Support Your Local Banker

New Orleans Needs Help
from a Dying Breed of Civic Leader

By Otis White

ATLANTA

AFTER winning re-election as New Orleans's mayor, C. Ray Nagin promised a new beginning and an economic boom for his city fueled by federal financing for reconstruction. But in fulfilling that pledge, Mr. Nagin and his fellow Gulf Coast political leaders lack a vital resource that their predecessors had: strong and engaged local bankers.

One example would be Donald E. Powell, President Bush's coordinator for Gulf Coast rebuilding. Mr. Powell built a career the old-fashioned way: starting out as loan officer at a savings and loan in his hometown, Amarillo, Tex., jumping to the biggest bank in town and working his way to the top. By 1987, he was the chief executive of First National Bank of Amarillo and, in time, he wore every civic badge worth wearing: chairman of the chamber of commerce, member of the city housing authority, patron of the local boys' ranch, trustee of High Plains Baptist Hospital. Had disaster struck Amarillo in the mid-1990's, Mr. Powell could have stood at the front of the room and told federal officials every project worth supporting and every politician to avoid.

Bankers rarely lead cities that way anymore, and their exit from the stage speaks to how communities have changed — and why it may be harder to mend them when disasters strike.

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From the 1950's to the 1980's, bank chiefs were the capi di tutti capi of civic leaders in most cities, the bosses of all bosses. They ran important companies, but that wasn't why they were powerful. Their power came from perpetual involvement in civic work, an intimate knowledge of their communities and their occasional boldness.

Ivan Allen Jr., the former mayor of Atlanta, provided a snapshot of one banker as leader when he wrote about a meeting with the president of Citizens and Southern National Bank, Mills B. Lane Jr., in the mid-1960's. Mr. Allen wanted to bring a Major League Baseball franchise to Atlanta but lacked a credible plan for building a stadium.

"How bad do you want this stadium, Ivan?" Mr. Lane asked.

"Bad."

"You've got it," said Mr. Lane, who added that he would pledge the full credit of his bank to build the stadium and that he and other local executives would oversee construction. ""And if that's not enough to get it done, you and I can't get it done."

Mr. Allen was stunned that Mr. Lane was willing to venture the bank's money on such a speculative civic project (as it turned out, the stadium was built and the investment returned), but such things were possible in the 1960's because banks were joined at the hip to their communities. The law prohibited bank companies from owning banks outside their home states and sometimes even outside their home counties. So Citizens and Southern could grow only if Atlanta grew too.

And today? In most cities, the chief executives of the largest banks are no more involved in civic work than the branch manager of I.B.M. That's because, since the 1980's, bank-holding restrictions have eased, local banks have been bought by out-of-state companies and the people who run the banks have become branch managers themselves.

The numbers tell part of the story: there are now about 7,600 commercial banks in the United States, down from 13,000 in 1980. But this decline, as big as it is, underestimates the impact on civic leadership, since the consolidations have been greatest among the larger banks that once led their communities. Today, the top three banks in Chicago, Dallas, Denver, Houston, Los Angeles, Washington and scores of other cities are owned by companies headquartered elsewhere. (In New Orleans, only one of the top three is owned locally.) Even Mr. Powell's old bank, First National of Amarillo, was bought in the 1990's, first by Boatsmen's Bancshares, then by NationsBank (now Bank of America).

Bank presidents have become corporate nomads. A few years ago, I calculated how long bank executives from First Union Bank (now part of Wachovia Bank) stayed in Atlanta. From June 1994 to September 2000, there were three regional chief executives. With gaps, as one left and the next arrived, the average tenure was 20 months, barely time to attend a few chamber of commerce meetings, much less to lead the organization.

The decline of bankers as leaders has made cities more dependent on political leadership. Thankfully, there have been some gifted mayors in recent years, but where there haven't been, cities have suffered. There are few Mills Lanes around to instruct mayors on how to get things done.

Nor are there many bankers left with the knowledge or authority to invest their banks' resources in bold rebuilding efforts. But as the main federal contact for congressional, state, local and private leaders in supporting the recovery of the Gulf Coast, Mr. Powell must already be painfully aware of their passing.