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# Self-employment and Public Emergency Work in Urban Labor Markets during the Great Depression: The Case of Industrial Cities

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*Self-employment and public emergency work were frequent reactions to the economic dislocations of the Great Depression. Census data for men show that in urban-industrial centers, self-employment reduced the demand for public emergency work by absorbing displaced workers into the entrepreneurial sector. Census data for women reveal that, in these centers, self-employment and public emergency work coexisted due to mutually beneficial relations between women who were self-employed and those women who worked on government projects. The results suggest that, contrary to popular theoretical and ideological views, there is no inherent conflict between private- and public-sector responses to stagnant labor markets.*

*Key words: self-employment, public emergency work, industrial cities, Great Depression*

Self-employment is common in depressed labor markets. Displaced workers in these markets often try to eke out a livelihood in independent income-producing activities, becoming “survivalist entrepreneurs” in response to a pressing need to find a substitute for wage/salary employment (Light & Rosenstein, 1995, p. 213). Over much of the twentieth century, for instance, the national rate of self-employment was directly correlated with the mass unemployment of business-cycle downswings (Steinmetz & Wright, 1989). Consistent with this “disadvantage theory of business enterprise,” self-employment was widespread in the urban industrial centers of the U.S. during the Great Depression of the 1930s, as the collapse of the nation’s manufacturing base led to massive unemployment that stimulated the proliferation of “depression

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businesses," many of which were small stores and shops (Light, 1979, p. 36). Such businesses were, for many dislocated workers in stagnant labor markets, viable alternatives to joblessness and financial destitution.

However, self-employment is but one reaction to the conditions of depressed labor markets. In many cases, displaced workers can also obtain temporary public-sector jobs, which are frequently created to ameliorate the most severe hardships of unemployment. In point of fact, during the Great Depression, numerous "public emergency work projects" that generated paid civilian employment were undertaken by the federal government as well as by state and local government relief agencies. Among the best known of these projects were the federal government initiatives of the Works Progress Administration, Civilian Conservation Corps, and National Youth Administration (U.S. Bureau of the Census, 1943a, p. 3). These projects were instrumental in providing much-needed infrastructure (e.g., hydroelectric power generation) and recreational facilities (e.g., national parks) that continue to benefit American society (Leighninger, 2007). And in the hard-hit urban industrial centers of the nation, such projects offered a means of support to laid-off workers who were desperately searching for a way to make a living in the worst years of the crisis.

Although self-employment and public emergency work are prominent in depressed labor markets, little research has considered how the two responses to economic dislocation might be associated with one another. This neglect is unfortunate because, as the present study will argue, an examination of this association can inform controversial debates, found in social science and policy research, about the relationship between private enterprise and public-sector interventions during times of economic stagnation. Specifically, the present investigation will test hypotheses derived from competing views of these two reactions to labor market distress, analyzing the urban centers that suffered the heaviest losses of jobs during the Great Depression: the industrial cities of the North.

## Hypotheses

The first hypothesis is that self-employment is negatively

associated with public emergency work. This hypothesis is grounded in the observation that, despite popular interest in self-employment (Steinmetz & Wright, 1989), most workers shun risky entrepreneurial ventures, preferring, when available, the more secure option of wage/salary employment (Light, 1979, p. 36). This hypothesis comports with the proposition, implied by the disadvantage theory of business enterprise, that in stagnant labor markets, the pressure to become self-employed is reduced by public sector interventions that cushion the blow of economic dislocation (Light, 1979, p. 36). The hypothesis also accords with the view, rooted in conservative ideology, that while people generally desire to be economically independent, self-sufficiency can be stifled by government efforts to aid the disadvantaged (e.g., Murray, 1984). Hypothesis 1 thus predicts that, on the average, the level of self-employment will be lowest in those labor markets in which the level of public emergency work is highest.

A second hypothesis is that self-employment is positively associated with public emergency work. This hypothesis rests on the argument, inferred by the "Third Way" or politically centrist policy perspective, that there is no inherent conflict between the respective activities of the private- and public-sectors and, therefore, self-employment is, in principle, compatible with government programs to reduce unemployment by creating jobs. This argument rejects the assumption, implicit in the reasoning of Hypothesis 1, that displaced or insecure workers are inclined to substitute public employment for private initiative and industry. Indeed, the argument suggests, self-employment and public emergency work are complementary responses to economic distress and are undertaken by different members of a community, with some dislocated individuals starting their own businesses and others gravitating into temporary government positions.

Self-employment and public emergency work may be compatible for several reasons. The norms and values of entrepreneurship, and of work, in general, are bolstered when a population is economically vigorous, that is, when legitimate employment is highly visible, creating a "social buffer" against disorder (Wilson, 1987, p. 144). Hence, the cultural basis for self-employment in stagnant labor markets could be supported by a beneficial social buffer effect of public emergency work.

In addition, the self-employed can be sustained to some degree by the consumer demands of public emergency workers, who as gainfully employed members of the labor force, are more capable of purchasing goods and services than are the unemployed, who tend to be impecunious due to lack of income. In line with this proposition, the Keynesian theory of the economic multiplier effect of government spending (Pearce, 1986, p. 228) implies that private enterprise is spurred by the creation of public-sector jobs during downturns of the business cycle. It follows that Hypothesis 2 is that, on the average, the level of self-employment will be highest in those labor markets in which the level of public emergency work is also highest.

A final hypothesis is that self-employment is negatively associated with public emergency work, but for different reasons than those given for Hypothesis 1. This third hypothesis is based on the argument that the entrepreneurial sector, broadly defined to include the most marginal of legitimate income-producing endeavors, can effectively absorb displaced workers, thus alleviating demands for government involvement in the labor market. This labor absorption thesis is suggested by observations that, in major cities of many developing societies, a remarkably large share of the population is able to avoid joblessness, even during an economic crisis, by becoming independently employed in small enterprises (Friedmann & Sullivan, 1974; Koo, 1976). According to this reasoning, self-employment reduces the need for dislocated or insecure workers to accept temporary public-sector jobs. Hypothesis 3, then, is that, on the average, the level of public emergency work will be lowest in those labor markets in which the level of self-employment is highest.

### Data and Variables

Data from the U.S. Census of 1940 are analyzed to capture a year of the Great Depression in which (1) urban labor markets were exceptionally sluggish and (2) the public emergency work programs of the New Deal were firmly in place (Vedder & Gallaway, 1997). The economy had noticeably recovered from the worst years of the Great Depression by 1940, in part because of the mobilization for World War II. But unemployment was still unusually high when the Census was

conducted in April of that year. In fact, the unemployment rates of Whites and non-Whites in the 1940 Census (9.50% and 10.89%, respectively) were higher than those reported in any other decennial census from 1890 to 1970 (Vedder & Gallaway, 1997, p. 272). Moreover, the occupational data needed for the present study are available only in the Census of 1940.

Cities are the units of analysis because they are the spatial arenas in which people tend to conduct their economic activities, including work and the search for work. According to urban economic theory, then, cities accurately represent labor markets (Thompson, 1965). The major cities of the most heavily industrialized U.S. regions, the Northeast and Midwest (hereafter, called the North), are examined because their labor markets were especially hard-hit by the Great Depression due to the collapse of the nation's manufacturing base in the 1930s.

The level of self-employment in a city is measured as the odds that gainfully employed persons in the city are classified as "employers and own account workers" by the Census. Employers and own account workers include "not only the owner-operators of large stores and manufacturing establishments but also small merchants, independent craftsmen, farmers, professional men, and other persons conducting business on their own" (U.S. Bureau of the Census, 1943a, p. 6). City-level data on employers and own account workers (hereafter, for simplicity, called self-employed workers) exist for cities with populations of 250,000 or more and are available for men and women by "color," that is, in Census terminology, for "whites" and "nonwhites" (U.S. Bureau of the Census, 1943b, Table 19). As will be shown below, the vast majority of nonwhites in these data for northern cities are Blacks.

Unfortunately, there are no data on the size of the enterprises owned and operated by the self-employed (e.g., financial assets or number of employees). However, indirect evidence suggests that the lion's share of the enterprises were small, mainly sole proprietorships. There were 9,757,736 self-employed persons out of a total of 45,166,083 employed persons in the U.S. in 1940 (U.S. Bureau of the Census, 1943a, Table 78). Thus, regular employees who worked for wages or salaries comprised by far the largest segment of the workforce. Of the self-employed, most (5,138,537) were in agriculture

(that is, farmers), and of the non-agricultural self-employed (4,619,199), the largest single occupational category was the retail trade (1,632,333). A 1935 national survey of the retail trade reported that 1,474,149 of the 1,653,961 retail stores operating in that year were “independents” as opposed to “chains” (U.S. Bureau of the Census, 1937, p. 6, as cited in Light, 1979, p. 36). It is reasonable to infer, then, that most of the independents—which proliferated during the Great Depression, while the number of chain stores declined—were small-scale proprietorships (Light, 1979, p. 36).

The odds of self-employment will be calculated separately for men and women and Whites and Blacks because of well-known group disparities in entrepreneurship (Boyd, 2005). Owing to gender stratification, men and women tend to participate in different labor markets and have unequal opportunities for self-employment. Consequently, men are more likely to be self-employed than are women. Owing to racial stratification, Whites have privileged access to the resources needed for business enterprise and, hence, Whites are more likely to be self-employed than are Blacks.

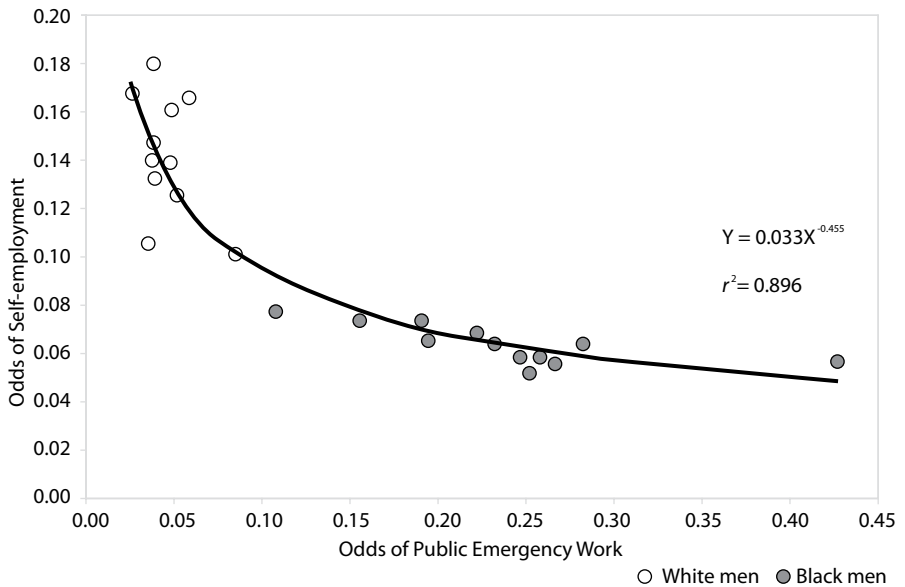
The level of public emergency work in a city is measured as the odds that gainfully employed persons in the city are classified by the Census as “on public emergency work,” that is, employed in one of the “public emergency work projects” described above. In 1940, the largest of these projects were the Works Progress Administration, Civilian Conservation Corps, and National Youth Administration, and at the time, there were 2,529,606 people employed on all public emergency work projects (U.S. Bureau of the Census, 1943a, p. 3). City-level data on public emergency work exist for cities of 100,000 persons or more and are available for men and women by race, that is, for Whites and for Blacks, who were called “Negroes” in the data (U.S. Bureau of the Census, 1943a, Tables 44-47). The odds of public emergency work will be computed separately for men and women and for Whites and Blacks.

The northern cities for which Census data exist on both self-employment and public emergency work are: Chicago, Cincinnati, Cleveland, Columbus, Detroit, Indianapolis, Kansas City (MO), New York, Newark, Philadelphia, Pittsburgh, and Saint Louis. These major cities were vital urban-industrial centers in the early twentieth century. But during the Great

Depression, their manufacturing-based economies stagnated, and their labor markets were flooded with thousands of laid-off industrial workers who were desperately searching for a means of livelihood.

In these cities in 1940, “nonwhites” were, overwhelmingly, Blacks. In point of fact, the mean percentage of employed nonwhite men who are Black is 97.6 in these cities. The values range from 99.6 percent in Indianapolis to 89.1 percent in New York. The mean percentage of employed nonwhite women who are Black is 99.7 in these cities. The values range from 99.9 percent in Cleveland to 99.4 percent in Detroit. The self-employment statistics for nonwhites, then, are reasonable proxies for Blacks’ self-employment.

Figure 1. Scatterplot of the Odds of Self-employment and the Odds of Public Emergency Work: White and Black Men, 1940



### Descriptive Statistics

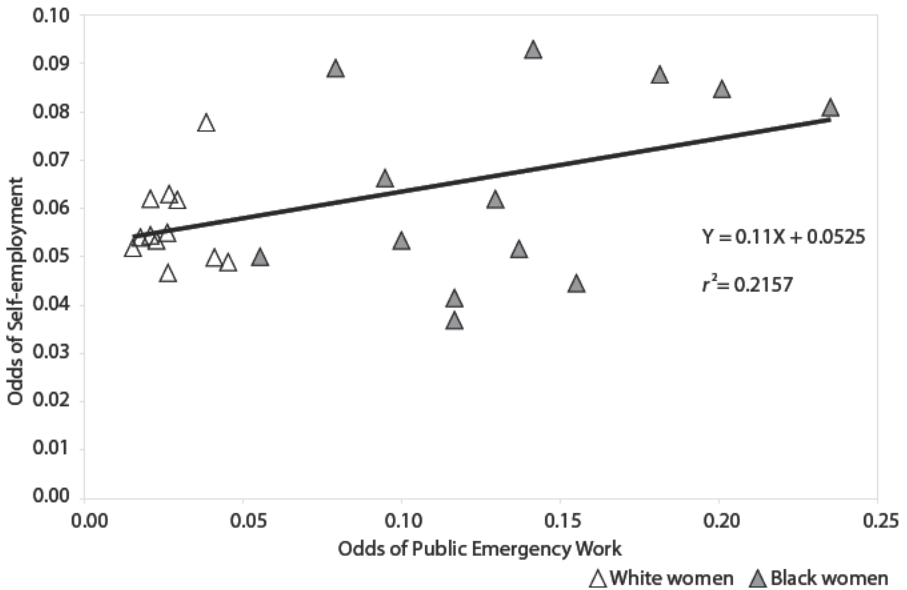
Race and gender differences for the above cities are described in Tables 1a and 1b and 2a and 2b. These data show that White men have higher mean odds of self-employment (0.142) than do Black women (0.066), Black men (0.064) and White women (0.056). These data also show that Black men



have higher mean odds of being employed on public emergency work (0.236) than do Black women (0.136), White men (0.045) and White women (0.027).

To describe the association between the odds of self-employment and the odds of public emergency work, the data from Tables 1a and 1b and 2a and 2b are displayed in the scatterplots of Figures 1 and 2, respectively. The scatterplot for men shows a strong and statistically significant negative relationship between the variables ( $r^2 = 0.896$ ,  $p < 0.001$ ), suggesting that self-employment and public emergency work were alternative responses to labor market distress. The scatterplot for women, however, shows a weak yet statistically significant positive relationship between the variables ( $r^2 = 0.216$ ,  $p = 0.022$ ), implying that self-employment and public emergency work were complementary responses to labor market distress.

Figure 2. Scatterplot of the Odds of Self-employment and the Odds of Public Emergency Work: White and Black Women, 1940



### Regression Analyses

*Results for men.* The multiple regression analyses of the data for men are presented in Table 3. The nonlinear relationship between the odds of self-employment and the odds of

public emergency work, observed in Figure 1, is modeled by logarithmically transforming the values of these variables, following a standard practice (Agresti & Agresti, 1979, pp. 371-375). A dummy variable for race (black observation = 1) is included as an independent variable to take account of the racial differences discussed above. City population (logarithmically transformed to amend its skew) is included as an independent variable to take account of population-size differences across the cities examined (U.S. Bureau of the Census, 1942, Table 12).

Table 1a. White Men: Self-employed and on Public Emergency Work, 1940.

City	White Men Self-employed		White Men On Public Emergency Work	
	Number	Odds	Number	Odds
Chicago	108,064	0.13246	34,853	0.03920
Cincinnati	14,424	0.14733	4,144	0.03831
Cleveland	21,242	0.10093	18,112	0.08480
Columbus	9,025	0.13889	3,379	0.04784
Detroit	43,614	0.10569	15,596	0.03539
Indianapolis	11,794	0.13988	3,491	0.03769
Kansas City, MO	14,897	0.16597	5,791	0.05858
New York	295,441	0.18003	71,314	0.03823
Newark	14,658	0.16077	4,904	0.04859
Philadelphia	65,069	0.16756	11,725	0.02655
Pittsburgh	17,505	0.12561	7,771	0.05212
Saint Louis	25,313	0.13985	7,481	0.03762
Means	53,420.5	0.142082	15,713.4	0.04541
Medians	19,373.5	0.139866	7,626.0	0.03875

The estimates of Equation 1 in Table 3 are in line with Hypothesis 1. They indicate that the odds of men's self-employment (the dependent variable) are, on the average, lowest in those cities in which the odds of men's public emergency work (the main explanatory variable) are highest ( $b = -0.2681$ , one-tailed  $p = 0.0054$ ). Perhaps as the disadvantage theory of business enterprise suggests, government

programs that soften the impact of joblessness do weaken the motivation for self-employment in depressed labor markets. Of course, it is possible, too, that the negative association reflects a dearth of self-employment opportunities.

Table 1b. Black Men: Self-employed and on Public Emergency Work, 1940.

City	Black Men Self-employed <sup>a</sup>		Black Men On Public Emergency Work	
	Number	Odds	Number	Odds
Chicago	4,106	0.06390	15,050	0.28232
Cincinnati	696	0.05572	2,777	0.26679
Cleveland	1,154	0.05703	6,399	0.42686
Columbus	524	0.06396	1,640	0.23174
Detroit	2,081	0.05206	8,469	0.25219
Indianapolis	799	0.06902	2,247	0.22184
Kansas City, MO	650	0.05928	2,377	0.25733
New York	7,869	0.07373	15,428	0.15558
Newark	555	0.05904	1,966	0.24606
Philadelphia	3,470	0.07775	4,683	0.10786
Pittsburgh	811	0.06521	2,161	0.19493
Saint Louis	1,824	0.07275	4,306	0.19062
Means	2,044.9	0.06412	5,625.3	0.23618
Medians	982.5	0.06393	3,541.5	0.23890

<sup>a</sup>Data are for "nonwhites."

The substantive significance of these estimates can be illustrated by computing predicted odds of men's self-employment. A change of the odds of men's public emergency work from (say) 0.05 to 0.10 is associated with a predicted change of the odds of men's self-employment from 0.1134 to 0.0942. These values are computed in the following manner. Substituting into Equation 1 the natural logarithm of 0.05 for the odds of men's public emergency work ( $-2.9957$ ), and the mean values of the other independent variables, yields  $-2.1769$  for the predicted natural logarithm of the odds of men's

self-employment, and  $e^{-2.1769} = 0.1134$ . Substituting into Equation 1 the natural logarithm of 0.10 for the odds of men's public emergency work ( $-2.3026$ ), and the mean values of the other independent variables, yields  $-2.36277$  for the predicted natural logarithm of the odds of men's self-employment, and  $e^{-2.36277} = 0.0942$ . The mean value of the dummy variable for race is 0.50, and the mean value of the natural logarithm of city population is 13.7289.

Table 2a. White Women: Self-employed and on Public Emergency Work, 1940.

City	White Women		White Women	
	Self-employed		On Public Emergency Work	
	Number	Odds	Number	Odds
Chicago	19,854	0.05379	6,703	0.01754
Cincinnati	2,353	0.05322	1,027	0.02255
Cleveland	4,072	0.04866	3,790	0.04514
Columbus	1,846	0.06162	900	0.02912
Detroit	7,399	0.05479	3,603	0.02595
Indianapolis	2,397	0.06282	1,051	0.02660
Kansas City, MO	3,477	0.07761	1,771	0.03808
New York	39,609	0.05172	12,021	0.01515
Newark	2,034	0.04652	1,170	0.02624
Philadelphia	9,849	0.05423	3,881	0.02069
Pittsburgh	2,879	0.04964	2,396	0.04097
Saint Louis	5,311	0.06176	1,848	0.02066
Means	8,423.3	0.05637	3,346.8	0.02739
Medians	3,774.5	0.05401	2,122.0	0.02610

Applying these values to two hypothetical cities of 100,000 employed men each reveals that the city with 4,329 more men on public emergency work is predicted to have 1,578 fewer men who are self-employed. These values are calculated as follows. For a hypothetical city, a value of 0.05 for the odds of men's public emergency work is equivalent to 4,762 men employed on public emergency work ( $4,762 / 95,238 = 0.05$ ), and a value of 0.10 for these odds is equivalent to 9,091 men

employed on public emergence work ( $9,091 / 90,909 = 0.10$ ). Subtracting 4,762 from 9,091 equals 4,329. Also for this city, a value of 0.1134 for the odds of men's self-employment is equivalent to 10,184 men who are self-employed ( $10,184 / 89,816 = 0.1134$ ), and a value of 0.0942 for these odds is equivalent to 8,606 men who are self-employed ( $8,606 / 91,394 = 0.0942$ ). Subtracting 8,606 from 10,184 equals 1,578.

Table 2b. Black Women: Self-employed and on Public Emergency Work, 1940

City	Black women		Black women	
	Self-employed <sup>a</sup>		On Public Emergency Work	
	Number	Odds	Number	Odds
Chicago	2,627	0.08763	5,005	0.18133
Cincinnati	287	0.04439	907	0.15518
Cleveland	651	0.08085	1,658	0.23534
Columbus	213	0.05130	525	0.13672
Detroit	1,198	0.09270	1,750	0.14145
Indianapolis	387	0.06187	762	0.12959
Kansas City, MO	433	0.06655	601	0.09482
New York	4,087	0.04981	4,508	0.05523
Newark	208	0.03671	614	0.11673
Philadelphia	1,725	0.05321	3,112	0.10029
Pittsburgh	411	0.08448	884	0.20128
Saint Louis	1,118	0.08895	1,003	0.07908
Means	1,112.1	0.06654	1,777.4	0.13559
Medians	542.0	0.06421	955.0	0.13316

<sup>a</sup>Data are for "nonwhites."

Yet, the estimates of Equation 2 in Table 3 accord with Hypothesis 3. They indicate that the odds of men's public emergency work (the dependent variable) are, on the average, lowest in those cities in which the odds of men's self-employment (the main explanatory variable) are highest. Comparing the slope of this relationship ( $b = -1.0543$ ,

one-tailed  $p = 0.0054$ ) with the one of the corresponding relationship in Equation 1, moreover, implies that the relationship in

Table 3. Regression Results: Men, 1940

<i>Equation 1</i>				
Dependent variable: Odds of Self-employment, logged (men)				
Independent variables	Slopes	t-ratios	One-tailed p-values	Betas
Odds of Public Emergency Work, logged (men)	-0.2681	-2.8074	0.0054	-0.5578
Race (Black observation = 1)	-0.3485	-2.1009	0.0243	-0.4143
City population, logged	0.0008	0.0246	0.4903	0.0017
Intercept	-2.8162			
R-squared	0.9165			
Adj. R-squared	0.9040			
F-statistic	73.1815			
p of F-statistic	< 0.0001			
<i>Equation 2</i>				
Dependent variable: Odds of Public Emergency Work, logged (men)				
Independent variables	Slopes	t-ratios	One-tailed p-values	Betas
Odds of Self-employment, logged (men)	-1.0543	-2.8074	0.0054	-0.5068
Race (Black observation = 1)	0.8098	2.5696	0.0091	0.4627
City population, logged	-0.0797	-1.3750	0.0922	-0.0864
Intercept	-4.1126			
R-squared	0.9241			
Adj. R-squared	0.9128			
F-statistic	81.2216			
p of F-statistic	< 0.0001			

Equation 2 is the stronger one. That is, the estimated decrease of men's public emergency work associated with an increase of men's self-employment is greater than the estimated decrease of men's self-employment associated with an increase of men's public emergency work. Thus, it appears, as the labor absorption thesis argues, that survival entrepreneurship reduces the demand for temporary government jobs in distressed labor markets by incorporating displaced workers into the

small-business sector.

The substantive significance of the estimates of Equation 2 can be illustrated by computing predicted odds of men's public emergency work, using the same procedures described above. A change of the odds of men's self-employment from (say) 0.05 to 0.10 is associated with a predicted change of the odds of men's public emergency work from 0.1933 to 0.0931. Applying these values to two hypothetical cities of 100,000 employed men each shows that the city with 4,329 more self-employed men is predicted to have 7,683 fewer men on public emergency work. In support of Hypothesis 3, then, the analyses of the data for men indicate that the predicted decrease of public emergency workers associated with an increase of self-employment is markedly greater than the predicted decrease of self-employment associated with the same increase of public emergency workers (7,683 vs. 1,578).

*Results for women.* The multiple regression analyses of the data for women are displayed in Table 4. The estimates of Equation 3 are in agreement with Hypothesis 2. They indicate that the odds of women's self-employment (the dependent variable) are, on the average, highest in those cities in which the odds of women's public emergency work (the main explanatory variable) are also highest ( $b = 0.1567$ , one-tailed  $p = 0.0410$ ). Perhaps as the politically centrist or "Third Way" policy perspective asserts, self-employment and government job-creation programs are complementary reactions to labor market distress. The jobs created by these programs might be social buffers that cushion the cultural shocks of economic dislocations. Such jobs might also bolster consumer demands that stimulate petty entrepreneurship in urban economies that are otherwise stagnant.

The substantive significance of these estimates can be illustrated by calculating predicted odds of women's self-employment, again following the procedures described earlier. A change of the odds of women's public emergency work from (say) 0.05 to 0.10 is associated with a predicted change of the odds of women's self-employment from 0.0565 to 0.0644. Applying these values to two hypothetical cities of 100,000 employed women each reveals that the city with 4,329 more women on public emergency work is predicted to have 696 more women who are self-employed. Hence, while the

relationship between these two responses to distressed labor markets is positive, it is fairly modest, substantively as well as statistically.

Table 4. Regression Results: Women, 1940

*Equation 3*

Dependent variable: Odds of Self-employment (women)

Independent variables	Slopes	t-ratios	One-tailed p-values	Betas
Odds of Public Emergency Work (women)	0.1567	1.8312	0.0410	0.6615
Race (Black observation = 1)	-0.0068	-0.6150	0.2728	-0.2207
City population, logged	0.0019	0.5798	0.2843	0.1155
Intercept	0.0264			
R-squared	0.2389			
Adj. R-squared	0.1247			
F-statistic	2.0925			
p of F-statistic	0.1333			

*Equation 4*

Dependent variable: Odds of Self-employment (women)

Independent variables	Slopes	t-ratios	One-tailed p-values	Betas
Odds of Public Emergency Work, logged (men)	0.0708	1.1904	0.1239	0.5048
Race (Black observation = 1)	-0.0033	-0.2574	0.3998	-0.1085
City population, logged	0.0015	0.4547	0.3271	0.0949
Intercept	0.0321			
R-squared	0.1701			
Adj. R-squared	0.0456			
F-statistic	1.3663			
p of F-statistic	0.2817			

To demonstrate that this positive association is gender-specific (that is, unique to women's economic activities), the odds of women's self-employment are regressed on the odds of men's public emergency work and the other independent variables. The estimates of Equation 4 in Table 4 show that while the odds of women's self-employment are, on the average, highest in those cities in which the odds of men's



public emergency work are also highest, the association is relatively weak and not statistically significant (one-tailed  $p = 0.1239$ ). Alternative model specifications (e.g., using logged values of the variables) produced the same, non-significant results. This non-significance is noteworthy, because the respective odds of women's and men's employment in public emergency work are, as one would expect, highly correlated ( $r = 0.920$ ). It is, therefore, reasonable to attribute the positive association between women's self-employment and women's public emergency work in Equation 3 to a distinctive, gender-based relationship among women in the paid labor force.

### Discussion

Self-employment and public emergency work were frequently undertaken in the stagnant labor markets of large industrial cities during the Great Depression. Analyzing the relationship between these two common reactions to job displacement, the present study tested hypotheses suggested by competing perspectives on the relative merits of private enterprise and public-sector interventions as responses to the economic dislocations of business-cycle downturns. The findings and conclusion cannot be directly extrapolated to present-day policy debates (e.g., discussions over the proposed federal budget of U.S. Representative Paul Ryan, Republican – Wisconsin, Chair of the House Budget Committee), owing to the historically unique circumstances of the Great Depression. Nevertheless, the results do show that, in the urban centers of the nation's industrialized region, the association between self-employment and public emergency work is complex and cannot be explained in simple theoretical or ideological terms.

The findings for men accord with the argument that self-employment and government job-creation projects are alternative rather than incompatible reactions to economic distress. The estimates indicate that the inclination of displaced workers to find an independent means of livelihood is reduced by government initiatives that relieve the hardships of joblessness. This result is in line with the disadvantage theory's claim that most people see wage/salary employment as preferable to self-employment. But it would be premature to agree with the conservative critique that economic self-sufficiency is eroded

by public sector interventions. The estimates also suggest, consistent with the prediction of the labor absorption thesis, that self-employment reduces the pressure on displaced workers to accept temporary government jobs.

These results add to the literature on self-employment and economic dislocation. Past studies, reviewed above, emphasize that self-employment reduces joblessness in stagnant labor markets. The present investigation expands the scope of this research by showing that self-employment also ameliorates the demand for temporary government jobs in such labor markets. In particular, the analysis reveals that, for men in urban centers of the nation's industrial region, the decrease of public emergency work associated with an increase of self-employment is substantially greater than the decrease of self-employment associated with the same increase of public emergency work.

Conversely, the findings for women tally with the assertion that self-employment and government job-creation projects are compatible responses to economic distress. The positive association, while modest, according to the estimates, nonetheless resonates with the contention, found in the progressive approaches inspired by Keynesian economic theory, that public-sector job-growth initiatives can stimulate private enterprise. It is possible that these initiatives, by sustaining the visibility of legitimate employment in depressed labor markets, are social buffers that reinforce norms and values that encourage independent enterprise. It is possible, too, that these initiatives, by supplying an income stream that would not otherwise exist, bolster consumers' demands for the goods or services provided by small-scale entrepreneurs in economically stagnant areas. These possibilities, unfortunately, cannot be empirically explored with the data and methods of the present study; thus, they are left as hypotheses for future research.

The observation that self-employment and public emergency work are positively associated for women contributes a novel insight into the economic activities of women during the Great Depression. It is well documented that, in the midst of the hard times, many women were self-employed, frequently in gender-typed occupations, such as dressmaking, child-care, or beauty culture (e.g., Boyd, 2005). The present study extends these accounts of women's reactions to the economic crisis.

Specifically, by demonstrating that the independent income-producing efforts of women were supported by women's employment in government work projects, the analysis suggests that, in urban centers of the nation's industrial region, self-employed women and women public emergency workers often had mutually beneficial economic relationships. Future research might investigate the possibility that such relationships were gender-specific and based on transactions in which women entrepreneurs provided necessary goods (e.g., clothing) or services (e.g., child-care) to women who were employed in government work projects.

In sum, a complex relationship between self-employment and government job-creation projects existed in the stagnant labor markets of industrial cities during the Great Depression. On balance, for men, self-employment reduced the demand for public emergency work by absorbing displaced workers into the self-employed population. For women, self-employment and public emergency work coexisted due to mutually beneficial relations between women who were self-employed and those women who worked on government projects. Contrary to popular theoretical and ideological views, then, there is little evidence of an inherent conflict between these two private- and public-sector responses to the economic dislocations of the nation's worst economic crisis. Opponents of government interventions should thus rethink the argument, based on conservative policy analysis (e.g., Murray, 1984), that self-sufficiency is stifled in any substantial way by public-sector involvement in labor markets. Furthermore, advocates of government intervention in labor markets (e.g., Wilson, 1987) should also consider supporting policies that facilitate the self-employment of displaced workers, as well as other policies that might help such workers to avoid joblessness and financial destitution.

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