Interview with Boyd Barnard
4/10/79

Let me open with a statement -- I'm very pleased to have an opportunity to be interviewed on the subject of the changes that I have seen in the economy of Philadelphia during my business life here, which now, as of this approximate date, measures 60 years. And naturally, I have seen a great many changes. I've seen political changes from the Republicans that controlled Philadelphia for the first perhaps half of my business life and the Democrats for the balance of it and I have come to the conclusion that no matter which party it is or what they may stand for there comes a time when they must be thrown out and I feel that, although I am a Republican, it was time to throw the Republicans out when the Democrats first came into power here through Joe Clark. And I feel just as strongly now that the present political machine which seems to be operating primarily under Frank Rizzo, our present mayor, should be thrown out. Now, whether that is a possibility at the up-coming election, I can't say but in any event it will be an improvement in my opinion over what we presently have and I am very -- I was very strong for killing the measure to let Mayor Rizzo succeed himself. And as a result, I believe we will have better times.

Now as far as changes in the economy of the city during this period, there have been a great many changes which are not the result of politics alone, although some of these changes have been. Politics alone did not cause the major removal of heavy industry and of textiles away from Philadelphia. That was caused by a number of things that Philadelphia itself had no control over. It was primarily a labor situation. Cheap labor was available elsewhere and industry must follow the labor market. Heavy industry changed because the city was no place for heavy industry. The land for other purposes became too valuable, for one thing, and then the change in the cost of transportation required the removal of many heavy industries where they had a more central market than they had on the eastern seaboard. And those were two of the greatest changes in the economy that have affected Philadelphia.

Now I have before me a set of questions and I'll comment on those. And the first one is what major changes have you seen in the economy of the city and how have they affected
the prosperity of the city? Well, they have affected the prosperity of the city. Our city is not in the financial shape that it was and it is following a trend in most other major cities which is greater and greater debt, more and higher taxes as a result, and it has affected the prosperity in all respects. The question that says how effective would you say that the City Planning program has been over the years since the swing from the Republican days of the city to the more recent period under the Democratic administration in City Hall -- well, I would say that the planning program in Philadelphia really has been the work of the Democratic administration. There was very little planning as we think of city planning today done during the Republican regime and most of this has been done during the Democratic administration. For whatever good or bad it is, and I think it is generally good. I think we can attribute that to the Democratic administration.

Would you say that the programs of redevelopment have been vitally important to the city of our day? I think they have been very very important. Vitally important. I don't know what we could have done without them, as a matter of fact. While they have not been as successful as they might have been and although they have been politically mismanaged in many instances, nevertheless, it is a plus for the city that we have had these redevelopment programs and without them I think we would have been in much worse shape in all respects than we are at the present time. These have been largely federally financed, of course, and the programs have come from Washington for the benefit of the city and while I'm sure they could have been vastly improved, they nevertheless have been vitally important.

Now, if you have observed the workings of the Philadelphia -- this is another question -- Industrial Development Corporation, would you assess for us its effectiveness? Yes, I think the Industrial Development Corporation was an excellent idea and it has grown in stature and effectiveness and at the present time I believe it is well-run. Generally speaking, over its history it has been well-run and it is a vital part of the city's economy today, without which we would be deprived of something that I'm not sure how we could replace it. It's had good people at the head of it and they have done a great deal of good for the city and I think there is a considerable future for it because they have been expanding their work into more than just industrial development. They have gone into commercial development, which is badly needed in the economy. And through their tax release program I can identify no doubt with a little consideration many many projects in Philadelphia that give us employment and a payroll that could never have happened without the Industrial Development Corporation.
(WMP: You've worked closely with it?)

We've had many contacts with it over the years and it has been effective and it has been much less political in its operations than have the Redevelopment Authority or the Philadelphia Housing Authority or any of those that have been tied into federal grants.

Now, another question is this -- do you see any new developments coming in Philadelphia which will enhance the economy and prosperity of the city? Well, yes, I see the ones that have been publicly announced -- like the in-town developments that the Rouse company expects to affect in downtown Philadelphia. The Rouse company is the one that built the Gallery, linked in with Gimbel's store and the Strawbridge store. They are going to take over, presumably, the Reading Terminal property and develop that with office buildings and a new J.C. Penney store which we do not have in Center City today and that will be a vital part of the development of East Market Street between the Gallery and the City Hall. And of course the new developments are not so much in the industrial segment as in the commercial segment, like new office buildings. A new office building is expected, of course, in the entire block between 18th and 19th on the south side of Market street done by the Sun Companies and another office building is to be built at the southeast corner of 18th and Market St. -- a fifteen story office building. There is an option out for another office building on the entire block between 19th and 20th on the south side. Next door here. There's a likelihood that there will be a joint development of the Insurance Company of North America property which faces Logan Circle at 19th and 18th Sts., either as a combination office building and hotel or one or the other. That is not that far along, but INA may be willing to joint venture that with a developer and lend their financial support to it. That's not as far along as these others. Of course we have now coming in the stream shortly the new Fairmount Hotel, which was the old Bellevue Stratford Hotel, and the Franklintown project which will be a hotel operated by the Canadian Pacific company and another new hotel on Rittenhouse Square that will be coming along shortly. It presumably is financed. All the things I'm saying are commercial. Now as far as bringing new industry into Philadelphia, that is been a problem. We've had an exodus of industry but fortunately the economy of the country as a whole is requiring less and less space for industry and more and more space for service businesses. And Philadelphia is benefitting in the center of the city and in the suburbs by that move in the general structure of our economy.
Let's see -- we were talking about new developments. There is a great deal going on in that respect. There will be more apartments built downtown. The future of in-town Philadelphia I think is very good because traffic flow into the center city is getting more and more difficult and all of the cultural projects -- your galleries, music, everything -- is down here. People find it more difficult to get in. We also find that with the energy situation as it is and as the prospect is in the future, that those past mid-life and those in the early stages of married life find that the most convenient and best place to live for them is in the center of the city. Consequently, the old neighborhoods are being rebuilt. The best example of it of course is Society Hill. One needs only to go down in the area to see what tremendous changes are taking place and what a -- how many people want to and do live in that section of the city today. The same thing is happening up in Franklintown. It is happening around the Art Museum. It is happening all the way over south in Lombard Street and South Street and the demand for housing in all of the downtown area is quite substantial at this time and I don't see anything ahead that is going to change that. Because people are going to want -- as gasoline gets more difficult to get and as traffic gets worse to get into town -- more and more people are going to want to live there. It's a pleasant way to live.

(WMP: How do you assess the probable impact of the railroad tunnel?)

I'm going to come to that. I see that you have that as a question. Supposing I go on to that. You say how viable is center city, in your opinion, and what do you think will be the impact of the tunnel. Well, I've been talking about the viability of center city, of course, which is a very positive feeling, and I think the impact of the tunnel will be very considerable on the plus side of center city development. I don't think we recognize -- the opponents of it -- recognized at that time the state we are in right now in relation to transportation and the outlook why public transportation is going to have to be used more and more, in my judgment. And the cars possibly less, so even those who were against the tunnel originally I think have less of an argument now than when they were originally opposing all of that expenditure. It sounds like a tremendous amount of money to be spent for that kind of a project and yet its imprint is almost everlasting on the city after it is finished. It is almost like after it is in operation I have a feeling that we will wonder how we ever got along without it. I don't know whether you were an opponent of it or not.
It seems to me that there was an opportunity there that had to be taken advantage of -- where we could get as much money as we could out of the federal government to help us on the project in spite of the fact that we were hard-pressed for capital funds, nevertheless there are certain sacrifices that we will have to make in other respects in order to get a project of this character. And I'm glad to know that you felt the same way.

Now, to what extent have the suburbs drained the economy of the city? Well, they have. In percentages I can't answer that. But of course they have drained the economy of the city. But a thing like that is inevitable. A city like Philadelphia doesn't have the land that is necessary to develop in a growing economy -- like we had certainly in the '50's and '60's and to get the greater Philadelphia economic advantage that was available we had to go to the suburbs for many many developments. We wanted to stay in the city but you didn't have the availability of the land. You have to accept that fact. You can't grow in the narrow confines of the city because you don't have available enough undeveloped land. Or land to redevelop.

Now -- what changes have you observed in the racial composition of the city and how have these changes affected the city's economy? Well, anybody can read the papers or walk the streets and know that the racial composition of the city has changed and Philadelphia is not alone in that respect and we know that the top segment of the economic base that we have -- the people, that is -- a great percentage of them have left the city and what has come in does not have the income to support the city. And the city has suffered as a result. Now, I'm optimistic on that because I think that the minority -- racial minorities -- as they become more educated can take a better place in the economy. That they will be bigger and better tax supporters. I think we have peaked out on the low side and that we are on the way up. That's true not only here but elsewhere. The migrations from the south into the northern cities has largely stopped. In fact, been reversed. So that I'm really optimistic about the future particularly the downtown areas that have been abandoned through certain migrations away from the city into other portions away from the center or even in the suburbs. That's got a ways to come yet but I believe it's going to happen.
(WMP: Would you say the port of Philadelphia has had a decline?)

Yes. I'm concerned about the port of Philadelphia. I don't know what the answer is, but we are not taking advantage somehow of the natural values that we have here in the port of Philadelphia. It's not diversified enough. It's all one product, and although --

(WMP: What is the product?)

Oil.

(WMP: How about iron ore?)

Yes. We're much better off now that we have the channel deeper so that they can get to the Fairless plant up at the river, but the bulk of our cargo is still petroleum and it is not -- the port has not progressed as it might have and I don't know really what the answer is.

(WMP: Well I guess it is hard to compete with New York and Baltimore...) Well, it is hard to compete with New York and Baltimore but when you say Baltimore it reminds me of a situation that we were in charge of a few years ago when Kenicott Copper was looking for a location on the eastern seaboard and we had the assignment -- my firm, Jackson-Cross Company, had the assignment to find the place to locate this plant. And they gave us a good bit of freedom excepting one tenent that was positive and that was that it must not be in the state of Pennsylvania and that was because of the tax situation that existed at that particular time in relation to both New Jersey and New York and Maryland. We finally found the ground for them and it was a part of the Baltimore port and they built a substantial plant there and it has been operating a very high amount of tonnage for the port of Baltimore every year. So the tax situation in Pennsylvania unquestionably has had an effect on this port.

(WM: What is the tax?)

I'm not able to reel off to you at this time all the taxes involved for an industry coming into Pennsylvania and contrast it with the neighboring states and it will depend upon the kind of industry as a matter of fact. But we haven't been favored for a long while, Walter, in attracting industry due to our tax structure and particularly so in recent years.
Because of our fiscal situation and the knowledge that they knew they would get soaked because the Rizzo administration was running at the kind of a deficit which was not disclosed in a long while and which resulted in an increase in one year of taxes of about a third, as you know. That has had an effect on bringing people into Philadelphia.

(WMP: to what extent do the industrial districts along the turnpike and other areas outside of Philadelphia take industry away from the city?)

Well, the thing -- the first thing that will attract industry away from the city is the wage tax. That's a considerable amount in a large payroll and if you can move out of the city you save that. There is a reason to be in the city for some industries and let's face it there is a reason for some people to be out of the city. The city doesn't have a monopoly nor does -- nor is it completely disadvantageous. There are situations where one is right and where the other is right but the wage tax is the first thing that industry will look at if it is considering a location within or without the city.

(WMP: Who put that one? Was it Joe Clark?)

I think so. But it was a good tax. In spite of the fact that industry will go away from it it is a better tax than to try to get that difference on real estate. It's a fair tax, actually, because everybody that works in the city for anybody gets the advantage of being in the city. They should pay something for it. The wage tax makes them do that. I believe in the wage tax. But nevertheless there isn't any tax that isn't going to affect somebody to the point of where he would try to avoid it or get away from it. That's the way I look at the wage tax. We can't do without it but in having it we are going to lose some people that might be in here.

(WMP: From a long standpoint of time do you think Philadelphia is going to prosper?)

Yes. I do. I think that Philadelphia has a lot going for it. It's well located in relation to practically anything that goes into business or good living and I don't see anything ahead that would cause any major migration away from the eastern seaboard or from Philadelphia and because of its proximity to everything north and south and now that we have air travel it is close to Florida, it is close to anything you want to think of and it has a history that is an attractive history.
I think it is an attractive history to a new generation coming up. It's sound. It's solid. It has roots. And as people become educated more and more I think that they do and they will more appreciate some of those values in life that are available here. We've had industries locate here, Walter, as you know more than I do, no doubt, that come here because of the availability of university libraries, colleges of all types, cultural advantages in the way of museums and music -- all of that tends to create a solid kind of atmosphere that I think people will always respond to.

(WMP: So if any of the cities in the United States are going to prosper and progress Philadelphia should be able to do it with them.)

Absolutely. Before the war Munich was a great city and one of the things that made it great was its museums and its cultural products, its opera, but after the war its progress industrially depended to a great extent on the fact that those institutions were there. And Munich is probably the most important city in Germany today. It was accused of being dead and being a museum city but that was the very basis for its comeback because it had that.

(WMP: In a sense Philadelphia had a comeback too.)

No question about it. I will say that the Clark administration began the renaissance of Philadelphia in all respects. But I say at the same time that we have gone too long now. It's got to be changed.

(WMP: New leadership?)

Absolutely. And I don't see where it is.

(WMP: What else would you like to put on the record?)

I think Philadelphia is ok. It has a good sound future. We have a lot of great corporations all around us here, not necessarily within the city limits, but they are dynamic, they are expanding. Sun, of course, is one of them. And they are coming forth with the new office building downtown. But I think it is very necessary at this point to change the image that Philadelphia has politically because all over the country, and we see this because we are out beating the bushes to try to get industry into this area -- first within the city if we can but in the area, and I tell you the political situation here -- the way it is talked about over the country and what they think of the corruption that has been evident in this city in practically all the departments of government and in Pennsylvania is very discouraging to industry that is in a position to locate here.
(WMP: You don't see any other buildings going up as a result of the Sun building going up?)

There is another one to go up at the corner of 18th and Market, caty-corner of the Sun property. There is another one to go up between 19th and 20th here on Market Street on the South side. There is an option out on that property now. I don't know whether it will go through or not but it is -- there has been real money put up that will be lost if they don't go through with it. So what you are saying is -- of course, this is the good part and the bad part of a free economy. And it's good, on the whole. You are never in balance. You always build too much. And then you get a scarcity. And then you build too much again. You are never in balance. A free economy can never be in balance.

But the promotion and development of the port has been disappointing to everybody.

(WMP: Is there anything more you want to say?)

No. I think I've talked too much, but I always do.

(WMP: No, you haven't. That's not true. Thank you very much.)