PHILADELPHIA AND THE GREAT DEPRESSION, 1929–1941

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The Great Depression, which lasted from 1929 to 1941, was characterized both in Philadelphia and the nation by massive unemployment, bank failures, price deflation, and very real human misery. People lost their life savings and their homes. Untold thousands went hungry; some starved. The ideology of self-reliance suffered a blow as people turned to government for relief and jobs. The city of Philadelphia, on the edge of bankruptcy, ruthlessly cut its spending and neglected its infrastructure. Only World War II sufficiently revived the economy to pull the city and the nation out of the Depression. Meanwhile, a large and powerful organized labor movement emerged, and the seemingly invincible Republican Party organization lost some of its power. Philadelphia and the nation were fundamentally changed.

Even during the so-called “Roaring Twenties,” Philadelphia showed signs that its economy was in trouble. The number of manufacturing jobs fell from 1925 to 1927 and by 1929 had only just returned to 1925 levels. The textile industry, the city’s largest manufacturing sector, felt competition from plants elsewhere in the region as well as in the South. Although the garment industry did well, seasonal layoffs and low wages characterized both the textile and apparel sectors. Production of knit goods, radios, and motor vehicle parts helped to bolster employment, but as soon as the national economy began to falter, Americans cut back on the purchase of manufactured goods. Citywide unemployment stood at 10 percent in April 1929; 30 percent of the jobless had been idle for six months or longer.

Although the stock market crash of October 1929 did not cause the Great Depression, it certainly signaled its arrival. Over the next four years the national and local economy spiraled downward. The decline in manufacturing between 1929 and 1933 was staggering. For the entire region, manufacturing output plummeted 45 percent; retail sales sank by 40 percent; new car sales by 52 percent. Construction went into free fall, dropping 84 percent, and unemployment rose inexorably. By April 1930, 135,000 Philadelphians were jobless with another 46,000 working only part time. A year later, the number of unemployed approached 250,000, more than a quarter of the workforce. The slide continued until March 1933 when 330,000 were jobless; by then, only 40 percent of the workforce was employed full time, the rest worked only part time or not at all. Manufacturing workers had higher rates of unemployment than did those in white collar and service occupations. The foreign born and African Americans sustained particularly high levels of joblessness.
The sinking economy jeopardized an overextended banking sector. In 1929 the city had more than 100 commercial banks and trust companies, and almost 3,000 building and loan associations. Most of the latter were linked to ethnic groups and local neighborhoods, with assets tied up in home mortgages. In the 1920s, Philadelphia ranked high among major cities in the rate of homeownership, with over half of city families owning their own homes. But often that ownership rested on a precarious foundation of second and even third mortgages. After exhausting personal savings, people ran up debts to local store owners, and skipped mortgage and tax payments and mortgage or rent payments. As property owners defaulted on mortgages, banks found themselves in trouble. To protect their liquidity, banks foreclosed on borrowers, which then led to a wave of evictions. But since there were few buyers for any properties, foreclosure achieved little except increased homelessness. Between 1929 and 1933 more than 50 commercial banks and 1,600 building and loan associations failed. Since there was no federal deposit insurance before 1933, thousands of people lost their savings. The largest bank failure was that of Bankers Trust Company, which had 100,000 depositors.

Meanwhile, the Depression took a devastating toll on the people of Philadelphia. Thousands went hungry. Some turned to begging, petty theft, and scavenging for discarded or spoiled food. With increasing despair, men pounded the pavement in search of any work at all. Over 50,000 tenants fell behind on their rent. Evicted families, when they could, moved in with relatives; whole families crammed into one or two rooms. Others occupied abandoned houses that one observer described as “so bad that no one who could raise a cent to pay rent would ever live in them.” Makeshift homeless encampments, derisively named Hoovervilles after the president, sprang up around the city, with the largest along the east bank of the Schuylkill River below the Museum of Art. Pride and self-esteem melted away.

From the outset, activists called for government action to alleviate suffering. Protestors clamored for public works jobs, more generous relief grants, and a halt to evictions. In February 1930, police broke up a rally at City Hall and arrested 12. At a March rally, 150 protestors showed up. In the same week, during a bitter strike against Aberle textile mill, a strikebreaker shot and killed a worker, Carl Mackley. Mackley’s funeral drew thousands to the streets in what became the largest protest against conditions yet seen. Over the next two years, activists organized workers in Kensington-Richmond and other neighborhoods hard hit by the Depression. Communist involvement allowed the mayor and newspapers to dismiss the protestors as “reds”; in reality, the Communists attracted few adherents, but they gave voice to thousands who suffered in silence.

Philadelphia had discontinued direct assistance to the needy in 1879, relying instead on private charities. In the first year of the Depression, established charities tried to alleviate the suffering. Eighty soup kitchens and bread lines soon appeared in church basements, missions, empty store fronts, and settlement houses. The food was free, but the humiliation of standing in line, advertising one’s need, was a high price to pay. By the fall of 1930, the magnitude of the crisis overwhelmed the efforts of individual private charities. In late 1930, Mayor Harry Mackey appointed a Committee on Unemployment led by prominent banker Horatio Gates Lloyd that coordinated a massive citywide volunteer relief program. Over the next two years it launched six major initiatives: (1) direct relief for food and fuel, paid only with vouchers, never cash (which furthered people’s shame when they used them at neighborhood shops); (2) hot breakfasts in the schools; (3) a homeless shelter for 3,000 single men (with blacks and whites
on different floors); (4) distribution of used clothing; (5) a loan fund; and 6) work relief projects employing 3,200 people in the winter of 1930–31. The city and state contributed several large grants, but most of the money came from private donations. Attempting to overcome the deep-seated animus towards relief recipients, the committee emphasized that the needy were “our citizens” and “self respecting people.” The Lloyd committee, by the magnitude and range of its accomplishments, and the cooperation it elicited from numerous private charities, drew national attention. But in June 1932, while aiding 57,000 families, the committee ran out of funds and shut down entirely, laying bare the failure of a voluntary solution. In September, Pennsylvania stepped in and established a countywide relief board, but during that desperate summer of 1932 there was very little help for anyone.

When the Lloyd committee shut down, suffering workers took more aggressive steps to help themselves. In June 1932, workers started the Northeast Unemployed Citizens League, which resisted evictions, distributed food, and demanded work relief. In August, when 1,500 people rallied for jobs at City Hall, the frightened mayor sent the police in with batons waiving to disperse the crowd, leading to the “Battle of Reyburn Plaza.” Although such demands and the angry rhetoric struck fear into the hearts of wealthy Philadelphians, calls for work relief, unemployment insurance, old age pensions, and the right to organize were hardly radical. More significantly, the growing ranks of the destitute evidenced little militancy. They were too fatalistic or simply ashamed to actively clamor for help.

Throughout the decade, Philadelphia remained under the control of the corrupt Republican political machine that had dominated local politics for decades. The two mayors who served through the first half of the decade, Harry Mackey (1928–32) and J. Hampton Moore (1932–36), did little to alleviate the suffering. During the 1920s, Philadelphia had borrowed heavily for capital projects and by 1931 teetered on the verge of bankruptcy. When Moore took office the city’s 26,000 employees had gone unpaid for over a month. Moore was determined to maintain the city’s credit while blocking any tax increases to fund relief. In the face of collapsing city revenue, only sharp spending cuts could stave off default. Moore eliminated 3,500 city jobs, slashed civilian employee wages by 23 percent, and forced unpaid vacations. He seemed oblivious to the human crisis. In January 1932, after a drive through hard-hit South Philadelphia, he famously concluded, “No one is starving in Philadelphia,” although people clearly were. In 1935, opposing slum clearance and public housing, he asserted: “this city is too proud to have slums,” despite the abysmal conditions in which many lived. Under his tenure, the city contributed nothing to relieving the needy.

Philadelphia’s financial situation remained grave throughout the decade. In 1935 the city was actually $42 million over its legal debt limit and debt service consumed half of revenue. To dig out, in 1938 City Council, over the mayor’s veto, established a 2 percent sales tax. The following year the city instituted a municipal income tax (1.5 percent) on earned income on all residents as well as on all nonresidents who worked in the city. It was the first municipal income tax in the nation.

The New Deal, launched by President Franklin D. Roosevelt beginning in March 1933, established programs for relief and economic recovery. Federal aid for the most needy, administered through the Philadelphia County Relief Board, began to flow almost immediately and alleviated the worst suffering. At its peak, in April 1935, the board provided aid to 105,000
families, spending a million dollars a month. In addition, federally sponsored jobs programs put people back to work, providing a measure of self respect. The Civilian Conservation Corps (CCC) sent hundreds of local young men of families on relief to work across the country. The Civil Works Administration (CWA), which operated in the winter of 1933–34, was followed in 1935 by the Works Progress Administration (WPA). CWA and later WPA required local governments to supply materials for projects, but Mayor Moore and City Council resisted cooperating. Only after the newspapers and businesses exerted pressure did Philadelphia participate in CWA, and the program quickly put 25,000 local people to work. In 1935, Moore, this time with strong support from the bitterly anti–New Deal Republican establishment, refused any funds for WPA projects. Consequently, by December 1935, 12,000 city WPA participants were working on projects in the suburbs. The city did not join WPA until a new mayor, S. Wilson Davis, took office in January 1936; at its peak, later that year, WPA employed 48,000 in the city. The CWA and WPA paved streets, improved parks and the Zoo, built or repaired over 900 public buildings (such as schools, libraries, police and fire stations), and laid or fixed water, sewer, and gas mains. Musicians and actors gave free concerts and plays. WPA workers offered recreational programs, ran day care centers, taught adult literacy, and catalogued and preserved public records, among numerous other projects. The Public Works Administration (PWA) funded the innovative Carl Mackley housing project in the Juniata Park section, sponsored by the hosiery workers union.

Other important New Deal programs included refinancing home mortgages, encouraging new home construction, slum clearance, and public housing, though, in the latter case, ideological opposition delayed Philadelphia’s participation. The Home Owners Loan Corporation (HOLC) offered long-term refinancing to homeowners. When the local office opened in August 1933, 2,000 people lined up on the first day to apply. The Federal Housing Administration (FHA) insured loans for new and renovated homes, but residential construction remained far below 1929 levels. Racially discriminatory policies in both public housing projects and FHA insurance actually strengthened racial segregation within the city, and between the city and its suburbs.

The social costs of the Great Depression were not spread evenly. No group suffered more during the decade than African Americans. In 1931, black unemployment exceeded 40 percent; by 1933 it had reached 50 percent. Comprising 13 percent of the city’s population, African Americans accounted for 40 percent of those on relief in 1936. Because of their desperate plight, blacks were particular beneficiaries of work relief programs once they were established. In 1939 almost half of the city’s black families lived in substandard housing. The public housing projects opened at the end of the decade, though segregated, did benefit the small percentage of black families fortunate enough to gain an apartment.

Largely because of the widespread hardships during the Depression, the 1930s marked the beginning of a long-term political realignment in Philadelphia. At first, the shift affected national more than local elections. Four prominent local figures led the effort to rebuild the moribund Democratic Party. Contractors John B. Kelly and Matthew McCloskey, real estate developer and banker Alfred M. Greenfield, and David Stern, publisher of the Philadelphia Record worked hard for Franklin Roosevelt in the 1932 presidential race. Although President Herbert Hoover narrowly carried the city and Republicans held the seven congressional seats (amid almost certain vote fraud), Kelly and his allies, building on the popularity of the New Deal
and handling federal patronage in the city, created a Democratic coalition around blue-collar workers, particularly eastern European immigrants, Jews, and African Americans. So notoriously corrupt was the Republican machine that the US Justice Department sent marshals to monitor the 1933 local elections in which a Democrat, S. Davis Wilson, was elected city controller. In 1934 the Democrats won three congressional seats and their ascendancy seemed certain.

In 1935, it appeared the Democrats had a chance to capture the mayor’s office for the first time in 50 years. Both Kelly and S. Davis Wilson sought the Democratic nomination. But when Kelly won the party’s nod, Wilson switched parties and ran as a Republican. Wilson won the general election, although fraudulent vote counting may have made the difference. In November, Roosevelt carried the city by over 200,000 votes, and Democrats won all seven congressional seats. In national politics, the shift to the Democrat Party was complete. Never again would a Republican presidential candidate carry Philadelphia, and rarely would the GOP win even a congressional race. However, while a Democrat was elected to Philadelphia City Council for the first time in 16 years, it was the peak of Democrats’ local prospects in the decade. The Republican machine staggered on until 1951.

The New Deal changed more than the city’s party politics. Philadelphia was known as a militantly anti-union city, but as the economy picked up, devastated factory workers took the initiative to build a strong labor movement. Under the New Deal’s National Industrial Recovery Act (1933–35) and the Wagner National Labor Relations Act passed in 1935, federal support clearly shifted toward workers. In the summer and fall of 1933, workers joined unions at such firms as the Budd Company, Freihofer’s Bread, Westinghouse Turbine, Atwater-Kent Radio, and, notably, at Philco Radio where they won a strong contract. Gains across the river at major Camden employers Campbell Soup, New York Shipbuilding, and RCA-Victor also inspired Philadelphia workers. Using recreation, picnics, dances, and newspapers, unions built solidarity across skill, gender, racial, and ethnic lines. In 1933 and 1934 workers in several unions experimented with a radical new tactic, turning off their machines and standing or sitting in place inside the factory. They called these actions “pulling a Ghandi” after the great Indian protest leader. By 1935 Philadelphia union locals claimed 250,000 members.

The biggest union breakthroughs came in 1936 and 1937. Mayor Wilson signaled a new attitude when he appointed a union lawyer as city solicitor and, unlike his predecessors, sympathized with striking workers. He established his own labor board and worked hard to resolve disputes. In 1937, workers at Midvale Steel joined the newly formed Congress of Industrial Organizations (CIO) while others conducted sit-down strikes against Apex Mills and Exide Battery. When the city made no effort to evict the strikers, a strike wave rippled out all across the city as workers finally found their strength in numbers. Police did little to protect strikebreakers. By the end of the decade the rejuvenated labor movement had become a major force in the economic and political life of the city.

While New Deal programs were insufficient for full recovery, the economy did revive somewhat after 1933. By early 1937 manufacturing output had returned almost to pre-Depression levels, but the recovery was precarious and the economy again faltered. The regional manufacturing index fell 23 percent in a year and unemployment shot up, reaching as much as 25 percent in the city by early 1938. Late in 1938 the economy revived again, primarily because of heavy federal spending on military preparedness. In 1940 the region received 11
percent of all federal military spending, and by December manufacturing output finally surpassed 1929 levels. But the recovery remained uneven. The citywide unemployment rate still stood at 17 percent, not counting another 2.7 percent employed by WPA. Among African Americans the situation was much worse: 29 percent sought work while another 6.8 percent relied on WPA. As late as October 1941, the Philadelphia Inquirer reported 160,000 city school children undernourished. Not until the onset of World War II was military spending sufficient to end the Great Depression.

The Depression took its toll in many ways, both visible and unseen. Couples delayed marriage, and the birthrate fell. Malnutrition and neglected medical and dental care affected people’s health. The city became shabbier. Obsolete horse-drawn wagons still collected garbage; broken streetlights and potholes remained unrepaved. Housing conditions deteriorated. The percentage of families that owned their homes fell in the decade from 52 to 39 percent. Children did stay in school longer, but primarily because teenagers had few job prospects.

The decade also witnessed important demographic changes. For the first time in its history, Philadelphia’s population declined. The drop was only 1 percent, but the seven surrounding counties grew by almost 7 percent. The African American population rose from 11.3 percent to 13 percent, a net increase of 31,000, while the identified white population fell by 150,000. Middle-class households able to hold onto their jobs and automobiles began to take advantage of FHA loans to move to the suburbs.

The Great Depression and the New Deal fundamentally changed Philadelphia and the nation. The intransigence of the Republicans toward New Deal programs for relief and work projects weakened, but did not yet end, the city’s long alliance with the Republican Party.

Social Security, unemployment insurance, federally subsidized public assistance, the minimum wage and the 40-hour work week provided Americans with a measure of economic security they never had before. Securities and banking regulations, federally insured bank deposits, and home mortgage insurance restored people’s trust in savings and stabilized the economy. The National Labor Relations Act together with the revitalized labor union movement led to vastly improved working conditions, higher wages, and better treatment on the job. It made organized labor a powerful force in Philadelphia social life and politics. The New Deal, overall, laid the basis for a more economically just and secure society.

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Suggestions for further reading:


Collections:

Government Documents:
