

The Vault comes out of darkness

After a quarter-century, Boston's shadow government
wants to be seen as
a corporate good citizen

by Peter Dreier

This year, with the major theme of the mayoral race being "the downtown" vs. "the neighborhoods," the downtown group to watch is the Vault. For almost 25 years, this shadowy group of Boston's corporate heavyweights has played a key role in shaping the city's political and business climate. Yet little is known about the "Coordinating Committee," as it is formally known.

Every major American city has an unelected Permanent Government, a network of bankers, corporate executives, lawyers, developers and other power brokers who run the large institutions and exercise both visible and behind-the-scenes influence. But Boston's power structure, with the Vault at its center, is more cohesive than its counterparts in most other cities.

The Vault's origins go back to the immediate postwar period, when Boston's close-knit Yankee business leaders sought to revive the region's sagging economy. By the beginning of the 1960s through a number of interlocking organizations, an economic action agenda, close allies at City Hall and the federal government's massive new urban renewal program, the Vault had succeeded in starting Boston's downtown building boom.

Since the 1920s, Boston's Yankee banks and insurance companies had refused to invest in the city. Only one private office building had been constructed in Boston since 1929. Leaders of these businesses blamed the Irish politicians—particularly Mayor James Michael Curley—for the city's high tax rate, questionable assessment practices and corruption. But much of their hostility was a mixture of Brahmin snobbery and opposition to the New Deal-style government programs for the poor and working class that Curley supported. So while the Irish ran the city politically, the Yankee capitalists had, by the end of World War II, turned Boston into an economic wasteland. With the middle class moving to the suburbs, new high-tech and defense-oriented industries sprouting outside city limits and manufacturing jobs going South or overseas, Boston's future looked bleak.

In 1949, with the help of some segments of the business community, Curley was defeated by John B. Hynes, a more pro-

business Irish politician. The group that helped defeat Curley became the New Boston Committee (NBC), headed by Henry I. Shattuck, a well-connected Republican lawyer, and Jerome I. Rappaport, an up-and-coming Harvard Law School graduate. For several years, the NBC held forums, issued reports and supported candidates in order to promote "good government"—by which it meant getting rid of the remnants of "Curleyism" and paving the way for a downtown takeoff. (Rappaport would later benefit handsomely from urban renewal as developer of Charles River Park, which replaced the old West End.)

Ruling-class rallies

In 1954, with a grant from the Ford Foundation, the Boston College School of Business started a series of Citizen Seminars to begin a new partnership between the city's Yankee business elite and its upwardly mobile Irish politicians. The business leaders who attended the seminars saw themselves spearheading Boston's economic recovery, but their rhetoric suggests that they also viewed their mission as having a higher purpose: restoring public confidence in their own leadership and vision. The early seminars served as pep rallies for Boston's ruling class.

At a seminar in 1956, for example, Erwin D. Canham, editor of the Christian Science Monitor and member of the business inner circle, called for the creation of a small cohesive corporate group to spearhead the city's economic recovery. Said Canham: "This should not be a group appointed by the Mayor or Governor. It should be a group appointed—as in Pittsburgh and Philadelphia—by its members themselves."

Robert Ryan, vice president of Cabot, Cabot & Forbes, the giant real estate firm, addressed the seminar in 1957 in almost missionary terms: "Gentlemen, we are marked men, Bostonians at mid-century! The most significant idea which has come out of these seminars is that Boston is crying for leadership. We have been tapped by fate, for which we should be ever grateful and give thanks." Ryan made it clear what kind of leadership he had in mind. He said, "Boston has reached the point where private funds cannot be invested in Boston in any amount equal to fill-

ing the need until those funds can be assured a chance of return on investment."

In 1957, a small group of prominent businessmen, led by John Hancock's Paul F. Clark, founded the Greater Boston Economic Study Committee (GBESC), which produced a series of reports that emphasized the importance of turning Boston's downtown into a center for retail and service businesses and for corporate headquarters. The GBESC was closely linked to the Committee for Economic Development (Clark was its vice chairman), a national business group that had promoted the federal urban renewal legislation of the late 1940s. One of the GBESC's recommendations: create a superagency to coordinate downtown redevelopment.

The New Boston Committee, the Citizen Seminars, and the Greater Boston Economic Study Committee were all evidence that the Boston business elite was gearing up for some decisive action. What finally emerged, in 1959, was a group of 14 corporate leaders—mostly Yankees who had known each other through various business, civic and social connections—who called themselves the "Coordinating Committee" but who were soon nicknamed "the Vault"—reportedly because of their mystery-shrouded meetings that were held at Boston Safe Deposit and Trust Co.

The first item on the Vault's agenda was to help Suffolk County Registrar John Collins defeat State Senate President John Powers in the mayoral race. The Vault's connections helped fill Collins' campaign war chest and give the business-oriented candidate advice on issues. The Vault was also crucial in another way; on October 30, a few days before the election, federal Treasury agents raided the Ringside Cafe in East Boston, which was owned by former boxing champion Sal Bartolo, on the grounds that it was operating as an illegal bookie joint. The restaurant featured a huge "Powers for Mayor" sign. Collins' campaign produced photos of the restaurant and of Powers and Bartolo together, thus tying Powers to the bookie raid. Despite the fact that polls showed Powers ahead, and that Powers had the endorsement of the Herald, the Globe and Cardinal Cushing, Collins won the election by a stunning 24,000 votes.

Knockout for Collins

One of the Vault's original members, interviewed recently, believes that the timing of the raid was no accident. Robert Cutler, a prominent Boston Yankee and former chairman of the Old Colony Trust Company, was President Dwight Eisenhower's special assistant at the time. The Vault, this source suggested, had intervened to help Collins. Its behind-the-scenes role, however, was never revealed.

Between 1959 and 1968, the Vault (which gradually expanded in size) met regularly and worked closely with Collins. It was instrumental in catalyzing the "New Boston" downtown redevelopment by providing experts for studies and by mobilizing business support for Collins' projects. Collins embarked on a program of budget cuts that the Vault wanted; he trimmed 1200 employees from the city's payroll and reduced city services and tax concessions to developers.

Stung by the bad publicity associated with the razing of the West End, a project of Mayor Hynes' which hurt the urban renewal program's credibility in many neighborhoods, Vault founder Ralph Lowell and Mayor Collins personally traveled to New Haven several times to persuade planner Edward Logue to come to Boston. The Vault pushed for the creation of the Boston Redevelopment Authority, which paid Logue \$30,000 as BRA chairman (then the highest salary of any public official in the state) and gave him unprecedented leeway to implement his plans. Collins also replaced Joseph Lund, an executive with real

estate developer R.M. Bradley who had alienated many residents with his bulldozer approach to urban renewal, with Monsignor Francis Lally, editor of the Catholic archdiocese's *Pilot*, as director of the BRA to pacify suspicious neighborhood residents. Logue and Lally promised to do "planning for the people." Although Logue's urban renewal projects, and those of his successors, displaced many long-term residents and promoted what is now called "gentrification," Boston never again experienced anything as dramatic as the complete destruction of the West End.

Careful crisis intervention

When Collins retired, the Vault members backed Logue for mayor in 1967, but the master builder was not a master politician. He didn't even make the runoff, which saw Kevin White defeat Louise Day Hicks. During White's 16 years in office, the Vault played a less decisive role in Boston politics. The Vault's initial purpose—which it had accomplished almost entirely outside the public view—was achieved. The downtown was booming. Banks, insurance companies, utilities and major law firms were making big profits. High-rise office towers, luxury apartment buildings, Government Center and fancy new hotels were changing Boston's skyline. The Vault played its hand carefully, waiting for moments of fiscal crisis—as in 1968, 1976 and 1981—to intervene. Whenever the city was close to running out of money, the Vault stepped into the vacuum to demand that any bail-out be on the business community's own terms. The major difference between the Vault's earlier role and its activities in recent years is that its members now talk publicly about the group's existence and power. "I know this sounds immodest," said John LaWare of Shawmut Bank, the Vault's current chairman, "but we have an enormous amount of clout." Under LaWare's leadership, the Vault has taken an increasingly public role in the 1980s. In 1981 many Vault members contributed funds to the "Committee for Fresh Faces," an effort orchestrated by developer Robert Beal to support a group of moderate candidates for City Council. All four (Bruce Bolling, Maura Hennigan, Terry McDermott and Michael McCormack) won, heading off possible victories by tenant activist David Scondras and antibusing leader Jim Kelly. The Vault also supported the successful city ballot question for district representation, pouring funds into the Committee for Change. Last year, the Vault leaped into the headlines with a plan to improve the troubled and long-neglected public schools. With great fanfare, the Vault and Mayor White announced the "Boston Compact," an agreement to give graduates of Boston's high schools priority in entry-level jobs.

Out of the shadows

Earlier this year, the Vault's brokers began meeting with rival mayoral candidates to size them up, much as they had done 25 years earlier with Collins and Powers. Some observers believe that the Vault's apparent lack of confidence in Kevin White was one reason, among others, that he decided to drop out of the race. This summer, the Vault took a major step by forming its own political action committee—Friends of Good Government—to influence city elections. It selected John Delaney, former head of the Boston Municipal Research Bureau and now a vice president in charge of government relations for the Bank of Boston, to chair the new group. (*See the BBJ, October 3, 1983, for details of the committee's involvement in this year's city council and school committee races.*)

With polls showing that public confidence in big business is at an all-time low, the Vault is trying to carve out an image as a socially responsible corporate citizen. Boston's business community has funded neighborhood cleanup campaigns, launched

a program to increase foreign exchange programs for high school students, initiated the recent summer jobs program, participated in the Boston Committee and sponsored the Boston Compact.

But it may be an uphill battle for Boston's corporate leaders—who many residents view as responsible for a multitude of problems, including high utility, insurance and mortgage rates; pollution; nuclear power hazards; big tax loopholes; redlining and neighborhood displacement; workplace dangers; and sex discrimination—to persuade people of their good intentions.

With or without the public's trust, however, the Vault has several means at its disposal to exercise political influence. The most obvious is the campaign contributions and advice its members (and their organizations) can provide candidates seeking public office. Through its many overlapping ties (see accompanying article), the Vault has considerable weight in directing resources from many corporations, corporate-sponsored groups and corporate executives.

Exercising political clout

Less visible, however, is what might be called the Vault's ace in the hole. At the pinnacle of financial power, the Vault can influence the status of the city's fiscal health. The city's bond rating (and thus its ability to borrow money) and the reputation of its "business climate" both depend on decisions made by Vault members. If public officials move too aggressively against corporate interests, businesses can threaten to pull up stakes, taking their capital, their jobs and their tax base with them. Few politicians want the reputation of losing the "confidence" of the business community.

And, when push comes to shove, the Vault (as its counterparts in other cities have done) can launch a political assault against so-called "antibusiness" politicians. Dennis Kucinich, Cleveland's populist mayor, learned what can happen when a politician incurs the united wrath of the business community. He was defeated for reelection.

Of course, the Vault is neither monolithic nor all-powerful. The Vault seeks, as one member explained, "to iron out conflicts" among business leaders, but it does not always reach a consensus. Its members do not agree on everything. They may support different political candidates (they were divided on Dukakis vs. Sears) and split on specific public policies (they

disagreed on whether to back Proposition 2½). Vault members are supporting different mayoral candidates in the preliminary race this year.

It's not omnipotent

When citizens' groups, unions and politicians are well organized, they can effectively challenge the Vault's power. The Vault has never been fond of rent control, for example, but tenant groups have since 1970 forced the mayor and city council to maintain some form of tenant protection. The Vault wanted the Inner Belt highway constructed; community protest in the late 1960s stopped it. The Vault strongly opposed the Property Tax Classification Act in 1978, pouring funds into the Committee Against Property Tax Discrimination. But a coalition of Massachusetts Fair Share, unions and other community groups launched an impressive grassroots campaign and voters approved the amendment. Nine-to-Five, the working women's group, has made some inroads in organizing clerical workers and fighting office safety hazards within Boston's downtown banks, insurance companies and law firms.

If Boston operated on a one-dollar, one-vote principle, the Vault would be virtually invincible, given the economic resources at its command. But because politics is frequently a tug-of-war between money and people—and because people can vote, organize, protest and think for themselves—the Vault doesn't always translate its resources into political victories.

The Vault will never again have the unchallenged power to shape Boston's political and economic future that it enjoyed in the 1950s and early 1960s. Its initial goals were achieved. But the legacy of that period—a strong feeling that what's good for "downtown" isn't necessarily good for "the neighborhoods"—will shape the political landscape for the rest of the decade. □

"Who Rules Boston?" (IDS, 145 Tremont St., Boston, MA 02111, \$8.95 plus \$1 postage), from which some of the above was excerpted . . . takes a close look at the city's power structure—including a chapter that unlocks the Vault's history, membership and mode of operation to public scrutiny.

Coordinating made easy: The almost seamless web of power interconnecting the Vault

The Vault is composed of the city's corporate heavyweights—the chairmen or presidents of major financial and commercial institutions, as well as the heads of the Greater Boston Real Estate Board, the Greater Boston Chamber of Commerce and the Boston Municipal Research Bureau.

Unlike many other business groups, the Vault does not seek publicity. Although its members are not shy about their wide range of business, civic and philanthropic affiliations, there is no reference to the Vault in any of their biographies in various reference guides, such as "Who's Who in America" or the "Boston Directory of Directors"—a conspicuous omission that lends credence to the mystery surrounding the Vault.

The original 1959 Vault members were primarily Yankees with access to inherited wealth and family connections. They included men like Ralph Lowell of the Boston Safe Deposit and Trust Co., Charles Coolidge of Ropes & Gray, Lloyd Brace of the First National Bank of Boston, and Paul Clark of John Hancock. Today's Vaulters, 30 in number, are a different breed. Most are not Boston natives. The Vault's composition now includes three Jews, one Italian and at least four Irish-Americans.

But most important, as Roderick MacDougall, chairman of the Bank of New England, explained, "We're hired hands from out of town." Most are professional managers—company men. With some exceptions, they

will not pass on their corporate positions to their siblings or children. Vault members are not powerful as individuals. Their influence comes from being at the command posts of corporations and other institutions that control money, property and people.

All male, all white

But they are still, in many ways, an "old-boy network." As a group, the 30-member Vault is all male and all white. At least 12 have either undergraduate or graduate degrees from Harvard, and several others attended Harvard Business School's special nondegree training programs for corporate executives.

Only four live in Boston. Most members prefer the outlying suburbs—four each in Weston and Dover; three in Marblehead; two each in Wellesley, Winchester, Newton and Brookline; and one each in Cohasset, Scituate, Concord, Lincoln, Lynnfield, South Hamilton and Cambridge. Their annual salaries and benefits range from over \$100,000 to almost \$600,000. Their average age is 55.

These 30 men are connected by an almost seamless web of overlapping memberships on the boards of major corporations, business-sponsored groups, civic and philanthropic organizations, and social clubs. This makes the Vault's task of "coordinating" the city's business resources much easier. Their leadership of these institutions is like a game of musical chairs, passing from one individual to the next.

Among the 30, four are on the board of directors of the Bank of Boston and another is the bank's senior vice president. Four are directors of the Shawmut, three are directors of the Bank of New England, and one a director of State Street Bank. There are three Vaulters on the boards of both Liberty Mutual and New England Mutual, and two on the John Hancock board. Three Vaulters are on the board of New England Telephone; two are on the boards of both Eastern Gas and Boston Edison.

Some observers claim that Boston's business community is over-organized—that there are too many groups competing to speak for the business community or special sectors of it. But the web of connections, with the Vault at its inner circle, betrays the concern over a fragmented business elite. The Vault includes nine members of the Massachusetts Business Roundtable (the Vault's statewide counterpart), 12 directors of the Greater Boston Chamber of Commerce, nine directors of the Private Industry Council, six directors or ex-directors of the Greater Boston Real Estate Board, eight directors of the Boston Municipal Research Bureau and five directors of the Massachusetts Taxpayers Foundation (both corporate-sponsored think tanks), and one director of both the Associated Industries of Massachusetts and the Massachusetts High Technology Council.

Twelve of the Vault's members are directors of the United Way, which perhaps helps explain why its alloca-

tions go primarily to mainstream agencies and organizations (like the Salvation Army, Boy and Girl Scouts, Boys and Girls Clubs, Family Counseling and Guidance Centers, and Visiting Nurses Association—all worthy causes, indeed), instead of grass-roots advocacy groups that frequently lock horns with the business establishment. (By the way, three Vaulters sit on the board of the Boys and Girls Clubs, two on the Boy Scouts, and one each on the Salvation Army, Family Counseling and Guidance Centers, and the Visiting Nurses Association.)

One of Boston's chronic fiscal problems is that about half its property is tax-exempt. Many tax-exempt institutions—used principally by suburbanites—don't contribute to the city's coffers. These institutions provide many jobs and worthy services, but some of them have lost public confidence by their hostile labor relations policies and pushy institutional expansion. The influence of these nonprofits is no doubt enhanced by their links with the centers of economic power. Vaulters have ties to Northeastern University (11 board members), Boston College (three), Boston University (two), Museum of Science (six), New England Aquarium (six), Boston Symphony Orchestra (three), Massachusetts Eye and Ear Infirmary (two), New England Medical Center (two), Boston University Medical Center (one), Beth Israel Hospital (one) and Brigham and Women's Hospital (one).

A discreet discrete circle

Obviously, Vault members have ample opportunities to run into each other at board meetings of countless organizations. But if they need a quiet place to chat, they can repair to the exclusive settings of the Somerset Club (five Vault members) or the Algonquin Club (12 members), where they won't be bothered by anyone outside the inner circle. Neither club has any women, black or Hispanic members. Each has only a token number of Jews.

Indeed, the all-male, all-white (almost all-Christian) world of these clubs is reinforced by the Vault's corporate practices. There are 203 slots on the boards of the city's 10 most powerful banks (Bank of Boston, Shawmut, Bank of New England and State Street Bank), insurance companies (John Hancock, New England Life and Liberty Mutual) and utilities (New England Telephone, Boston Edison and Eastern Gas), each of which have representatives on the Vault. Only nine women, three blacks and 10 Jews fill these positions. There are no Hispanics. Affirmative action still hasn't come to Boston's power structure. Ironically, four Vaulters (Richard Hill, Robert Beal, Kenneth Rossano and Harold Hestnes) serve on the Boston Committee, which was formed by Kevin White to combat bigotry and discrimination.

—Peter Dreier