandoning. So that was a time, like I said, when Baltimore started to become a white-collar city rather than a blue-collar city. And, of course, this this area right here, which I hadn't seen this new building down here because I've haven't been here for a while. But this area down here was the Bethlehem Steel ship repair yards and this area over here, there was an area over here that used to have the union hall and the ship repair yards closed down about 1983, 85.

And this was when the boom was on. And somebody saw this as a great space where you could actually build all sorts of stuff. Now, the interesting thing about this was the city became so heavily involved that you had a situation where actually the investments in the inner city were not really paying off.

I mean, the argument always was, well, if we get this stuff downtown, then the taxes are going to you know, the property taxes are going to be high and we're going to then be able to use that money to provide services to the rest of the city. But by the time you got to the middle of the 1970s and even into the 1980s, you were not taxing the downtown to its full capacity at all.

And in fact, you making net losses. A lot of the time in terms of the service provisions for the downtown and all the rest of it. So, in a sense, the public was subsidizing the corporate sector all of the time and at the same time finding it wasn't getting enough profitability.

And out of this came a process which I sort of call "feeding the downtown monster". What in effect happens is that a wave of investment comes in and it doesn't pay off. And so, you have another wave of investment in the hope that it'll help the first wave to pay off and then maybe the first wave does start to pay off. But the second way it hasn't isn't paying off. So, you need a third round of investment that the second wave pay off. And so, it goes on. And so, you get this kind of process. What you see around here is wave after wave of investment, much of it publicly subsidized. I mean, I'm not sure how much of this was publicly subsidized, but a lot of it is publicly subsidized in the hope that one day you'll get your money back and that one day you'll have sufficient money coming out of this to be able to fix the rest of Baltimore. Well, I haven't been traveling around Baltimore, but coming in on the train this morning, I know that a lot of East Baltimore is not being fixed. And there are large areas of the city that are still as catastrophically served as they were before. And everything I've seen of the data suggests that that when you when you look at the data in terms of social conditions and all the rest of it, the city is no better off than it was, say, maybe 30, 40 years ago that the rich have got richer, as always happens, and the poor have remained poor.

And that is essentially it's been a class divide in which you create a dual city. And this is the city we see and we say, oh, well, isn't Baltimore doing well, you know? But the idea that the city can do well while the people do poorly never seems to cross people's minds. But in effect, that has been the story about Baltimore all along, that the most of the city has not been touched by all of this, except to the degree that you happen to live in and get in the way of the expansion. So, that when you look at what's going on in East Baltimore, you know, the sort of the Gold Coast down to Canton and all the rest of it, what you'll find is a process of gentrification and displacement. You'll find institutions like Johns Hopkins Hospital, of course, they're using this eminent domain and getting people out of there. You'll find the same thing happening as coalitions of public and private institutions get together and decide on some renewal project in another part of the city. And the famous kind of thing that I really learned in the in that housing research, which I did a long time ago, back in 1970s. And at that time, I only had just begun to read people like Marx and Engels. And there was this wonderful line in Engels about the housing questions that said the bourgeoisie has only one way to solve its housing problem. It moves it around. And actually, that at that time, I kind of remember saying that to a meeting. Somebody said, what a brilliant insight. Insight. Where'd you get that from? And I said, Well, I got it from Engels. And they said, Oh, does he work at the Brookings Institution?

But I said, it is a fantastic insight in the sense that the whole problem gets moved around to get the dynamism. It gets really sort of such that that in a sense, even the powers that be are not really in control of it. They find themselves forced every step to kind of go, well, we've done this. We've now got to do that, because if we don't do that, what we just did won't make any sense. So, there's a kind of a logic, if you like, to the whole way in which the system keeps going and expands at the same time as that logic absolutely forecloses upon.

Well, I shouldn't use that word, really, but it does foreclose on any possibility of actually solving the real root of social and economic and political impoverishment. And this seems to me to be one of the crucial things to recognize. That even though this looks dramatically different, there are in a sense, similar processes going on all the time. And the degree of popular participation in all of this is in itself rather negligible. I can recall when I was here there were all these protests about the Marriott and there were hearings in city council and we went to the city council and 99 percent of the people in the city council were saying, no, we don't want that. We don't need it. It's kind of sad.

What are you doing this? And everybody listened very dutifully and said, yes, we would take it into account. And then, of course, next day they announced they're going to build it. And this is a sort of truth that this goes on and on and on.

And this, of course, is happening in New York, where I now live. And there is, in fact, almost no urban democracy. And I think the reconstruction of urban democracy right now is actually one of the big, big issues that we face.

But it was one of the big issues that existed back in the 1970s and 1980s. And it's something that existed back in the 1960s.

So, it is a perpetual kind of kind of problem. It's who has, one of my favorite terms, the right to the city and who exercises the right to the city. And it's very clear and it was particularly clear the late 1960s when I first came here, that the right to the city was effectively held by three major financial institutions. There were three major banks in the city, and they dominated everything and public institutions, also did, but private institutions as well.

It turned out that the three big banks were very well represented on the board of trustees of Johns Hopkins University and the power of Johns Hopkins University and Hospital. And all the rest of it is also one of the big players that decides what shall happen in this city and how it shall happen. When they set up an urban health initiative some years ago it became clear that one of the issues they were concerned about was the fact that Johns Hopkins Hospital was in a census tract with one of the lowest life expectancies in the whole of the United States. And this was an embarrassment. It was an embarrassment. It was also politically difficult when you had, you know, famous people coming to have treatment that they had to pass through this kind of thing. So obviously, the plan was to try to gentrify the whole area around, to try to get people out of there.

And the other thing which turned out in a meeting, I was really quite surprised when they said this sort of thing. They said, well, you know, there was a time when Medicaid was very profitable for us. We made money on it. But now Medicaid, you know, the capping of Medicaid has made it no longer profitable for us. So actually, we lose money on Medicaid patients. They made money on Medicaid patients in the 1960s, early 1970s, and then they started to lose money on Medicaid patients. So, we don't want to have Medicaid patients and what's the best thing to do?

Well, remove poor people from around the hospital and we won't have as many Medicaid patients, as simple as that. I mean, I suggested, well, maybe they should bus them to the backyard of the University of Maryland or something like that and put them over in that area. I mean, this is the kind of thinking which is, again, about moving the problem around. If you've got a difficulty move it around, move it around. And what we're seeing here is a consequence, I think, of that all of that moving around.

Now there are other sort of things you can see from here and I can go round and talk about very specific issues.

But the building next to the one with the gold, you can just see at the back of the IBM building, there's little with a flag on top of it.

That was built by one of those crazy savings and loan institutions back in the 1980s. It was the Merritt building and what the savings and loan were doing was essentially engaging in what we have now got used to calling "Ponzi schemes" that were offering very good rates of return to savers, but they were using savers money to pay off rates of return.

And at the same time, they were building spectacular buildings like this one, very tall building. And but then they went bankrupt and eventually that had to get taken over. I think the head of that one went to jail for 10 years for fraud and eventually got taken over by Citibank.

So, as you go around these buildings, you see all these kinds of stories of chicanery and all the rest of it. Domino sugar itself has a very interesting sort of history.

This city, of course, a long time ago was a very strong merchant capital kind of place.

And, actually, the Cuban sugar trade was a very big issue. And relations with Latin America were a very big issue here, which accounts for something which is noted in the Baltimore book, which I was thinking is rather cute, which is that there is a statue to Simón Bolívar in Roland Park. Now, I wouldn't imagine Roland Park would be in favor of a Bolivarian revolution, as we now understand it, but at that time you can understand the merchants thought were very much in favor because Simón Bolívar was opening up Latin America for their trade. They were backing him to some degree and so, there is this statue in this bourgeois sort of neighborhood of the city to Simón Bolívar. And of course, after the revolution, the sugar trade with Cuba diminished. And then there was the big question of where was the sugar going to come from. So, the sugar business has long been big here.

And that's a residual, if you like, of the time of Baltimore's history, when this was a merchant capital center rather than an industrial capital center. Industrial capital started to take off big time in the 1920s, 1930s and really consolidated very big in World War Two. World War Two was the time when the steel industry, the shipbuilding industry, all of those elements, industries, all of those things. That's when Baltimore became, if you like, a very solid sort of blue-collar town. And at that time, there was a very strong migration of African Americans, particularly from the Carolinas, even the Lumbee Indians who still exist over in Fells Point. They still have their sort of community over there, came from North Carolina at that time to work in the shipbuilding industry and the iron and steel industry. So, this was a big period of migration of industrial labor.

And then, of course, after World War Two, when things quieted down, a lot of that population suffered the same fate of Rosie the Riveter. And they basically were told to go home, but they didn't go home. They stayed in the city. And that was then when you started to find some of the racial tensions beginning to become very, very, very difficult in the city during the 1950s, 1960s.

So these are the if you like, many of the themes that that strike me when you look at this scene, I think that, you know, one of the, again, one of the things that I would I would really want to emphasize is to really try to imagine how much of this could have been built without public money and how much public money and how much public investment is involved in here.

And this was a hallmark of the Schaefer administration, which I think the city is suffering from and has suffered from all along. But Schaefer, in effect, destroyed the educational budget of this city. There was no expansion in education moneys at all during the 1970s-1980s. In effect, you devastated the city school system and took those resources and put it into building this kind of thing. And I think that this is something that again has had a catastrophic effect upon education in this city. And of course, the prospects of what you might call almost a lost generation of people who are being deprived of a decent access to a decent education as a result of those kinds of catastrophic defunding policies of the public educational system.

Leaving you, of course, with the irony that this city has some of the best schools in the country, but they're all private. And the public education system is still pretty much of a disaster, as I understand it now.

So, these are the sorts of issues that crop up here. And I think right now, in the midst of this particular financial crisis, I think we have to ask a whole set of questions about the degree of subsidy which is going to corporate America and the financial institutions in particular, because it strikes me that ever since the 1970s, what in effect we've had on that front is a system which is based on protecting the financial institutions at all costs at the expense of the people, save the financial institutions, screw the people.

And, you know, I cannot imagine that you can look at the current processes which are going through Congress in which Obama is pushing without agreeing that this is exactly the same story all over again.

It's the same sort of story that existed back in the 1970s in New York City, and it existed in the Mexican debt crisis when Mexico was about to go bankrupt. And if they did, then the New York investment banks would be lost. So, what happened? The IMF and the Treasury bailed out Mexico so the Mexicans could pay back that New York investment banks. And then they screwed the people in Mexico who lost about 20 percent of their living standard. We're going through the same thing here. We are, in fact, going through what we should have gone through all along. If the IMF had been running a neutral institution, they should have come out in a structurally adjusted us about five or six or even ten years ago.

But now we're being structurally adjusted by, if you like, a process which is going to come out exactly the same way unless there is some kind of social movement which is going to resist it and which is going to resist it very forcefully and say enough is enough. We've been through this process so many times and again and again and again, and it's time we did something really radically different. And instead of building this kind of city, we built a different kind of city, a city that has is made up more in terms of questions of social justice, of environmental justice, environmental sustainability and all the rest of it. And that means that there has to be a social movement demanding a different kind of city. There has to be. And that's why at the moment I've been working in New York City and also nationally with the Right to The City movement in the sense of trying to say, look, let's have a collective movement around this question right now, because this crisis is an urban crisis. Make no mistake. And if it's an urban crisis, it has to have an urban solution. And the urban solution is not yet another round of this sort of thing. It has to be something that is radically different.

And therefore, it is something which needs to be sort of constructed by a popular movement and built around popular participation and a popular agenda, if you like, for trying to sort of reconfigure what urban life is going to about, how educational resources are going to be distributed, how housing is going to be rebuilt and reconfigured and how we're going to how we're going to do all of that. And this is the kinds of things it seems to me we should be collectively working on. So, when we look at a particular landscape of this kind, we can look at it and say, this is the landscape the capital built. What kind of landscape would we build?

Additional Resources

Fee, Elizabeth, Linda Shopes, and Linda Zeidman, eds. 1993. *The Baltimore Book: New Views of Local History*. Reprint edition. Philadelphia: Temple University Press.

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