

## “Our Chronic and Desperate Situation”: Anthracite Communities and the Emergence of Redevelopment Policy in Pennsylvania and the United States, 1945–1965

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On 3 May 1954, Lehigh Coal and Navigation Company announced that it would close its anthracite mining operations in Pennsylvania’s Panther Valley. Company officials had hoped to keep some mines open but net losses in 1953 amounted to \$1.4 million and the trend continued into early 1954. The company stated they would reopen the mines only if miners would work harder and produce more. All area locals of the United Mine Workers of America (UMW) voted to accept the program except one, Tamaqua Local 1571. Arguing that the new rules violated existing wage agreements, workers from this Local picketed the mines and called on miners across the anthracite region to join them. Tamaqua miners offered an alternative plan that called for workers to share control over management and production decisions. Lehigh managers refused and closed the mines, effective from 30 June. As other mining companies began to collapse in the 1950s and 1960s, local workers, business owners, union leaders, and politicians made efforts to either open mines or attract new industries. However, unemployment remained a difficult problem for the Panther Valley and for the entire anthracite region and the area still exhibits higher than average unemployment.

By the mid-1950s, what had seemed an isolated event in anthracite coal towns had begun to occur in communities dependent upon other industries key to Pennsylvania’s economy, including bituminous coal mining, railroads, textiles, and steel. The process of de-industrialization, a term used in this essay to include the job loss, shutdowns, capital mobility, and resource depletion occurring in the anthracite mining industry, prompted calls for greater action at state level. In 1954 this helped George Leader become Pennsylvania’s first Democratic Governor since George Earle’s election twenty years earlier. The central program designed by the Leader administration to alleviate the effects of industrial change was the Pennsylvania Industrial Development Authority (PIDA). Created in 1956, PIDA authorized second mortgages on land and buildings for new industries in communities suffering from high unemployment.

Meanwhile, as Pennsylvanians were addressing these social and economic issues, federal policymakers had also begun attempts to pass similar legislation. Central to these efforts was the Depressed Areas Act, first introduced in 1955 by Democratic Senator Paul Douglas of Illinois and renamed the Area Redevelopment Act the following year. Douglas and his staff, which included Pennsylvania's Secretary of Labor William L. Batt, Jr, used the programs developed in Pennsylvania to craft their legislation. In addition, Pennsylvania's congressional leaders provided key support for the Douglas bill. Congress passed the Area Redevelopment Act in 1958 and 1960, but President Dwight D. Eisenhower – favoring Republican versions of redevelopment legislation – vetoed it both times. Following John F. Kennedy's victory in the 1960 election, Congress passed the Act again and Kennedy – who had co-sponsored the legislation while in the Senate – signed the bill on 1 May 1961, creating the Area Redevelopment Administration (ARA). This was Kennedy's first major domestic initiative and it both continued New-Deal ideas and served as an important precursor to later programs of the Great Society.

This article explores the intersection between de-industrialization and state building in postwar America, using developments in the anthracite region as a case study. Analyzing events in the region showcases how local citizens shaped both local and state policies, which in turn influenced actions in the federal arena. Pennsylvania was not the only state to have created economic development programs designed to create jobs. States in the South and in New England had done so by the time of PIDA's creation in 1956.<sup>1</sup> But the Pennsylvania program specifically targeted communities affected by de-industrialization, whose number grew in the decades following World War II as declines in employment occurred in many of the state's basic industries. As Table 1 shows, Pennsylvania exhibited high levels of structural unemployment in several industries, which occurs when workers' current skills do not match those demanded by employers and is caused primarily by technological change, the relocation of capital, and resource depletion.

Besides economic developments and politics, cultural concerns also shaped the context within which area redevelopment policy emerged. In letters and congressional testimony, local men and women expressed the need to provide jobs for men, to preserve a social system based upon a family economy of wage-earning fathers, sons, and daughters, with wives managing the household. Since fathers earned the majority of the income, de-industrialization was more than an economic crisis; it was also a crisis

1. See James C. Cobb, *The Selling of the South: The Southern Crusade for Industrial Development 1936–1990* (Urbana, IL, 1993), and William F. Hartford, *Where is Our Responsibility? Unions and Economic Change in the New England Textile Industry, 1870–1960* (Amherst, MA, 1996).

Table 1. *Employment by Industry, Pennsylvania, 1950–1970*

	1950	1955	1960	1965	1970
Anthracite coal	72,624	33,523	19,051	11,132	6,286
Bituminous coal	94,514	52,103	33,396	25,206	24,667
Fabricated metals	131,700	151,200	110,800	107,300	106,500
Non-electrical machinery	90,400	100,500	110,500	128,000	136,200
Electrical machinery	125,000	122,200	126,800	128,200	132,800
Primary metals	254,300	254,600	233,000	238,700	214,300
Apparel	180,100	193,000	172,000	185,700	161,900
Textiles	143,500	106,100	78,300	74,100	63,000

Source: *Pennsylvania Abstract* (1970, 1975).

of masculinity. Each of these threads – economics, politics, and culture – were part of the multifaceted state building process that began in communities, moved to the state level, and reached the federal arena. Events at each level interacted with the other to create a complex response to the problems of structural unemployment that healed some of the damage but did not halt the process of de-industrialization.

#### LNC AND ANTHRACITE'S POSTWAR COLLAPSE

For the anthracite region, the case of Lehigh Navigation Coal Company (LNC) illustrates the problem and response at the local level. LNC was the largest producer in the Panther Valley and one of the top mining companies in the anthracite region. The economic revival associated with World War II encouraged hopes among anthracite industry leaders for a permanent reversal of the decline that had characterized the industry in the 1920s and 1930s.<sup>2</sup> Running from northeast to east-central Pennsylvania, four anthracite coal fields contained 90 per cent of the American and 75 per cent of the world's supply. In post-World-War-II America, its major use was for home heating in the northeast, and firms looked to expand their market there. As LNC's 1946 annual report stated: "The coming year should be good for 'Old Company Lehigh' anthracite." LNC "is looking to the future with confidence". Such confidence fed into an intensive postwar marketing campaign to maintain and hopefully increase anthracite

2. On developments in the 1930s, see John Bodnar, *Worker's World: Kinship, Community, and Protest in an Industrial Society, 1900–1940* (Baltimore, MD, 1982); Thomas Dublin, "The Equalization of Work: An Alternative Vision of Industrial Capitalism in the Anthracite Region of Pennsylvania in the 1930s", *Canal History and Technology Proceedings*, 13 (1994), pp. 81–98; Melvyn Dubofsky and Warren Van Tine, *John L. Lewis: A Biography* (New York, 1977), pp. 187–97, 371–375; and Michael Kozura, "We Stood Our Ground: Anthracite Miners and the Expropriation of Corporate Property, 1930–1941", in Staughton Lynd (ed.), *We Are All Leaders?: The Alternative Unionism of the Early 1930s* (Urbana, IL, 1996), pp. 199–237.

demand. That year, anthracite operators created and funded the Anthracite Institute to conduct marketing, sales, and lobbying efforts.<sup>3</sup>

Three major factors ended those hopes: the switch to natural gas for home heating in the northeast; serious recessions in 1949 and 1953–1954; and a series of warm winters. LNC made profits during World War II and the Korean War, but in 1953 miners worked an average of only three days per week, and net losses for the firm amounted to \$1.4 million. The trend continued into 1954, which prompted the company to adopt a drastic reorganization plan that consolidated underground operations, increased strip mining and mechanization, and called for increased productivity from miners. Although some miners staged brief walkouts, UMW President John L. Lewis and other UMW leaders met with the men and convinced them to accept the plan and return to work. Meanwhile, several smaller anthracite companies closed during the spring of 1954 and the number of unemployed in the region rose to over 50,000.<sup>4</sup> Although tonnage increased, financial losses continued, and on 3 May 1954, LNC's parent company, Lehigh Coal and Navigation Company (LC & N), announced it would end anthracite operations. To keep the mines open, LNC president and area native W. Julian Parton presented a five-point plan to both the parent company and the Panther Valley General Mine Committee. The Committee consisted of representatives of the area UMW locals. Parton followed this with an open letter published in the *Tamaqua Evening Courier* in which he urged miners to accept his new proposal. First, "each miner will have to produce all that he is capable of producing each day. He must work longer hours than in the past, and can only be excused where genuinely abnormal conditions exist." Second, Parton called for the end of consideration payments, which involved paying miners for fulfilling a contract even though abnormal mining conditions prevented them from doing so. Over time, the miners' and owners' definitions of "abnormal" had diverged greatly, resulting in increased production costs. Third, he demanded the increased use and diligent application of mechanized mining methods. Fourth, he called for double-shifting workplaces in order to increase production. Finally, Parton urged

3. 1946 Annual Report, box 4, Lehigh Coal and Navigation Company Records, PA State Archives (hereafter cited as LNC-PA). See also minutes, Pennsylvania Coal Company, various dates, box 1, Pennsylvania Coal Company Records, PA State Archives.

4. William J. Walton to Lewis (9 December 1953), and Lewis to Watson (10 December 1953), in folder 24, box 41, President/district correspondence, United Mine Workers Papers, Historical Collections and Labor Archives, Penn State University (hereafter UMW-HCLA). On LNC's losses see 1953 Annual Report, box 5, LNC-PA; W. Julian Parton, *The Death of a Great Company: Reflections on the Decline and Fall of the Lehigh Coal and Navigation Company* (Easton, PA?, 1986), p. 41; and "LNCC Suspends All Panther Valley Mines Indefinitely", *Hazleton Standard-Sentinel*, 4 May 1953, p. 1.

miners to adhere to this new contract strictly, without illegal strikes, so the mines could operate profitably.<sup>5</sup>

The offer challenged the miners' fundamental work practices and their deep sense of independence and control over their work. However, it also seemed to be the only way that some Panther Valley miners could stay employed in their trained profession. Divisions appeared as local union leaders contacted UMW officials and held the first of several mass meetings to consider Parton's offer. UMW Vice-President Thomas Kennedy supported Parton's plan as did District 7 President Martin Brennan. Kennedy urged "resumption of operations to the extent provided".<sup>6</sup> Miners in Tamaqua continued to hold out. Lewis, hoping to avoid a challenge to his authority, sent a blunt, tersely worded telegram to the General Committee, ordering the men to return to work. He argued that Parton's plan was not in violation of existing contracts. "The time for mass meetings is gone and it is now necessary for our members to comply with the policy recommended by the International District and General Mine Committee. There is no trespass upon the right of contract involved in this agreement."<sup>7</sup> While five of the six locals agreed, miners from the Tamaqua Local 1571 argued that the new arrangement was confusing and violated the 1952 wage agreement. Nevertheless, on Saturday 5 June, the General Committee met and agreed to return to work the next Monday under Parton's proposal.<sup>8</sup>

At 4 a.m., Monday 7 June, miners from Local 1571 created a thirty-five-car automobile caravan and drove through Tamaqua sounding their horns urging miners to join them in protesting the opening of the mines under the new agreement. The caravan also toured Coaldale before the carloads of miners established pickets around several Panther Valley collieries and mines. The majority surrounded the breaker at the Coaldale colliery. As the only one scheduled to operate, the company could process no coal.<sup>9</sup>

Over the next several days, Tamaqua workers attended mass rallies in high school athletic fields and urged the support of the UMW and the state and federal government. But Lewis remained steadfast and other miners in the region ignored the Tamaqua miners' call for a general strike.<sup>10</sup>

5. "Kennedy Met Valley Men", *Tamaqua Evening Courier*, 21 May 1954, p. 1. Parton letter, *Tamaqua Evening Courier*, 29 May 1954, p. 4; Parton, *The Death of a Great Company*, pp. 86–87.

6. Kennedy quote in "Mine Locals Meeting Today to Discuss Return to Work", *Tamaqua Evening Courier*, 1 June 1954, p. 1.

7. Lewis to Erbe, 2 June 1954, folder 27, box 41, President/district correspondence, UMW-HCLA.

8. "General Mine Votes to Work Monday Under 'General Working Agreement'", *Tamaqua Evening Courier*, 5 June 1954, p. 1.

9. "Pickets Halt Reopening of Mines", *Tamaqua Evening Courier*, 7 June 1954, p. 1.

10. Memo (15 June 1954), folder 27, box 41, President/district correspondence, UMW-HCLA. See also "Valley Group Meets Lewis in Hazleton", *Tamaqua Evening Courier*, 18 June 1954, p. 1, and "Local Will Get Report Tonight on Conference in Hazleton", *Tamaqua Evening Courier*, 19 June 1954, p. 1.

Undaunted, the workers presented a ten-point plan to save the company that demanded:

- (1) no change in the working agreement between LNC and the UMW;
- (2) the reopening of all mines;
- (3) the discontinuance of buying coal from other sources;
- (4) only LNC to process refuse from culm banks;
- (5) lower company overheads by selling other interests including water and railroad firms;
- (6) no restrictions on buying coal;
- (7) all losses to be absorbed by miners and businesses in the Panther Valley;
- (8) a committee of miners and citizens to have access to LNC financial records;
- (9) the active assistance of all employees in making mining profitable; and
- (10) active involvement from all citizens to increase the sale of coal.

In some ways, the plan echoed job equalization proposals of the 1930s, a decade when miners across the anthracite region staged protests and often seized control of mines and operated them independently of the mining companies. Micahel Kozura has argued that miners in the 1930s were not acting solely out of practical concerns for jobs and family, but sought to transform the social and political landscape through direct action.<sup>11</sup> John Bodnar, the leading historian of the anthracite region, suggests that “labor issues were essentially family issues” and that the actions of the 1930s were driven more by practical concerns for preserving jobs and family structure. Many of these men and women were of Slavic or East European heritage, and according to Bodnar they valued stability and security and stayed with mining as long as they could.<sup>12</sup>

It may be that a mixture of motives was involved, both in the 1930s as well as in the 1950s. Clearly, the Tamaqua plan was designed to preserve anthracite mining, and in turn protect a way of life and the miners’ communities. Ezra Koch, a retired member of the Tamaqua Local, noted that “the men are determined to make a stand to preserve and not to destroy”. He asserted that the recent attempts to alter work rules were evidence that LNC was “going into liquidation” and that the area needed a new company that would preserve the mines and make a profit.<sup>13</sup> The miners of Local 1571 fought for shared governance in company affairs as a

11. See Kozura, “We Stood Our Ground”, pp. 199–237.

12. Bodnar, *Worker’s World*, p. 178. An overview of the debate is in Kozura, “We Stood Our Ground”.

13. “Valley Miners Will Seek Meeting With Pres. Eisenhower, Gov. Fine”, *Tamaqua Evening Courier*, 21 June 1954, p. 1.

way to keep their jobs, at the same time they were also fighting to maintain their social and cultural traditions in the face of industrial transformation. Evidence outlined below on the nature of gender roles reinforces this point. These workers also challenged the authority of the UMW, which, like most major unions under the post-World-War-II “social contract” had given up a share in managerial decisions over production and investments in exchange for union recognition and the right to negotiate issues such as wages and benefits.<sup>14</sup> In 1954 the Tamaqua miners were doubly alone: neither their fellow anthracite miners nor the UMW leaders were willing to support the walkout and the alternative plan.

After a rally on 27 June, the Tamaqua miners asked Republican Governor John Fine to intervene on their behalf.<sup>15</sup> Fine did inform the company of the miners’ plan, but to no avail. On 30 June the LC & N Board voted to dissolve LNC, terminating 5,000 employees, 4,500 of whom were miners. In a statement, the Board commented that the “request by the so-called citizens committee of Tamaqua was too tardy, however, to expect that the situation could be changed at that late date. Nothing of a tangible nature which the company could consider came from that meeting.”<sup>16</sup> The conglomerate LC & N continued to maintain the mines in the hope that others would lease them and in the meantime restructured by investing in shipping, a resort, as well as bituminous coal mining. Some individuals and firms did lease the anthracite mines and many continued to mechanize, a policy sanctioned by the UMW leadership. While these operations continued into the 1960s, employment and profits in the industry dropped steadily.<sup>17</sup> Table 2 reflects these changes, showing that production, value, and employment declined while strip mining and mechanization allowed average tons per man-day to increase. Thus, by 1960, the economic situation of the anthracite industry had deteriorated so much that neither union nor company proposals would have saved miners’ jobs. However, workers’ economic and cultural concerns and appeals from union leaders such as Thomas Kennedy did help draw media and political

14. There are a number of sources outlining the creation of this social contract. Among them are: Alan Brinkley, *The End of Reform: New Deal Liberalism in Recession and War* (New York, 1995); Robert M. Collins, *The Business Response to Keynes, 1929–1964* (New York, 1981); David L. Stebenne, *Arthur J. Goldberg: New Deal Liberal* (New York, 1996); Robert Zeiger, *American Workers, American Unions, 1920–1985* (Baltimore, MD, 1986).

15. “Miners Offer New Proposal to Open Mines in Panther Valley”, *Tamaqua Evening Courier*, 28 June 1954, p. 1.

16. “LNC Board Closes Affairs”, *Tamaqua Evening Courier*, 1 July 1954, p. 1.

17. “Committee of 100 to Direct Fight to Get Valley Mines Opened”, *Tamaqua Evening Courier*, 21 July 1954, p. 1; “New Firm Will Lease Lansford Mine District”, *Tamaqua Evening Courier*, 6 August 1954, p. 1; “All Valley Local Unions Approve Leasing Lansford Mine District”, *Tamaqua Evening Courier*, 10 August 1954, p. 1; Parton, *Death of a Great Company*, pp. 114–128; Annual Reports, 1954–1963, box 4, LNC-PA.

Table 2. *Pennsylvania anthracite production and employment, 1950–1965*

Year	Production (net tons)	Value of production	Employees	Average tons per man Day
1950	44,076,703	\$392,398,006	72,624	2.88
1955	26,204,554	206,096,662	33,523	3.96
1960	18,817,441	147,116,250	19,051	5.60
1965	14,865,955	122,021,267	11,132	6.55

Source: *Pennsylvania Abstract* (1975).

attention to the anthracite region. This created further pressure for a political solution that resulted in a number of proposals at the state and eventually federal levels designed to alleviate unemployment. In this, workers contributed to state-building efforts in the 1950s and helped lay the groundwork for the poverty programs of the 1960s related to local and regional economic development, including the Area Redevelopment Administration, its successor the Economic Development Administration, and the Appalachian Regional Commission.

#### THE BUSINESS-DEVELOPMENT-GROUP MODEL

The shape the solution to industrial decline in Pennsylvania took resembled the business-development model created at the local level. As LNC and other anthracite companies began to fail, workers, labor leaders, business owners, and government officials sought further means to curb the effects of de-industrialization. Initially, they supported local private efforts through business-development groups, and these organizations served as a model that influenced both state and federal policies. Relying mostly on fund drives, local business leaders created industrial-development organizations that sought to attract new industries using various monetary incentives. Two examples from the region include the Scranton Lackawanna Industrial Building Company (SLIBCO), created in 1946, and the Lackawanna Industrial Fund Enterprise (LIFE), formed in 1950. Together, by 1951 SLIBCO and LIFE had raised \$3.8 million, built 18 new plants themselves and attracted 22 companies to build their own. These new plants created 5,000 jobs with annual payrolls of about \$18 million. New manufacturing industries included heating, cooling, and air conditioning equipment, metal cabinets, electrical equipment, textiles, and cigars. However, the gains did not offset the losses as coal firms continued their decline. At the same time, textile and apparel firms, which had moved

into the area to tap the female labor force, also began closing plants, often moving their operations to the south or outside the country.<sup>18</sup>

As local efforts continued, regional-development groups emerged, the major one being the Northeast Pennsylvania Industrial Development Commission (NPIDC), which represented Carbon, Lackawanna, Luzerne, Northumberland, and Schuylkill counties. NPIDC president Victor Diehm, a radio and television executive, organized local conferences on redevelopment and created a special task force within NPIDC to publicize the region's economic difficulties and develop a program for regional development. In 1954 Diehm and task-force Chair Charles Weissman, a retail store executive, lobbied Governor Fine, Congressional representatives from the anthracite district, and President Eisenhower. As Diehm declared: "We feel [...] that we hold some kind of priority for federal emergency assistance. It is under this appraisal of our chronic and desperate situation that we gather our forces for the continuing campaign for regional economic relief."<sup>19</sup> However, Diehm's skills as a coalition builder and agent for change could not push either Governor Fine or President Eisenhower to craft a new policy for development. Fine preferred an indirect approach to industrial development, one that relied on state support for highway construction, public works, and mine drainage programs. For his part, Eisenhower expressed his interest in doing something and asked his economic advisor, Gabriel Hauge, to follow up. This eventually led to a Republican proposal introduced in Congress to counter Paul Douglas's Area Redevelopment Act.<sup>20</sup>

Although these local and regional groups worked hard to attract new industries, a political solution remained elusive as damaging socio-economic trends continued. During the late 1950s, unemployment in Scranton and Hazleton averaged between 11 and 16 per cent, while the national rate hovered between 4 and 6 per cent. A second prominent trend was outmigration. Between 1940 and 1960, the population in Scranton declined from 301,200 to 234,531, a 22 per cent drop. Over the same period, Wilkes-Barre-Hazleton witnessed a 21.4 per cent drop, from 441,500 to 346,972. Essentially, these declines reflected the loss of residents

18. "How a City Solves a Job Problem", *US News and World Report*, 28 December 1951, pp. 52–54; "Hard Times in the Hard Coal County", *Business Week*, 22 May 1952, pp. 108–112; US Department of Labor, *Area Manpower Guidebook* (n.p., 1957), pp. 265–266. Since 1914, the Scranton Industrial Development Company (SIDCO) had concentrated on providing capital for local industries that wanted to expand. These efforts met with limited success, and the group reorganized in 1946.

19. Quote in "Report Conference To Be Held By Development Commission", *Tamaqua Evening Herald*, 27 July 1954, p. 8.

20. Eisenhower to Hauge (n.d.), folder 3, box 632, OF, WHCF, Dwight D. Eisenhower Library (hereafter, DDEL).

between the prime working ages of 18 and 50, leaving the mining communities increasingly populated by older residents who, if not retired or medically unable, were less able to find high-paying jobs. Housing construction also remained below average in these communities. In 1950, housing built after 1945 averaged 10.23 per cent in the major eastern labor markets, but this figure was only 1.1 per cent in Scranton and 2.6 per cent in Wilkes-Barre–Hazleton. Furthermore, these latter figures were below even the 1950 average of 7.91 per cent for other major areas with chronic unemployment.<sup>21</sup> To reverse these trends, local business leaders joined with workers to demand that the state increase its responsibility for promoting economic development in their communities.

The combination of Fine's limited approach, a national recession, and a campaign contribution scandal hurt the Republicans during the 1954 gubernatorial election. In turn, Democratic candidate George Leader, a chicken farmer by trade, promised clean government and greater state involvement in social welfare and the economy. Leader called on and received support from the growing web of state and national Democratic resources, especially unions. Particularly active were the International Ladies Garment Workers' Union (ILGWU) and the United Steelworkers of America (USW). Leader won in Allegheny County, seat for Pittsburgh, in Philadelphia, and in all but one of the counties in the anthracite region; ironically, Schuylkill County, where Tamaqua lay, stayed with the Republicans. In addition, African-American voters in Philadelphia and Pittsburgh went with Leader. All of this was enough for him to defeat Lt Governor Lloyd Wood with 53.7 per cent of the vote. In the Pennsylvania General Assembly, Democrats gained control of the House by 14 seats, but Republicans held the Senate by 26 seats to 24. This meant that proposals for industrial development would have to pass some form of conservative litmus test. This was the nature of national politics as well: liberal Democrats gained in the 1954 congressional elections, but the coalition of Southern Democrats and conservative Republicans remained formidable.<sup>22</sup>

21. On unemployment and housing, see Lowell E. Gallaway, "Depressed Industrial Areas: A National Problem" (unpublished Ph.D. thesis, The Ohio State University, 1959), pp. 14–15, 63–64; and John R. Fernstrom, "A Community Attack Upon Chronic Unemployment – Hazleton, PA: A Case Study", in US Senate, Special Committee on Unemployment Problems, *Studies in Unemployment* (n.p., 1960), pp. 366–410. On population, see US Department of Labor, *Area Manpower Guidebook* (n.p., 1957), pp.263–265, and US Department of Commerce, *Population, Labor Force, and Unemployment in Chronically Depressed Areas* (n.p., 1964), p.13.

22. "Winner's 86,906 Margin in County Sets Record", *Pittsburgh Post-Gazette*, 4 November 1954, p. 6; "Negroes Win Election for Democrats", *Philadelphia Tribune*, 6 November 1954, p. 1; Roy R. Glashan (ed.), *American Governors and Gubernatorial Elections, 1775–1978* (Westport, CT, 1979), p. 262; Paul B. Beers, *Pennsylvania Politics Today and Yesterday: The Tolerable Accommodation* (University Park, PA, 1980), p. 216.

## THE STATE LEVEL: GEORGE LEADER AND PIDA

Leader's inaugural address in January 1955 established the agenda for his administration. "Our great, our over-riding concern, is the economy of Pennsylvania." He noted how economic competition between states had accelerated in recent years and that Pennsylvania would have to revitalize its economy. It was necessary for the state and private citizens to support new industries and new energy resources. Echoing the rhetoric of FDR, Leader noted: "We will have a sober respect for experience and tradition, but we will be unafraid of experiment, willing to take risks, ready to adopt bold measures if they promise to advance the interests of the state."<sup>23</sup>

In developing his economic plan, Leader tapped a network of experts at the national and state levels. The most significant of these was William L. Batt, Jr, once active in implementing employment policy under the Truman administration and now head of the Toledo Industrial Development Council. Batt urged Leader to visit areas of high unemployment to secure the cooperation of local leaders, and create a statewide economic development program. As he helped Leader, Batt also assisted Senator Paul Douglas in drafting federal redevelopment legislation. Batt's work in 1954 led to his appointment as Pennsylvania's Secretary of Labor in 1957, which in turn led to his appointment as head of the Area Redevelopment Administration in 1961.<sup>24</sup>

Leader moved forward with a speech on 28 March 1955 in which he outlined his "Pennsylvania Plan" to the General Assembly. Like his inaugural, Leader's speech and proposals served as a bridge between the New Deal and later developments in the Kennedy and Johnson administrations.

We are today declaring war against the shameful waste of human energy and human ability and human capacity to produce, which comes about when men and women find no work when they seek work; when marvelous energy sources like our Pennsylvania coals lie unmined in the ground; when whole communities and regions are seemingly condemned to chronic unemployment, deterioration, and hopelessly prolonged distress.<sup>25</sup>

Presaging many programs addressed at the federal level during the

23. Press release, "Inaugural Address of Governor George M. Leader" (18 January 1955), "Inauguration Address" folder, box 19, subject file, 1955–1959, George M. Leader Papers, Pennsylvania State Archives [hereafter Leader Papers].

24. Batt sent copies of his ideas to both Leader and the newly elected Democratic Governor of New York, Averill Harriman. Batt to Leader (12 November 1954), "Industrial Development Plan, Correspondence B" folder, box 19, subject files 1955–1959, Leader Papers. Batt replaced John Torquato after Leader ousted Torquato for maintaining state workers through a secret patronage fund. See Beers, *Pennsylvania Politics*, pp. 209–210.

25. "Speech Before the General Assembly" (28 March 1955), "Industrial Development Plan: Releases, 1955–58" folder, box 19, Leader Papers.

Kennedy and Johnson years, Leader sought to promote greater job opportunities, improve public health, welfare, and education, and provide efficient government, clean water, and unspoiled landscapes. Even with opposition from conservatives, Leader's administration saw a liberal swing in the relationship between the state and society. He appointed more blacks to government positions than any governor before him had, moving the total from 98 to 451 in four years. He succeeded in increasing appropriations for mental health, welfare, and school construction, and his other goals were established in subsequent administrations.<sup>26</sup>

But as he stated in his inaugural, fundamental to all these was a growing state economy and to promote this, Leader offered ten proposals. Key to the story of area redevelopment was his proposal for a \$20 million State Industrial Development Authority that called for the state to purchase industrial sites, develop them for use, and lease them to companies with long-term employment potential.<sup>27</sup>

Immersed in debates over a tax increase, and opposed to government ownership of industrial sites, Republicans in the General Assembly blocked this initial plan. But in October 1955 Leader tried again and this time he followed Batt's suggestion and held town meetings in distressed communities prior to submitting a new proposal. Records of these meetings reveal broad support for a state program. In Wilkes-Barre, in the heart of the anthracite region, members of local development groups urged Leader to enact a program and called for federal aid. Workers and union officials echoed these desires. At a meeting in the western Pennsylvania city of Johnstown, business leaders, bituminous mine workers, UMW leaders, and representatives from the United Steelworkers (USW) expressed their support. This reflected the effects of technological unemployment in the soft coal industry and the early signs of problems in steel. As in the east, during the 1940s and 1950s, business, union, and civic leaders in western Pennsylvania had also begun to create development groups and to compete for new industries. For example, the Allegheny Conference on Community Development formed in 1944 and the Pittsburgh Regional Industrial Development Corporation formed in the summer of 1955. Led by elites in the Pittsburgh region, and fostered by an alliance between Democratic Mayor David Lawrence and Republican business executives, the two organizations aimed at both diversifying the

26. Beers, *Pennsylvania Politics*, pp. 225–230.

27. The other nine were: (1) a State Planning Agency to interpret future economic needs; (2) reorganization of the Department of Commerce; (3) an Economic Development Advisory Board; (4) a proposal to aid community groups working for industrial expansion; (5) a proposal to promote water protection and usage by working through Great Lakes Compact; (6) flood control in anthracite areas; (7) a coal research board; (8) support for highway construction; and (9) support for urban renewal.

area's economy, reducing air and water pollution, and promoting urban renewal.<sup>28</sup>

In addition to economic concerns and political battles, apprehension over shifting gender roles also emerged among redevelopment advocates. Preoccupation with gender roles was part of a national trend in the 1950s. In the anthracite region the concern rested on the interconnection between cultural tradition, often rooted in ethnicity, and the economic dependency upon an almost exclusively male industry. Given this, both men and women at the local level supported industrial development designed to attract or preserve jobs for men and national leaders expressed similar desires.<sup>29</sup>

One of the strongest supporters at the local level was Min Matheson, District Manager of the International Ladies Garment Workers Union (ILGWU) in Wilkes-Barre.<sup>30</sup> Matheson challenged the power of employers through union activities and efforts to improve workers' wages and benefits. She also worked to expand the welfare state and sought to diversify the economy of the anthracite region by supporting local, state and federal initiatives designed to create jobs there. Politically, she used her power and that of the ILGWU to support the Democratic Party and urged garment workers and others in the Wyoming Valley to do the same. Her work had both economic and social ends. While increasing women's wages and providing social welfare benefits grew more important as the mines closed, Matheson also hoped to empower women socially and spiritually through involvement in union activities.<sup>31</sup>

Although Matheson hoped to empower women in the Wyoming Valley, she remained concerned that improvements in women's lives might threaten traditional roles within the family, including males as primary

28. "Speech Before the General Assembly" (28 March 1955), "Industrial Development Plan: Releases, 1955-58" folder, box 19, Leader Papers; "Minutes of Conference on Governor's Industrial Development Plan" (25 October 1955), "Industrial Development Plan" folder, box 19, Leader Papers. See also R. Scott Fosler (ed.), *Local Economic Development: Strategies for a Changing Economy* (Washington, DC, 1991). Urban renewal met resistance from black and white working-class residents in Pittsburgh. See Louise Jeziarski, "Political Limits to Development in Two Cities: Cleveland and Pittsburgh", in Michael Wallace and Joyce Rothschild (eds), *Deindustrialization and the Restructuring of American Industry* (Greenwich, CT, 1988), pp. 173-190.

29. On the nature of gender roles in the anthracite region see Kozura, "We Stood Our Ground", as well as John Bodnar, *Anthracite People: Families, Unions, and Work, 1900-1940* (Harrisburg, PA, 1983). On gender in 1950s America, see, among others, Elaine Tyler May, *Homeward Bound: American Families in the Cold War Era* (New York, 1988); Joanne Meyerowitz (ed.), *Not June Cleaver: Women and Gender in Postwar America, 1945-1960* (Philadelphia, PA, 1994); and Michael Kimmel, *Manhood in America: A Cultural History* (New York, 1996).

30. Kenneth C. Wolensky, "'We Are All Equal': Adult Education and the Transformation of Pennsylvania's Wyoming Valley District of the International Ladies' Garment Workers' Union, 1944-1963" (unpublished Ph.D. thesis, The Pennsylvania State University, 1996), pp. 69-77.

31. Wolensky, "We Are All Equal", pp. 104-185.

wage earners. This reflected local culture as well as the fact that men's position in the labor market had traditionally been more stable. Jobs available to women were in relatively low-paying, less secure sectors such as retail, or in textile or garment manufacturing. Given this, women lacked the relative security men possessed through either private or public welfare. As Matheson noted in congressional hearings during the late 1950s, "many of the women work in the garment factories only because the men in their homes [...] are unemployed and are at home doing the housework, the shopping and tending to the children – a complete reversal of the normal course of family life". Female garment workers echoed these concerns. A female ILGWU shop steward noted: "It's one thing to have an independent income if your husband is working, but it is no fun being the breadwinner." "What we need here", Matheson argued, "are industries that are primarily industries for men and schools that will train men for the tasks of those industries."<sup>32</sup>

Male workers, as well as state and federal leaders, expressed similar views of masculine and feminine identities. In the 1956 hearings, unemployed worker Stanley Chepel noted: "It is a shame for the woman of the house to be working and the man doing the housework. It is not right." To which Senator Matthew Neely (D-WV) responded: "We hope that this hearing will help to speed the solution of this problem." Daniel Flood, Democratic Representative from Pennsylvania's 11th district, centered in Wilkes-Barre, echoed similar concerns in 1959 hearings. "My men are in the kitchen. Do not tell me that is where they belong." He went on to connect traditional gender roles to the ethnic heritage of the miners and to the community itself. "And what that does to the heart and mind of Poles and Slovaks and Russians and Ukrainians and Irish and German and Welsh miners I leave to you. It is destroying us."<sup>33</sup> Here, Flood conflated the ethnic heritage of miners with beliefs in traditional gender roles, reinforcing ideas outlined earlier in connection with the Tamaqua protests.

These examples suggest that cultural issues such as gender and ethnicity, like politics and economics, were important to the history of both area redevelopment and state building in the years after World War II. In the anthracite region, de-industrialization became a crisis of masculinity that affected men's status as providers and diminished the pride coming from a lifetime of paid work. For women, the crisis meant that their new status as breadwinners, which provided a sense of independence, came amidst unemployment for their husbands, sons, and brothers. Such sentiments,

32. All quotes in US Congress, Senate, *Area Redevelopment: Hearings Before the Subcommittee on Labor on S. 2663*, 84th Congress, 2nd session (4, 6, 9, 23, 26 January and 3, 9, 10, 24 February 1956), Part 1, p. 71.

33. Flood quotation in US Congress, Senate, Committee on Banking and Currency, *Area Redevelopment Act*, Hearings, 86th Congress, 1st session (25, 26, 27 February 1959), Part 1, p. 81.

combined with the events surrounding the Tamaqua miners outlined above, reflect a certain irony that liberal means were used for essentially conservative ends, and highlight the complexity of de-industrialization.

George Leader heard many of these same concerns as he traversed the state for his town meetings on industrial development. In 1956 Leader tried again to create a policy response to de-industrialization. But while Leader had pledged bold initiatives in state policy, the institutional roadblocks present in the Senate meant that the outcome would be a moderate one. Introduced in the Pennsylvania Senate in February 1956 with the support of eight Republicans and eight Democrats, the new proposal requested \$5 million for two years and established the Pennsylvania Industrial Development Authority (PIDA). Composed of both government officials and private, elite, citizens, the agency would offer second mortgage loans to private development groups located in areas of high unemployment, defined as a rate of 6 per cent for the preceding 3 years, or 9 per cent for the preceding 18 months. The bill required local groups to contribute 20 per cent of the project cost and a firm commitment from a tenant. Also, a new or upgraded facility could not be part of a company plan to relocate industry from one area of the state to another. The outcome of the bill reflected the political situation in Pennsylvania and highlights an important issue in policy formation. While the technological, economic, and cultural issues were critical for both generating a political response to industrial decline and establishing the context within which redevelopment emerged, those advocating a new program still needed to navigate the institutional structures of state government. In the case of Pennsylvania, while Leader and other liberals sought a broader program for communities facing industrial decline, conservative Republicans dominated the Assembly and thus had substantial power to shape the policy outcome. Having lost once on the issue, Leader and Democrats in the Assembly compromised. Conservatives limited the state's role through lower financing and increased local responsibility. Liberals made sure the state accepted some responsibility for aiding distressed areas and satisfied unions by inserting the measure against industrial relocation. After the bill passed unanimously in the House and with only two dissenting votes in the Senate, Leader signed it into law on 17 May 1956.<sup>34</sup>

The creation of PIDA represented an extension of the business-development-group model first introduced at the local level. Capital remained free to move, and PIDA acted as an inducement to attract firms and create jobs. With local solutions failing, would PIDA be enough to

34. Press release, "Industrial Development Plan: Releases, 1955–1958", 7 February 1956, folder, box 19, Leader Papers; "New State Industry-Aid Plan Offered", *Pittsburgh Post-Gazette*, 8 February 1956, p. 4.

Table 3. *National and redevelopment area unemployment rates, 1950–1960.*

Labor market	County	Labor market unemployment rate		
		1950 (national rate)	1955	1960
Altoona	Blair	4.8 (5.3%)	6.7 (4.4%)	10.4 (5.5%)
Erie	Erie	4.1	7.5	9.1
Johnstown	Cambria	6.7	10.1	11.9
Philadelphia	Philadelphia <i>et al.</i>	5.5	6.3	6.0
Pittsburgh	Allegheny <i>et al.</i>	6.0	5.5	9.3
Pottsville	Schuylkill	11.0	18.5	18.3
Scranton	Lackawanna	6.7	13.8	12.0
Wilkes-Barre/ Hazleton	Luzerne	7.2	12.5	14.6

Table 4. *PIDA loan information (1955–1965).*

Biennium & fiscal year	Appropriations	Number of projects	Amount of PIDA loans	Estimated project cost	Planned employment
1955–1957	\$5,000,000	24	\$3,904,329	\$11,859,086	4,047
1957–1959	3,000,000	56	7,026,342	23,222,961	9,485
1959–1961	11,020,000	70	7,709,423	24,601,434	11,790
1961–1962	8,000,000	68	9,533,049	23,918,627	9,090
1962–1963	9,000,000	60	9,822,791	24,329,427	8,085
1963–1964	12,420,000	87	14,695,914	35,453,533	9,030
1964–1965	13,500,000	76	16,162,443	41,628,576	9,964
TOTALS	\$61,940,000	441	\$68,854,291	\$185,013,644	61,491

Source: Commonwealth of Pennsylvania, *Pennsylvania Industrial Development Authority: 35 Years of Job Creating Loans* (1991).

halt de-industrialization? The evidence compiled in Tables 3 and 4 suggests a few minor successes amidst failure. According to PIDA records, between 1956 and 1965 the agency authorized nearly \$62 million in loans with a planned employment of over 61,000 jobs. However, a study of 106 firms that received a PIDA loan between 1956 and 1965 found that only 66.5 per cent had reached their planned employment level between 3 and 6 years after receiving a loan. Why such difficulty? With aging populations and possessing a labor force with relatively fewer transferable skills, businesses were less likely to invest in such areas. Also, the industries PIDA managed to attract were in the service or light manufacturing

sectors, which were typically lower paying and nonunionized areas of the economy. These jobs could not offset the continued de-industrialization of the older, union-dominated, core industries of Pennsylvania's economy and unemployment in eligible labor markets remained higher than the national average. For example, in 1960 Scranton and Wilkes-Barre had unemployment rates more than double the national rate of 5.5 per cent. The state offered other programs to help workers including unemployment benefits and job training, but the magnitude of the crisis overwhelmed these programs as it did PIDA. A similar story occurred in other distressed communities across Pennsylvania and across the country.<sup>35</sup>

#### TOWARDS NATIONAL LEGISLATION

National redevelopment legislation built on models developed at the local and state level in Pennsylvania as well as those created in New England to address the declines in the textile industry. After six years of sustained efforts in Congress, the federal Area Redevelopment Administration came into being in May 1961. It represented a limited financial contribution on the part of the federal government while at the same time addressing not only the effects of de-industrialization, but also poverty and unemployment among rural populations and on Native American reservations. These latter two mandates came as a result of political compromises with Southern Democrats as well as liberals representing Native American interests. Congress granted the ARA a four-year life and \$390 million to promote both economic *redevelopment* in urban areas and economic *development* in rural ones across the United States. This amounted to approximately 0.39 per cent of an annual federal budget approaching \$100 billion.<sup>36</sup> It is unclear whether a focused program like the original Douglas bill could have served as a basis for directly addressing de-industrialization in Pennsylvania and other states in the traditional manufacturing belt. What did happen was that the issue of de-industrialization became lost as the focus widened to address unemployment and poverty in both rural and urban communities throughout the United States.

In its four-year existence from 1961 to 1965, the ARA created 117,000 direct and indirect new jobs. It stimulated interest in the issue of structural unemployment and provided important links to programs developed during the Great Society, including job training, minority business programs, and regional development. The ARA also worked to use the

35. See Glenn H. Petry's "The Impact of the Pennsylvania Industrial Development Authority on Employment in Depressed Areas" (Honors Thesis, Pennsylvania, 1967).

36. On the history of the ARA see Sar Levitan, *Federal Aid to Depressed Areas: An Evaluation of the Area Redevelopment Administration* (Baltimore, MD, 1964) and Gregory Wilson, "Before the Great Society: Liberalism, Deindustrialization, and Area Redevelopment in the United States, 1933–1965", (unpublished Ph.D. thesis, The Ohio State University, 2001).

Table 5. *Approved ARA industrial/commercial loans by industry.*

Industry	Investment (\$)	Projects	Employment potential	Investment per job (\$)
Lumber and wood products	25,875,994	52	5,195	4,495
Hotels and motels	21,759,200	28	3,095	6,820
Food and kindred products	20,715,256	42	4,945	3,466
Stone, clay and glass	14,534,128	25	1,915	7,563
Rubber and miscellaneous plastics	14,204,154	27	3,185	4,433
Paper and allied products	12,423,410	12	1,265	9,821
Primary metal industries	8,030,417	15	1,455	5,208
Textile mill products	7,020,403	13	1,830	3,826
Retail trades, miscellaneous	6,432,180	4	1,300	4,948
Recreational services	6,350,267	21	1,305	4,866
Furniture and fixtures	5,159,209	17	1,525	2,109
Chemicals and allied products	5,134,136	12	1,270	4,026
Electrical machinery, equipment and supplies	4,184,162	15	1,345	3,111
Apparel and finished goods	3,555,785	24	3,315	1,065
Fabricated metal products	3,291,123	21	815	3,886
Miscellaneous manufacturing	3,006,650	5	440	6,561
Machinery (except electrical)	2,849,572	10	1,145	3,489

Transportation equipment	2,355,216	14	1,330	1,297
Medical and other health services	1,791,531	6	275	6,515
Professional, scientific, and controlling instruments	1,377,250	6	1,040	1,324
Motor freight transportation and warehousing	903,357	7	520	1,653
Petroleum refining and related industry	832,000	2	130	6,400
Printing and publishing	789,685	5	190	4,156
Wholesale trades	721,575	3	165	4,373
Miscellaneous business services (research and development, commercial)	576,450	3	160	3,603
Leather and leather products	529,353	2	415	1,276
Bituminous mining	406,360	2	35	9,286
Agriculture services	376,870	3	160	2,355
Tobacco manufacturers	225,000	1	375	600
Ordnance and accessories	195,000	1	60	3,250
Mining and quarrying of non-metallic metals	182,730	3	90	2,030
Services, personal	139,614	1	30	4,653
Miscellaneous repair service	87,750	1	10	8,775
Commercial farms (horticulture)	81,250	1	10	8,125
Retail trades	46,000	1	15	3,067
<b>TOTALS</b>	<b>\$176,143,037</b>	<b>405</b>	<b>40,355</b>	<b>\$4,109</b>

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Compiled from ARA Reports.

Table 6. *Approved ARA public facility loans/grants.*

Type	Investment (\$)	Number of projects	Employment potential
Recreational services	48,449,102	19	3,545
Electric, gas, and sanitary services	15,068,503	78	14,795
Medical and other health services	12,017,000	4	2,610
Industrial parks	11,295,280	37	7,265
Port facilities	8,796,000	8	1,310
Research and development/non-profit	4,933,000	2	–
Miscellaneous services	3,280,203	5	960
Airport facilities	233,624	3	585
Museums	25,580	1	15
<b>TOTALS</b>	<b>104,098,292</b>	<b>157</b>	<b>31,085</b>

Compiled from ARA Reports.

state to bring together various individuals and groups in an effort to eradicate unemployment and poverty and to make communities more livable. Its successor agency, the Economic Development Administration, continued these programs with a focus on smaller urban areas and rural communities. Hence, the ARA, drawing on experiences in Pennsylvania, presaged elements of the Great Society through programs designed to increase opportunities for individuals and communities to climb out of poverty. At the same time, the focus on economic planning and job training reflected aspects of the New Deal; thus, the ARA resembled both eras of liberal reform.

## CONCLUSIONS

As this article suggests, local and state developments were important to the ARA's creation, especially those emanating in the anthracite region of Pennsylvania. There, workers, union leaders and mine owners struggled to create a response to de-industrialization. In the Panther Valley, miners of Tamaqua Local 1571 emphasized a shared governance while the UMW and owners of firms such as LNC preferred cost-cutting measures, including mechanization and longer work hours. LNC and the union won this battle, but the community and region lost the war as the market for hard coal collapsed and unemployment increased.

Local business leaders, with some union support, then sought further private solutions by creating development groups to compete for new industries against other communities. Although local citizens in Pennsylvania attracted new industries, they could not lower unemployment and reduce poverty to acceptable rates and turned to the state for help. The

Table 7. *ARA support by regions.*

ARA region	States	Number	Investment (in thousand \$)	Potential jobs
Appalachia	KY, TN, VA, WV	326	76,834	13,975
Northeast	CT, DE, ME, MD, MA, NH, NJ, NY, PA, Puerto Rico, RI, VT	476 (499 incl. Puerto Rico)	66,105 (75,973)	20,050 (21,625)
Lake states	IL, IN, MI, MN, OH, WI	418	55,244	10,125
Southeast	AL, AR, FL, GA, LA, MS, NC, SC	306	53,851	15,915
Southwest	AZ, CA, CO, HI, KS, MO, NV, NM, OK, American Samoa, TX, UT	311 (316 incl. American Samoa)	38,875 (39,939)	7,475 (7,605)
Northwest	AK, ID, IA, MT, NB, ND, OR, SD, WA, WY	214	18,021	2,195

Compiled from ARA reports.

outcome was PIDA, which provided incentives to new industries but left the decisions regarding location in the hands of business owners. Like local efforts, PIDA could not bring unemployment rates down to national levels, prompting many Pennsylvanians to lobby for a federal solution to chronic unemployment.

The state building process related to the anthracite crisis moved simultaneously from local to national and from private to public arenas. In Pennsylvania, technological change and economic collapse led to rising unemployment and poverty, which mobilized citizens to demand solutions. Both private and public models emerged, involving business owners, labor leaders, political parties, experts, and workers in a complex and often ironic policy narrative. Developments in Pennsylvania influenced rising federal efforts to combat poverty and unemployment and shaped the nature of the programs developed. Besides technology and economics, gender was critical to state building efforts. By emphasizing jobs for men, redevelopment advocates framed the need for a new government program in a way that would appeal to conservatives and support traditional notions of gender. While technology, economics, and gender were all important for the creation of redevelopment policy, in the end the political process within government institutions remained the most decisive factor shaping the outcome. These events in postwar Pennsylvania reflect the complexity of state building and policy making in modern America by integrating the structural forces such as markets and technology with the concerns of various politically active groups, including male and female workers and labor leaders, business owners, experts, and politicians. Analyzing how these developments influenced the creation of federal policies aimed at promoting economic development in areas of poverty can provide a deeper understanding of de-industrialization and policymaking in between the New Deal and the Great Society.