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KEY WEST AND THE NEW DEAL, 1934-1936

by DURWARD LONG *

HISTORIANS OFTEN point out that the depression which began for the rest of the United States in 1929, started in Florida much earlier. The final collapse of the real estate boom in Florida in 1926, was followed by serious fiscal difficulties for units of government-local and state-as well as for private citizens. Even nature seemed to conspire against the economic well-being of the state. The devastating hurricanes of 1926 and 1928 were followed by the invasion of the Mediterranean fruit fly in 1929, to add to the deepening financial and economic distress which many Florida communities were suffering in the late 1920s. Bank failures occurred at an astonishing rate between 1926-1929; 125 banks closed during this three-year period.¹ Bank debits decreased steadily and construction was severely curtailed. Consequently the lumbering and naval stores market declined; citrus groves were neglected because of a shortage of capital; farm crops brought even lower prices as purchasing power steadily decreased; and Florida's tourist trade declined each year to a level far below normal.²

Few Florida communities were as severely affected by the depression as was Key West, the state's southernmost community. Changes in the city after 1925 destroyed almost completely its economic base. The economic foundations of the community had been jeopardized before, yet Key West had always managed somehow to spring back by the addition or substitution of a new source of payroll income, and she had always enjoyed one or more federal military installations to complement local industry. The community's main sources of income and payrolls through the years had been United States naval operations which had been located on the island ever since 1822, customs-house operations, freighting, the salvaging business, cigar and sponging industries, salt manu-

* This paper was read at the annual meeting of the Florida Historical Society, Key West, May 6, 1967.

1. *Unemployment Relief in Florida, July, 1932-March, 1934* (Jacksonville, October 1935), 18-23.
2. *Ibid.*, 25-26.

facturing, and commercial fishing.³ Almost without exception these sources almost completely disappeared in the seven years after 1925.

By 1932 the city had no viable economic base. Its population, wage-earners, and industry had decreased more than two-thirds in the preceding decade.⁴ The tourist trade had declined to a mere trickle of visitors by 1932. Once flourishing resort hotels such as the Casa Marina were closed, and access to the island city was now severely restricted by the decision of Florida East Coast Railway officials to run only one train a day into Key West.

As a result of these heavy reverses, Monroe County and Key West found it impossible to meet their fiscal responsibilities as early as 1928. In that year it was necessary to issue \$2,000,000 in bonds to refinance a bond debt incurred in 1925 and 1927 to build bridges and roads.⁵ Steady decreases in state taxes, which Key West and Monroe County shared, compounded local citizens' inability to meet tax assessments and brought the island municipality to bankruptcy in 1933. A large number of unemployed laborers and needy families aggravated the desperate situation. Some type of relief seemed to be absolutely essential.

Although Monroe County and Key West received relief funds in 1932 and 1933, they were pitifully inadequate, and the situation failed to improve. City and county officials were not able to collect adequate taxes to meet standing obligations and operating costs, and by the summer of 1934, Key West's governing officials concluded that they could carry on the affairs of local government no longer. The problems of unemployment and economic distress were larger than were resources available to solve them.

Consequently, in a meeting on July 2, 1934, the city councilmen of Key West, and, subsequently, the Monroe County commissioners adopted identical resolutions abdicating the powers of

3. For brief summaries of each of these economic enterprises to 1912, see Jefferson B. Browne, *Key West, The Old and the New* (St. Augustine, 1912), 70-83, 99-114, 125-28, 162-67.

4. U.S. Bureau of Census, *Fourteenth Census of the United States* (1920), "Population," III, 195; "Manufacturing," IX, 260-61. *Fifteenth Census of the United States* (1930), "Population," III, Part I, 445; "Manufacturing," III, 116.

5. *Key West Citizen*, July 2, 1938; *Report of Board of Administration of the State of Florida*, October 1, 1935 to September 30, 1936 (Tallahassee, 1936), 154.

government. The local governing authorities surrendered "to the Governor [David L. Sholtz] all legal powers conferred upon the officers of the City of Key West by law in order that he may administer the affairs of the city of Key West [and Monroe County] in such a way as he may deem proper."⁶ The resolution declared that because of the widespread financial distress most of the people in Key West were unemployed; property owners were unable to pay state, county, or municipal taxes; and the local government was without funds to pay salaries and other operating expenses, and powerless to carry on the functions of government. Announcing that "about half of the population is on Federal Relief Rolls," the officials declared that assistance was inadequate and afforded "very little relief."⁷ The resolution also described the causes for Key West's impossible economic condition. The document isolated nine basic factors: loss of cigar manufactures; reduction of the army post; abandonment of Key West as a naval base; removal of the Coast Guard district headquarters; abandonment of the city as a port-of-call for the Mallory Steamship Lines' passenger ships; diminishing of through freight from Key West to Cuba because of an Interstate Commerce Commission decision to grant the Sea Trains Line the privilege of shipping from New Orleans to Havana; destruction of the local pineapple canning industry by a high tariff on pineapples; decline of the market for fish as a result of the depression; and removal of the headquarters of the sponge industry. According to local officials, these factors resulted "in a more acute and oppressive depression in Key West than any other portion of the United States."⁸ City and county leaders acknowledged that the government had defaulted in the payment of interest and principal on its bonded debt and that Key West was in arrears for salaries in the amount of \$113,000 and other expenses totaling \$150,000. Faced with this situation the officials confessed their inability to discover remedies and requested the governor to exercise his power to bring relief and assistance.⁹

Immediately upon receipt of these resolutions surrendering governmental authority to him, Governor Sholtz wrote Federal

6. The resolutions are reproduced in their entirety in *Key West in Transition* (Key West, 1934), 59-61; *New York Times*, July 5, 1934.

7. *Key West in Transition*, 59.

8. *Ibid.*, 59-60.

9. *Ibid.*, 60.

Emergency Relief Administrator for Florida Julius F. Stone, Jr., about the situation. Enclosing copies of the resolutions, Sholtz stated that he was accepting responsibility for providing relief to Key West and that he wished Stone to act as his agent since federal relief funds were administered through his office.¹⁰ Stone accepted the assignment from the governor, and he promised to exert every effort "to help the citizens of Key West again become self-supporting."¹¹

Stone promptly directed his energies to the new responsibility. He later recalled that three courses of action seemed to be open to the relief administration. It could provide adequate emergency relief including medical care and dietary improvement for the needy at a projected cost of \$2,500,000 over a five-year period. But that approach would not build an economic base for recovery, and the situation would not be changed materially at the end of the period without an economic reconstruction. The second alternative, according to Stone, was to discontinue all grants to Key West, evacuate the island, and relocate its 3,000 families at a cost of approximately \$7,500,000. In addition to the high cost of evacuation, the problem of relocation in a period of general depression made this plan undesirable.¹² The third course of action was to attempt to rehabilitate Key West through a work relief program designed to transform the city into a popular tourist town. This scheme, Stone felt, would in turn attract private capital and provide additional economic support.

Stone and his advisers concluded that the proposal to rebuild Key West as a tourist resort by a relief program would cost far less than the projected sum of \$7,500,000 for relocation and perhaps less over a five-year period than the estimated \$2,500,000 for direct relief. Therefore, the Federal Emergency Relief Administration embarked on a plan of rehabilitation for Key West, planning to spend \$1,000,000 during the first eighteen-months period to get the tourist trade going. After that, plans called for a reduction in relief expenditures. Stone's concept of Key West as a tourist town influenced the specific types of rehabilitation to be undertaken. In his vision of the city "there would be no blatant

10. David Sholtz to Julius F. Stone, Jr., July 3, 1934, reprinted in *Key West in Transition*, 62.

11. Stone to Sholtz, July 5, 1934, in *Key West in Transition*, 63.

12. *New York Times*, July 6, 1934.

race tracks, no blaring night clubs attracting people who cannot appreciate the beauty, quiet, and subtle charm of the city. . . .” Stone wanted to recreate the unique isolation of the tropical city “where the tired business man, or woman, the convalescent and the artist in the broadest sense of the word, who want peace and quiet can find the complete answer to their search.”¹³

Elmer Davis reported in *Harper's Monthly Magazine* that two of Stone's associates, architect Donald Corley and former professor Harold Ballou, had suggested a unique plan for reorganizing Key West, but apparently it did not receive favorable consideration. They had recommended that Key West and Monroe County be consolidated under a single appointive administrative unit. The town would be recapitalized like a corporation in bankruptcy with every citizen a stockholder. Property would be recognized with former owners receiving more shares of stock than the former “proletariat”; the poor would be given senior securities, bonds that would pay enough to support their holders if they worked, while the rich would receive a much lower return at the beginning. There is little evidence, however, that Stone ever seriously considered this experimental suggestion.¹⁴

On July 15, 1934, the Federal Emergency Relief Administration inaugurated Stone's program. The federal government would provide direct relief, while the community was expected to give volunteer labor to implement plans to rehabilitate Key West as a tourist haven. The city and county governments would continue to function and to provide legal authorization and modifications necessary for the agency's program. Under Stone's direction the F.E.R.A. created a local organization, the Key West Administration, which consisted of relief administrators employed to implement the program.¹⁵ The agency's program consisted of two phases, a short range project to clean up the city, improve health and sanitation, provide swimming and other recreational facilities, and make available suitable transportation and housing facilities for tourists. Work was to begin immediately to attract a large tourist trade for the approaching winter. Long-range projects which included water and sewerage systems and adequate lighting

13. *Florida Keys Sun, Supplement*, July 5, 1935.

14. Elmer Davis, “New World Symphony:” *Harper's Monthly Magazine* (May 1935), 645.

15. L. M. Edmunds, “Action vs. Vision,” *Florida Motorist* (October 1934), 2ff; *Key West in Transition*, vii.

facilities were not to begin until the first tourist season justified further activity.¹⁶

During the early stages of the program local direction was given by B. M. Duncan, an engineer employed by the state road department and loaned to the federal agency to assist in the Key West project. In addition to the director, the administration consisted of departments of social service, housing, art, research and statistics, engineering, beautification, recreation, and publicity. M. E. Gilfond, director of publicity, succeeded Duncan as local director of the program, and the latter devoted all his time to engineering. The administration director was assisted by a staff consisting of an auditor, a chief clerk, and a legal counselor.¹⁷ A volunteer work corps was organized at the outset of the relief scheme. More than a thousand Key Westers enrolled the first day recruitment was open, each pledging twenty-five hours a week for six months. An elaborate certificate signed by the governor and state and local relief administration officials was presented to each person promising to work.¹⁸ Stone insisted from the beginning that the burden of implementing the program had to be borne by volunteer labor since his agency had no rehabilitation funds as such and local and state tax was simply not available.¹⁹

The various departments began at once to carry out the design to restore or remake Key West. The social service department enrolled needy families and the unemployed in the direct relief program, provided a medical clinic for out-patient treatment to relief clients, instituted visiting nurse and dental services, supplied correction glasses, and began a public health service for the examination and treatment of school children. Fresh vegetables from the Miami transient camp and surplus relief commodities were distributed, and an all-out campaign was launched for prevention of typhoid fever. The department also sponsored an education program which put vocational teachers to work giving instruction in vocational skills and in making better use of leisure time.

16. *Key West in Transition*, viii.

17. *Florida Keys Sun, Supplement*, July 5, 1935.

18. *Key West in Transition*, 7; M. E. Gilfond, "Key West Under the New Deal Reconstruction-Rehabilitation," *Florida Motorist* (October 1934), 25.

19. Gilfond, "Key West Under the New Deal Reconstruction-Rehabilitation," 25; *New York Times*, August 12, 1934.

While the social service department helped to meet the personal needs of the population, other departments tried to make Key West attractive to tourists. The administration improved access to the island by subsidizing an air travel service from Miami and by influencing a reduction in ferry rates from the mainland. The housing department assisted property owners in repairing and refurbishing housing for tourists as well as effecting low rental rates for the accommodations. The Casa Marina was reopened under a financial guarantee which later proved unnecessary. The sanitation and beautification departments removed tons of garbage and rubbish and repainted many properties. Unsanitary and unsightly outhouses were demolished, improved sanitation facilities were constructed, and mosquito control was undertaken. The recreation department constructed bathing beaches, playgrounds, and parks.²⁰

The publicity department began advertising in the national press the attractions of Key West. With the cooperation of the national wire services and periodicals with large eastern readerships, Gilfond and his department brought free coverage to the program in Key West. As a result of the publicity, tourist travel increased more than fifty percent in 1934-1935 over the previous year,²¹ and hotel registration increased nearly ninety percent.²² Realistically, officials evaluated the success of the campaign, not only as a result of the publicity, improved transportation facilities at lower costs, better housing at reduced rates, but also because of a "cold northern winter, social unrest in Cuba, depreciated American currency, and a war scare abroad."²³ Nonetheless, a marvelous change had been wrought in Key West after only a few months of activity.

In addition to spending large sums of money for relief and carrying out successful activities to attract tourists, the administration made valuable cultural contributions to Key West. Architec-

20. Davis, "New World Symphony," 646-50; "Report of Mrs. N. R. Johnson, Social Service Director, July 29, 1935," unpublished mss. in Key West Writers Program archives; *Florida Keys Sun, Supplement*, July 5, 1935, 11-13; *New York Times*, March 30, 1935.
21. *Florida Keys Sun, Supplement*, July 5, 1935.
22. Julius F. Stone, Jr., "Facts About Rehabilitation of Key West," n.p., unpublished mss. in Key West Writers Program archives.
23. Manuscript report of research section, Key West Administration, Key West Writers Program archives; Stone, "Facts About Rehabilitation of Key West," n.p.

ture with a distinctive Key West flavor was repaired and emphasized; a little theatre and a dramatic group called the Key West Players was organized; a choral group was formed; classes of folk dancing were promoted by the arts department; and hundreds of water color paintings were produced by the outstanding artists brought to Key West by the F.E.R.A.²⁴

But scarcely had the rehabilitation program in Key West begun when it was faced with changes which made success difficult. Stone resigned in October, just three months after the program had gotten underway in July, to become F.E.R.A. field representative for the southeastern district. Writing to Governor Sholtz, Stone stated that he found the impression "rather general that the Federal Government is responsible for administering the affairs of the City and the County"; he wanted to correct this erroneous impression lest it "react unfavorably on the Key West rehabilitation movement."²⁵ Sholtz complied with Stone's request to be replaced as the governor's agent and promptly appointed C. B. Treadway, chairman of the state planning board.

The Key West Administration faced another crisis in the early spring of 1935, when it was announced that a new federal agency, the Works Progress Administration, would gradually replace the relief activities of the F.E.R.A. with a work relief program of construction on public projects under the direction of local governments.²⁶ The transition involved a new wage rate for workers which was lower per hour than the relief grants. While the hourly rate was lower, however, earnings per month promised to be greater because more hours of work were anticipated. Nevertheless, the laborers threatened to strike because of the decrease in the rate of compensation, ignoring the fact that they were threatening to strike against the one available source of work and wages. The threat brought an increase of ten percent in monthly wages during the first round,²⁷ but when other demands were made and a strike called in December 1935, the federal agencies made a counter-threat to pull out of Key West completely unless the workers returned to their jobs. Cool judgment prevailed among the workers, and they resumed work.²⁸

24. *Key West in Transition*, 31-33.

25. *Ibid.*, 64-65.

26. *Florida Social Security Survey*, June 22, 1937, 3.

27. *Key West Citizen*, May 29, June 27, July 19, 1935.

28. *Ibid.*, December 9, 1935; *Tampa Morning Tribune*, December 9, 1935.

The dissatisfaction which led to the strike was more than disappointment over wage rates, although that complaint was basic. New payroll procedures, irregularity of payment, charges of favoritism, and the requirement of the payment of a small fee to cash W.P.A. checks aggravated the workers' anger over the decrease in pay.²⁹ These problems were gradually resolved, however, and by the spring of 1936, the W.P.A. program had almost completely replaced F.E.R.A. activities. Purely relief activities had been taken over by the state's new agency, the state board of public welfare.³⁰

The program of rehabilitation in Key West had entered a new phase in 1936. Long-range projects such as the sewerage system were under way and others were being planned. Men and women were at work on ordinary work projects as substitutes for the purely relief activities of the F.E.R.A. Unemployment was reduced two-thirds in 1936 and local government was resuming control.³¹

The net effect of the activities of New Deal relief and rehabilitation agencies in Key West was simple but long-reaching: they preserved the island community and revived its citizens' confidence in the government's ability to cope with desperate economic needs. After the F.E.R.A.'s first year of operation in Key West, Julius Stone reported: "The most significant change has been that which has taken place in the minds of its citizens. Last year, hopelessness and resignation ruled: now hope and confidence are on the throne."³² Admittedly, many of the changes wrought by the first wave of F.E.R.A. activity were questioned and disliked by the natives of Key West. Some of the old timers simply could not accept the introduction of shorts for casual wear nor the "artistry" of some of the entertainment in the new night clubs.³³ Others disliked the creations of the artists. In fact, the owner of one of Key West's famous bars refused a painting for his establishment with a few well chosen words as to

29. Albert Manucy, "Key West W.P.A. Strike," unpublished mss. in Key West Writers Program archives.

30. *Florida Social Welfare Review*, Vol. I, No. 1 (December 1935), 10.

31. *Census of Unemployment, 1937*, I, "Final Report on Total and Partial Unemployment" (Washington, 1938), 486, revealed only slightly more than 1,000 total or partially employed as compared to nearly 3,600 in 1935.

32. *Florida Keys Sun, Supplement*, July 5, 1935.

33. Davis, "New World Symphony," 651.

its disposition. A few were not sure that public buildings should be decorated with the kind of murals and frescoes created by the artists. On occasions the city's leadership questioned administrative practices and priorities of the relief agencies. In addition to the differences in personal tastes that brought some unhappiness, there was on occasion confusion of direction and lack of coordination of activities. There was always a lack of confidence in continuity.

Beyond these disadvantages and liabilities however, the contribution of the New Deal relief and rehabilitation program in Key West have been of long-lasting value. The objectives were reasonable as were the methods, although they were not always efficient. Over and above providing substantial long-term economic and political benefits, the agencies met with amazing speed the desperate needs of people without work or wages, and of families without food, medical care, or hope. The fast-moving program of the New Deal, invited by state and local authorities when resources at their levels were exhausted and welcomed by people in need, diligently attempted to rebuild an economic base for the city while administering relief. Whatever else the historian may discover about this aspect of Key West's rich heritage and whatever errors scholarly hindsight may reveal, it seems of little controversy that a contribution of substantial human value and economic importance was made.