Interview with R. Stewart Rauch, Jr.
5/22/78

My early background is that I was born in Villanova, went to St. Paul's School, Princeton, and Penn law school.

(WMP: Do you want to say anything about your experiences there?)

I don't think there is really anything of interest. When I was at Princeton I played on the squash team, and was on the undefeated 150-lb. crew, which was asked to go to the Henley in England. We never went to Henley. They said we had to raise our own money and we were all broke.

After I graduated from Princeton I thought it would be interesting to see what government work was like so I got a so-called scholarship which again provided no money from the National Institute of Public Affairs in Washington and they provided the first internship with my father's college roommate, former Gov. of New Hampshire, who was then chairman of the Social Security Board and he put me in the research department under a law professor and economist from Yale named Walter Hamilton. I found that as deadly dull an assignment as I could imagine. So I went to Mr. and said I wanted to see something more alluring than that and he arranged for me to become an intern in Senator Potter Glass's office under a marvelous, jovial Virginian named Rixie Smith, who was Glass's administrative assistant. Rixie Smith was an ardent New Dealer and Potter Glass is about as conservative a Democrat as you could find. Glass was in his terminal illness and so Rixie Smith ran the office and would send for Senator Harry Byrd and get instructions as to what he was to do.

It became very clear that I was going to starve to death if I didn't get a paying job so I went to the other extreme and took a job with the night shift in the soup plant over in Camden. I had an odd assignment of figuring out how to make the Polish women on the assembly line clean the chickens that went into the soup and do their job more efficiently. It was an exercise in futility. The plant superintendent had three pet peeves -- one was women working for him; the second was college graduates; the third was people who he thought had been given favored treatment by being put on the management training program. So he decided to fix me by
giving me this woman dietician to handle and putting me in charge of the petty cash fund, which he thought I'd probably make off with, and keeping me on the night shift, and he would order on no notice and tell me to produce 3,000 meals in two hours. At that time the plant had contracted out food services to a man named Slater. And the plant superintendent disliked Slater just as much as he disliked me, so this was great fun to do the two of us in.

Then I went to Penn Law School and finally graduated and was in Dechert, Smith, and Clark. And then from there I went into the navy and went back to Dechert's office for about three years and came down here in January of '49.

(WMP: Did the Dechert office have the Savings Fund Society as a major client?)

Had no relation at all. The only relationship was that Geoff Smith was one of the active trustees of PSFS. And at the time he left to become head of the Girard Bank he suggested that I come down here. Since he was my mentor all during my legal career I didn't have much interest in staying up there once he left so I came down here and took charge of the mortgage department in January '49. And in January of '55 Henry Chestnut (?) had retired for reasons of health and the Board had told me that when Henry retired on his normal date, which would have been in '60 they wanted me to succeed him. I was pleasantly surprised —

I think your fourth question is perhaps worded too generously when you say PSFS officials are more responsive in good government efforts than most other institutions. I think we are as responsive. And it goes back to the days of Mr. Roberts. You mention Malcolm Lloyd -- actually I think you are talking about his brother, Stacey Lloyd. And I talk to Stacey's son, Morris, who is one of our trustees now, one of my numerous college roommates as well. Last week, he said that it is his impression that in the days of James Wilcox, who was succeeded by Mr. Stacey Lloyd, that most of the efforts of the senior management were dealing with the problems of the Depression -- relief, and trying to find jobs, and they did not go into the more varied kind of activities that Mr. Isaac Roberts got involved in.

(WMP: Which of them was responsible for building this building?)

Mr. James Wilcox. That goes way back to the middle twenties. And I've had the story from George Howe, who was the architect, and he used to come down occasionally and have lunch
with me and reminisce. Although he gets the credit for the extraordinary imaginative design of the building he told me on more than one occasion that Mr. Wilcox ought to get a lot of the credit. Mr. Wilcox had sent for George Howe in the '20's and said they wanted to have a headquarters building here. The bank had put up what was a substantial banking office to test the site for effectiveness and called it temporary, but actually the scale was far fancier than anything we use today on a permanent basis. They found the site was a good one and Mr. Wilcox told George Howe to design the building and George Howe brought in the design and Wilcox said he didn't the economy of the building to show. Howe then went to the American Academy in Rome and there became familiar with modern architecture as it was being designed and then he came back from his stay at the American Academy and Mr. Wilcox sent for him again and told him to bring the design off the shelves. Mr. Howe said he wouldn't have his name on anything that looked like that having been to Rome. Give me time to start fresh. Wilcox said ok and then Howe started the design of this modern building. Mr. Wilcox criticized the early designs and made suggestions and of course George Howe made a great contribution to the final design -- it had a vertical emphasis -- the importance of vertical lines. And that was Mr. Wilcox's suggestion. So then the board authorized the construction of the building and they started just before the Depression and they persevered and created jobs here in the city when so many people were unemployed. It was finished in 1932 and still I guess is the most modern building in the city.

On these civic involvements, Mr. Roberts became president in 1941 and Mr. Lloyd died of a heart attack. Mr. Roberts was very active in the Savings Bank then at the national level and then after the war when Harry Batten was putting together the GPM Mr. Roberts was one of the people in the forefront with Harry Batten. You ask which of my civic activities are the most interesting. I would think probably the days of the Black coalition and the Good Friday meetings in the Spring of 1968. Eddie Vorhees of the Dechert firm called me one Sunday night and said that Cecil Moore had gotten hold of him and told him to wake up Rauch and Bond at home and tell them the city was going in flames if something wasn't done within a matter of days because of the assassination of Martin Luther King. I was at home getting over a gall bladder operation and Eddie got me to the mint where I decided to cut short my stay at home and come back in here to see what could be done. That was on
Palm Sunday and we opened up the board room in the bank on Good Friday and Dick Bond and I collected the chief executives of 25 or 30 Philadelphia headquartered companies and I guess it was Cecil Moore, although he didn't come to the meeting, he assembled a bunch of militant Blacks and we started up there in the board room at 9 o'clock in the morning and fought with each other until about 3 or 4 o'clock in the afternoon.

(BF: What did they want?)

Originally demanded 5 million dollars within a week or else they would tear the city apart. Leon Higgenbothom was then a trustee of the PSFS and I asked him to be the presiding officer and try to keep order and he did a masterful job. First the Blacks would go out into the solarium outside the board room and have a caucus and restate their demands and then the businessmen would proceed to the solarium and have a caucus and give Bond and Higgenbothom and Rauch new instructions as to how far we could go and finally at the end of the day Dick and I committed our personal efforts to raising a million dollars -- not five million -- to try some of these programs that the militants said they felt were essential, such as providing employment and letting them do their own thing with the money in their own way. The money pretty well went down the drain without any accountability. We never could account for about $250,000 of the million we raised.

(WMP: Who acted as controller of the money?)

Stanley Branch. There were all sorts of amusing things. I remember one snowy morning we had -- first it was three times a week I put on a free breakfast for these guys in the board dining room. Then it got down to once a week and Stanley Branch became the Executive Director of the Black coalition. And one snowy morning I came in on the 7:15 train from Haverford and noticed my feet were cold and when I got upstairs I found I had a hole in my shoe. The snow had come through the hole in the shoe and just then the phone rang upstairs and a Black man's voice came on and said Stu, Stanley wants to talk to you. I said where is he? And he said he's out here in 30th St. in his Cadillac. Wants you to tell the people to be patient. He'll be along in a little while. He came in 15 or 20 minutes late in his Cadillac which was paid for by part of the missing quarter of a million dollars and he had a bartender out in West Philadelphia driving him around. And his name was Gus Lacey.
On another occasion when we had tightened up and Stanley was being held more accountable for the money he wouldn't give the really wild militants what they thought they were entitled to -- I arrived at the breakfast meeting and George Fencil was there -- civil disobedience from the Police Department -- and he said Mr. Rauch we got word about an hour ago that the militants are coming here with arms, knives, sawed-off shotguns, and pistols and they are going to demand $100,000 from you or they are going to shoot the place up. This is private property and we will leave if you want us to. I said hang around and let's see what's going to happen. So we started breakfast and these toughs came into the dining room and stood around the walls and said they wanted to make a statement and started demanding money and I said we don't have to put up with that kind of thing and I declared the meeting adjourned. They didn't do anything violent but they did ask to meet privately with me. I said come on down to the other end of the floor in the executive meeting room and Leon Higgenbothom said I'm not leaving you in there alone. I'm coming in there too. So the two of us went in and Bill Wilcox came in too. And I told Fencil to bring his guys and stand around the executive committee room to see what was going to happen next. They repeated their demands and went into detail and I said you can't present something that is as loosely put together as this -- you write out the program and send it over to me and I'll present it for consideration. The fact of the matter was none of them could write. So they said we'll write it out and we'll meet with you in three days. So we agreed to meet with them over in Wilcox's office. I came to that meeting and they didn't have anything in writing for the reason I just stated. And again it broke up rather amicably -- no violence. And they never did put down a program. Fencil told me that one of the people in the first meeting had been on his list of most dangerous Blacks in the city. And he had never had a look at him before.

(WMP: What did he have on the fellow?)

Violence. Perhaps he murdered somebody. I was just glad to get him out of here, that's all.

(BF: How did the whole thing resolve?)

Well, we finally merged the Black coalition with the Urban Coalition and transferred our remaining money over to the Urban Coalition -- the Urban Coalition had been going nowhere and we finally concluded we had to give it to Stanley Branch. So then they put Charlie Bowser in as Stanley's successor as Executive Director of the Urban Coalition.
(WMP: What year was that?)

We started in the Spring of '68 and we merged it into the Urban Coalition in March of '69. And then Dick Bond and I became the two White co-chairmen of the Urban Coalition until sometime in '73 when we turned it over to John Bunting and Bertha Brown and two others -- I've forgotten who they were now.

(WMP: What sort of issues were dealt with by the Coalition?)

The Black community's principal issue was jobs and Dick and I made a serious mistake by pledging 50 jobs a week. The business community could absorb that, we thought. It ended up that we lived up to the pledge for the first two weeks by Wanamaker's and PSFS passing out 50 jobs but that's about all we could get. Obviously, we couldn't keep on doing that without our going bankrupt so we finally just said that we made a promise that we can't live up to and we'll have to say it can't be done.

(WMP: How did they react to that?)

I think they respected us for not using any double talk. There was one man named Freedom George, who was a great big good-looking Black, and he had his thing which was to clean up, block by block, and his boys, as he called them, were issued brooms, rakes, and shovels and he asked me to come up one Saturday morning to see how he was doing it. I was out of town but somebody told me they went up there and George's system was he'd get the money and he'd give them the brooms and the shovels and at the same time he'd give them the money and all they did was go off and sell the brooms and the shovels and go to the nearest bar and drink up the money they had been paid. We had a number of these experiences, but Judge Higgenbotham said that on more than one occasion it was the cheapest fire insurance policy that the business community ever bought in its life. It kept the lid on things.

(BF: Tate was mayor at the time? Was he involved in any of the negotiations?)

Tate had put together the Urban Coalition and it was getting nowhere and the militants wouldn't deal with the Urban Coalition because they detested Tate. So they created the Black Coalition. And then at a later date in effect we took over the Urban Coalition and Tate stayed away from it. I think it was in September of 1970 that the Black Panthers were coming to town for their national convention.
And I had been in Europe on vacation and when I came back two of Rizzo's cops had been shot out in Cobb's Creek and one of them was killed, actually. I was directed by the GPM and the Urban Coalition to call up Rizzo and say that we wanted to do anything we could to be helpful. So I called up Rizzo and he just lost his temper and blew his stack and castigated me and cursed me — where the hell was I when the cops were killed? And was I so presumptuous as to think that GPM or the Urban Coalition could do something better than he could? And I finally just said I'm not going to put up with that kind of talk and hung up. Then he called a press conference at the round house and said all this to the press. And it comes out in the front page of the papers with the net result that the switchboard here at PSFS lit up with rednecks calling in to get my scalp. There was a bomb threat and we had to clear this whole building out while we looked for the bomb. I decided I wasn't going to take that, so I called a tv press conference over at the urban coalition headquarters and I had Clarence Farmer, Thacher Longstreth, Dick Bond was out of town, Herman Wrice, who was co-chairman of the coalition, and myself sitting at a table for an hour an a quarter while the press tried to get me to say the same things about Rizzo as he said about me. I just took the position that the man is emotionally exhausted, physically exhausted, and he better get home and get a good sleep. Rizzo doesn't realize what he said and I'm not going to call him names just because he called me names. Finally, after an hour they said we're not going to get any more than that -- that's not news -- so they finally went away.

But I think the Black Coalition did defuse the situation. I suppose the other most useful thing was probably the Food Distribution Center and --

(WMP: That was an earlier time.)

Yes. That was in '53 -- I think Harry Batten started on it in 53. Harry Batten deserves all the credit for that. All he did was make me the unpaid president to raise $100 million. We got $15 million in equity money out of the city.

(WMP: Who was mayor then?)

Joe Clark. And Joe threw a curve at us at the last minute. Batten and I were over in his office and he said well, I'll give you the $15 million but you're going to have to pay real estate tax. That had never been considered or discussed. It didn't seem very rational to me because the city was going to own the whole thing eventually. But Joe was adamant and I looked at Harry and Harry looked at me and I said well, we'll make a try at it. We're not going to get the money otherwise.
(WMP: Who put up the equity?)

Capital budget of the city. It was amusing because I had been on the Planning Commission with you and Bacon said that he couldn't find the $15 million -- he ran a tight budget. It so happened I spent one summer sitting in the evenings having the departmental reviews of the various requests for the capital budget and I knew exactly where he hid his money. I just told him listen Ed, you taught me too much. I know you've got the money squirreled away and you find it by tomorrow or I'm going over to see Joe Clark and tell him to direct you to find it. So Bacon found it and actually it turned out it was no problem paying real estate taxes. For 380 acres I think was paying a total of $26,000 a year in taxes as a burning dump. Now it's paying something like $2 million a year. It's desperately in need of expansion. The volume of business down there now is more than we ever anticipated.

(WMP: What is the solution to that? Another one built somewhere else?)

I don't know. We had an executive committee meeting last week and we are having some studies made. I don't know what the solution is.

(WMP: You are still on the board then?)

Chairman of the Board. Same salary I had as President.

You ask how I became interested in city planning -- I came down here in '49 and I was in charge of the mortgage department and went on the board of the Citizens' Council on City Planning, which I guess you founded.

(WMP: I put it together, yes.)

Then when Joe Clark revitalized the City Planning Commission he asked Gerrad Ingersoll and myself to form that. I had the flu out in my house in Paoli, and Joe called and said he was going to put me on the Planning Commission and I wondered if it was illegal because I lived in Chester County. He said oh my God, let me get ahold of Abe Freedman. He called back about 15 minutes later and said Abe confirms your opinion but says go ahead and put him on because nobody will raise the issue because you are not going to get paid anything. So he put me on illegally and I accepted illegally.
And then when Harry Batten made me President of the Food Center there was an obvious conflict of interest so I got off the City Planning Commission. I couldn't be going in and asking for $15 million and then voting in favor of my request. Even I saw that one!

Well, you ask about what others were involved -- it was primarily the board of the GPM and among those, obviously Harry Batten.

(WMP: Do you remember Al Greenfield's discontent over the whole thing?)

Clearly.

(WMP: Do you want to tell about it?)

Well, Greenfield wanted either to run it or ruin it. And Harry Batten said he's not going to run it and I'm going to ruin him. So Greenfield put out some kind of a derogatory statement and Batten decided he was going to meet him head-on so he called a director's meeting of the GPM board and refused to hold it until the head of every bank in the city was on the board and was able to attend. He knew what Greenfield was going to do once they put out a statement blasting Greenfield. Greenfield was going to go to each bank and say he was going to move his money to them if they would disassociate themselves with the statement. They got all the heads of the banks in and they all agreed to the statement and when Greenfield made his play none of them caved in. That was the end of Greenfield. That was amusing because on the dedication day, which I guess was June of '59, the temperature was about 95 at 11 o'clock in the morning. I looked out in the crowd and there was Greenfield's bald head, dripping sweat, standing in the sun to see what was going to happen and I did not invite him to come up into the shade of the building. That was the end of Greenfield. Nobody was afraid of him after that. I give all the credit to Harry Batten.

But I think Jared, Hal Williams, Robert Jared and Hal Williams were trustees of the Fels Fund and at one stage of the game the Food Center was about to run out of money before the rentals started coming in so Harry went to Hal and Jared and got a grant of $100,000 from the Fels Fund to tide us over until we were able to show a profit. It was a very courageous thing for those trustees to do because it was not in the ordinary course of their kind of grant. Even with hindsight, I can't think of any way to save the Penn Central. The fact of the matter is that the government bureaucracy and the unions killed it.
The government bureaucracy will delay any rate increase for six months of the year and grant only a fraction of what was needed. And the government then forced the management to grant the union demands for pay increases. And the pay increases were made retroactive let's say to the first of the year. They then filed for the rate increase and got a portion of it nine to fifteen months later -- not retroactive -- and Nixon just refused to give any government aid at the critical time after that.

On Girard College -- actually, that issue arose here in my private dining room on the 33rd floor where the fourth Thursday of every month for many years we had something called the judges' lunch. This was Bill Hasty, Leon Higgenbotham, Bill Coleman, Bishop DeWitt, Morris Duane, and myself. And one of the Black judges, maybe Coleman, raised the question of Girard College's restrictedness. And I was asked to get in touch with Bill Scranton to do something and I remember taking all this group out to Walter Alessandroni's house in Overbrook. And I was shut up for the summer — my family was at the shore.

Henry met with Alessandroni and Scranton.

(WMP: For the record, Alessandroni was Attorney General for the state.)

Scranton agreed to intercede, but only on the condition that we produce an establishment lawyer to lead the attack. He said he would appoint Coleman, but he wanted an establishment lawyer as well. So Morris Duane and I went in and called on Charlie Biddle and to his great credit, without hesitation he said he would take it on, despite the fact that his wife was a leading lady from New Orleans. And he never even hesitated. So he and Bill Coleman then took hold and won the case.

Well, we've covered the Black Coalition, I think.

Actually when Geoff and I were put on the Port Authority and Scranton also put on Harry Dunning. Then Scranton called me up -- I think it was the December before he went out of office -- and he said you guys have been giving me such hell about the Port Authority, I'll stick the three of you in there and you see what you can do. I said Bill, if you are going to do that, stick a fourth in too, because you can't do it without at least 50% representation. He said that wouldn't be fair to my successor, Ray Schaeffer. He ought to have a chance to put somebody on there so I won't do it. And like damn fools, we went on without forcing him to do it. And we never could get anything done over there. It was hopeless. We knew something was going on that shouldn't be going on, but we couldn't figure out precisely
what they were and who was doing what. I was convinced I was being had and I think Geoff was too.

(WMP: Did you get into the subject of insurance? I got bounced off the Authority because I wanted to get it taken away from Bill Green.)

I thought Charlie Mather had it for years.

(WMP: They bounced me off the Authority because Bill Green saw to that.)

I didn't know Bill Green was in the insurance business. Well, I thought Dave Walker controlled the funnelling of insurance and I always expected he got a kickback but nothing I could prove. Who was the Executive Director when you were on?

(WMP: There was John McCullough when I first went on and I can't remember who else.)

I can't remember who was there when I went on. We got rid of him anyway and put General Lipscomb on.

(WMP: That was a good choice.)

I hired Booz Allen to do the headhunting for that job and they did a terrible inadequate job. Two days after we announced his appointment an article came out in the New York Times saying that he was being censured by the Department of the Army for rigging a court martial when he was commanding general of some fort out in Kansas.

(WMP: What happened then?)

Well, he was censured.

Well, on PIDC, I guess from my standpoint the important thing is Market St. East, Gimbel's, the Gallery, 1234. Dick Bond and I spent 12 years bringing to fruition 1234 and I'm happy to say we sold it last January and on our cash investment we brought out a 60% profit.
(WMP: Do you think the tunnel is going to come through in time to give a real shot in the arm to the city?)

I think so. I spent a lot of time going to Washington and going to Bill Coleman's office, the Secretary of transportation,

(WMP: Was Bill very helpful?)

Not particularly. If you want a frank answer. I never could figure out what his motivation was. I spoke to him at the time he was appointed and said that it might be hard for him to make this decision. He just laughed and said no problem at all. Look what Volpe did for Boston when he had my job. And then he fiddled around for at least a year, I'd guess. He just wouldn't authorize it. And finally he insisted on having John Bunting and myself and I've forgotten who else sign an accompanying letter to the agreement and then the community groups and a public service law firm filed a suit to enjoin the start of construction. And because I signed that letter they called me over there to the Western Savings Fund building under subpeona to cross examine me on what authority I signed that letter representing the financial institutions of the city. I said no authority whatsoever. Why did you sign it? I was asked to and I signed my name as an individual.

But I feel sure that the tunnel is going through and I think it will be a great shot in the arm for center city. All these community groups make me very impatient because if the money isn't spent here for that purpose then it will be spent somewhere else in the United States for a similar purpose. It's not going into neighborhood housing.

I don't see many economic strengths of the city I'm afraid.

(WMP: All this land that has been cleared, is there any chance that that will go to higher use?)

What land?

(WMP: Along Market street and north of Market St.)

I think along Market street is pretty well committed. Penny's will come in with another major department store at 10th and Market.
(BF: Why don't you see any economic strengths of the city? Perhaps you can elaborate on that a little.)

Headquarters of companies are constantly leaving. Either going to the suburbs or to other parts of the country. ARCO left many years ago. Sun Oil has gone out to Radnor. And with the tax base as onorous as it is I can't see why anybody who had an option would want to stay. The political climate is unbelievable -- polarization by the mayor, a padded budget, no help to the schools, goes off and raises salaries 25% for his key people and then says there is no money in the budget for the schools. Completely different attitudes than it was in Joe's days and Dick's days.

(WMP: What caused the deterioration of the governmental leadership, do you think?)

Dick Dilworth's consuming ambition to be Governor.

(WMP: What could he have done if he hadn't run for Governor?)

Stayed in as Mayor. He had another three years and there could have been an orderly search for a decent candidate to succeed him other than having it automatically go to Tate, as City Council President. I think that was the start of the decline.