

YOUNGSTOWN STATE UNIVERSITY

ORAL HISTORY PROGRAM

Youngstown Sheet & Tube Shutdown Project

Western Reserve Economic Development Agency

O. H. 242

WILLIAM SULLIVAN

Interviewed

by

Philip Bracy

on

April 13, 1981

WILLIAM SULLIVAN

William Sullivan was born in Warren, Ohio, on August 8, 1939. He attended Warren G. Harding High School and Trinity College where he graduated in 1961 with a B.A. He then went on to Columbia Law School where he graduated in 1964 with an L.L.B. He was married on June 10, 1967, to Anne McMahon. They now have three children.

From 1965 to 1970 Mr. Sullivan worked for Evans, Gentithes, & Meermans. He was President of the Western Reserve Economic Development Agency from 1973 to 1979. Presently he is a private consultant.

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INTERVIEWEE: WILLIAM SULLIVAN

INTERVIEWER: Philip Bracy

SUBJECT: WREDA, Steel Communities Coalition, Ecumenical
Coalition

DATE: April 13, 1981

B: This is an interview with Mr. William Sullivan for the Youngstown State University Oral History Program concerning the Shutdown of the Youngstown Sheet & Tube by Philip Bracy at the Sheet & Tube offices on Monday, April 13, 1981, at 1:00 p.m.

Mr. Sullivan, could you tell us a little bit about yourself, where you grew up and so forth?

S: I'm local, I was born in Warren. I went to school in Warren, then went to Trinity College in Hartford, and went to Columbia Law School. I came back here and practiced law. I served a term on the Warren City Council and was an unsuccessful candidate for Mayor of Warren. I went to the Mahoning-Trumbull Council of Governments and that began my involvement with the steel industry; the Mahoning-Trumbull Council of Governments, the Western Reserve Economic Development Agency, and ultimately, the Steel Community's Coalition. After that I went into the private consulting business.

B: How did the Western Reserve Economic Development Agency come into being?

S: It had its roots, I guess, in three different pots as it were. Before the creation of the Western Reserve Economic Development Agency, the two regional planning entities were the Mahoning-Trumbull Council of Governments and a regional transportation study. The Department of Housing and Urban Development, who was putting money into both groups, really forced a merger of the

Council of Governments and the transportation study. At the same time, the Department of Commerce was trying to convince the city of Youngstown to create an economic development component. I had gotten fairly deeply involved in environmental matters trying to reach some kind of a compromise between the steel industry and the EPA, and some kind of joint program between the steel industry and the communities on water pollution. In order to solve political problems and to keep me working on the environmental side, the Western Reserve Economic Development Agency was created with the principle role of finding some middle ground between the Environmental Protection Agency and steel.

B: What service area did you encompass?

S: Mahoning and Trumbull County was the beginning of the service area and really, effectively, that's all we covered.

B: Your governing philosophy, though, was basically to retain steel as opposed to diversification?

S: No, when we started out, we had a specific task, which was to ensure that the EPA did not close the steel mills.

At the same time, we began on a technical assistance grant. If you take a look at the final report of the grant, you'll find that it had a number of components that went beyond the steel industry. As a matter of fact, the steel industry was a relatively minor part of it. We were looking at background conditions that affected all industries.

I would say that the philosophy at the start was that retention, not of steel, but of industry, was more important than a lot of effort to attract new industry. Principally, our feeling was that we had some chance of saving some of the industry that was here and it was going to be very difficult to bring any new industry in. On a cost analysis of the hours put into retention pay, there was a bigger dividend than that put into wooing new industry. Also at that point, there was the Youngstown Area Growth Association and Chamber of Commerce working on the attraction of new industry.

B: Was there any forewarning of the shutdown?

S: Of course, forewarnings of the shutdown was what we were all about for five years, but nobody wanted to pay any attention to what we were saying. There was no forewarning that it was going to happen on that particular Monday in that particular September, but anyone who was

following the problems of steel at all knew that we were fighting an uphill battle and that the national economic conditions were making it more difficult everyday.

B: Immediately following the shutdown were you contacted by any local governmental units for assistance as far as trying to coordinate them?

S: Not really, it was chaotic after the shutdown. We had done a substantial amount of work beforehand that could have made a major difference had EDA reacted more quickly. Remember that by this time, before the closing, we had already obtained the first Title Nine Grant and had done an adjustment plan that had two components, which had they been in place would have made, I think, a substantial difference. One was a community insurance fund that was designed to make up lost tax dollars in the event of a mill closing. That was approved and funded, but EDA couldn't get around to writing the regulations on how it was to be used. The other one, and one that EDA would not fund, foolishly, was the companion section, which was to sit down with the community leaders and develop what amounted to an economic disaster plan in the individual communities so that if a plant closing occurred, somebody would know exactly what to do.

I don't think EDA every really believed the mill closing was going to occur. I don't think anybody in the federal establishments did. They were wrong.

B: Could you tell me the events leading to the Beetle Report?

S: George Beetle was essentially a transportation engineer. He began his work with us when he was working with Lewis T. Klotter & Associates. We started work on looking at the feasibility of organizing unit train delivery of coal and iron ore to the mills in the valley. George then left Klotter and as we went into more detailed work on the unit train under the Title Nine Grant, George was selected as the consultant to do that. He is a broad-gaged guy and at the point of the closing he very much had the confidence of all of the Youngstown Sheet & Tube people. We spent a lot of time with George, and a lot of time running back and forth to Washington, and a lot of time talking with each other about what to do.

I guess you could date the interest in reopening to a meeting that occurred at the Struthers Fieldhouse not long after the closing. I don't remember the exact date.

B: Would it have been the same week?

S: It could have been more than a week or two after.

There was a number of speakers urging that industrial parks be developed and everything else. I got up and posed what I thought was a logical question and that was whether anybody was so sure that this mill couldn't operate that we should write it off without any further questions. I suggested then that the only thing we knew was that there was equipment and men across the street one week that were making steel and another week that weren't. We didn't really know anymore than that at that point. The first step should be to find out whether this closing was inevitable and irreversible or not.

Unfortunately, if I had it to do again, I'm not sure I would have publicly asked that question. I think it's a question that had to be addressed. In retrospect, it may well have been better addressed privately than publicly. What we did in the Beetle Report was to make a rational analysis of the question; Can it make steel? What it gave birth to was an emotional response that it shall make steel.

B: You think the public effort really may have hindered the rational evaluation of whether it should or should not be left open?

S: Unfortunately, we became a proving ground for the agendas of a lot of national agencies or entities whose real interest in the Mahoning Valley and its problems were problematic. We got off on an emotional binge that we were going to reopen the mills at any cost. It was one of these things where it was as important to blame somebody for the closing as it was to do something about it.

I think the Beetle Report represented, not only the first hard work that was done on the issue of a possibility of a reopening, hard in a sense of hard data that one could evaluate, but it was also the last hard work that was done. The valley went on and the Federal Government spent another \$350,000. They never answered any of the questions that the Beetle Report raised. They never moved the state of art in terms of what would be required to reopen. They were one step beyond where George had it thirty days after he started work.

B: Following the shutdown, approximately October 28th and 29th, there was a steel crisis meeting. You did a presentation at that meeting, could you tell me what your presentation dealt with?

S: This was the meeting at the church?

B: Yes, with the religious leaders. There were no politicians per se.

S: As I remember that session, I was called in as kind of a resident steel expert. What I spoke about was the problems affecting the steel industry here and the problems that resulted in the shutdown. At that point we didn't have any solid answers as to whether a reopening was possible or not. I think that I suggested that we thought getting those answers were important and we were prepared to try to do that.

B: Did you stay for most of the meeting?

S: No, I did not. I made my presentation and left shortly thereafter because I had something else that I had to do. Also it was not a group with which I was terribly comfortable. During the time I was there I was not getting into any hard issues.

B: Basically, it seemed like the Coalition, which at that time was not formally the Coalition, but religious leaders, was interested in just seeing which way to go?

S: As I understood the religious leaders were doing two things, both of which I applauded then and I applaud now. One, they were moving to fill an incredible vacuum, which the political leadership was not offering any leadership. About all they were doing was insuring that nobody else would offer any. It took someone with the stature of Bishop Malone to fill that vacuum. The second thing was they started by asking questions about what the responsibility of a major corporation is to a community when it decides it can no longer operate its plant there. I believe that needed to be asked, and unfortunately, I think it still needs to be asked. That is a significant issue for capitalism in the last quarter of the twentieth century. I regret the fact that that issue was lost almost within days. It has never really been discussed.

B: Approximately the same time, September 8, 1977, the first meeting, I believe, was held in Washington of the Steel Community's Coalition, could you tell me how that got started?

S: Let me remind you that that meeting was before any plant closing, which indicated that that need was preceived.

We had gotten to the point on our work where we had pretty well identified what we believed were the problems industry faced in the valley; high transportation cost, extraordinarily high environmental costs, small blast furnaces, a need for a joint venture on basic iron making, and difficulty in accumulating and organizing capital necessary for renewal of the facilities. As we tried to solve those on a micro-economic basis, the basis of this economic area, we came up against federal policy. When we talked about a joint venture, we couldn't get the Justice Department or the Federal Trade Commission to give us any guidelines on how we could put one together that would be legal. When we talked about a unit train delivery of goods we couldn't get the Interstate Commission or Federal Railway people to talk to us about how to do it, what they would do, and so on.

We concluded that the real decision on whether steel lived or died in the Mahoning Valley was going to be made, not in the Mahoning Valley, but in Washington, and that it was not likely that we would be able to speak loudly enough in Washington to make the kinds of changes that we felt were necessary. We also had a strong feeling that there were others in the same position.

I had been invited to speak to a number of different places around the country that were having problems. Buffalo had already suffered an announced closing, and I had been to Buffalo on several occasions. I picked up the phone and called Jack Hunter, who was then Mayor of Youngstown, and Tom Barrett, who was Mahoning County Commissioner and said, "We have to pull a meeting together." Through a friend of mine in Pittsburgh I contacted the Allegheny County Commissioners. I then called Ned Reagan, then the County Executive in Erie County New York, and said, "Look, let's see if we can pull something together. I want to put your names on a telegram convening a meeting." He said, "Great." We sent out telegrams to, I forget the exact number, 35 cities or something like that and about 28 showed up for a meeting in Washington.

Going to Washington I had no intention of forming anything like a permanent organization, but we did. In fact, we ended up creating an entity that was to have an effective life of two or three years.

B: How did the organization evolve over those two or three years?

S: I'm not sure that it did. That was one of the problems

of the organization. It was organized around elected public officials, which is good except that elected public officials will not give an organization much continuity because they tend to change. Some of the elected officials resisted attempts or suggestions that the staff made to broaden the base by including organized labor, the Chamber of Commerce, and community groups to turn the Steel Community's Coalition into a real community structure. I think had that been done, and had the difficulty of how to fund an agency like that at an adequate rate without selling your soul to somebody had been resolved then we might have ended up with a permanent organization. Whether that permanent organization would have been effective in the long run is another question.

It is interesting that the community, in the fullest sense of that, has no lobby. There is no lobby that is broad enough to cover that kind of community interest. It is difficult to hold that kind of lobby together and you need more time than we had to get it in place. We were making a great deal of progress on a lot of circumstances conspired to make it impossible to continue the way we were. When I left, for whatever reason the pieces simply weren't picked up. Pittsburgh was very interested in running the organization; unfortunately, when it got to Pittsburgh it collapsed.

B: What I was talking about also was concerning formal organization, did you have officers?

S: Oh sure, it was established as a nonprofit organization. It was staffed, it did a lot of fairly formal work, it did a substantial amount of test-find before congressional committees and other public bodies, and it had a very active newsletter. It was, in a sense, a very active organization during its brief life. It still exists on paper. It has, I think, for all practical purposes, expired.

B: How was the organization funded?

S: By dues from the communities, contributions from the industry, from organized labor, and from anyplace we could get it. One of the difficulties was that we tried to balance the money coming in so that we would not be open to an accusation that we were owned by the industry or by anybody else, which, in a sense, is silly. I think an organization like that probably should get every penny it can out of the industry because it is only the industries who have the money available to spend to keep something like that alive. God knows the communities who are suffering a cutback in revenues, as it is, can't

provide the money. Who else has the interest? It's got to be the steelworker's union and the steel manufacturers.

B: You were president of the Steel Community's Coalition?

S: Yes.

B: Could you tell me some of the people in between?

S: Jim Flaherty, who was an Allegheny County Commissioner, was cochairman and the other cochairman was Ned Reagan, who was the Erie County Executive. Father Stanton was treasurer. There was a series of vice-presidents, one was Stan Canick, the Mayor of Canton. Jack Hunter, I think, was Secretary. The staff that we developed was built off of the WREDA staff. People were shifted over on to the steel community's side. We added a press person, Barbara Betz, who was then a reporter from the Niles Times and was responsible for the newsletter.

B: What were your feelings about the Ecumenical Coalition's efforts as far as the community-worker buyout, did you favor that?

S: I thought they were sold a bill of goods. I don't have any feelings on worker ownership one way or another, except that I know that you cannot change the basic economics of a business simply by transferring ownership from one group to another. It doesn't change the economics, doesn't make the blast furnace any newer, and it doesn't do any of the things that have to be done. Community ownership I have deep philosophic problems with, and I think it was very, very foolish for the Ecumenical Coalition to have been sucked into a position of getting on board. I, incidently, made those thoughts known before the fact as well as after.

B: What were your feelings about MVEDC's idea for a National Research Steel Center? Were you involved in that in any way?

S: No, except for a speech I wrote for a political candidate several years before that suggested something very much like that. The problem was that MVEDC was never able to get the industry interested. That, in no small part, reflects its academic orientation. It was put together by someone who was far too removed from the situation to understand the industry's needs and understand what you might be able to sell.

I think, ultimately, at least a basic industry think

tank is going to have to come into place in this country. I don't think it's going to come into place in Youngstown, Ohio. I think another one of the problems was that there was not a universally recognized university setting in which to place it. If you're talking about putting something at Harvard, M.I.T., Yale, or Columbia, you have a built-in following. When you try to do it at Youngstown State University you have a much tougher road. There's no use kidding ourselves, it's the hard facts of life. I also think the industry always thought if we want to do a center, why would we do it in Youngstown when we're closing down there anyway?

B: Do you think the idea itself has merit?

S: I would be careful about how I said that. I think that the need for some kind of steel industrywide, nationwide, research and development effort in steel is very much needed. We need research and development not just in the mechanical sense, but also in the economics of the industry and a lot of different areas. One of the things that bothered me going to Washington at the time was probably its height. I always expected that I was going to find a guy in the green eyeshades somewhere in the bowels of the Commerce Department who really understood the steel industry. He wasn't there, I never did find him. I certainly do not have much of a belief for the specific iron and steel research center that was proposed.

B: On May 24, 1979, the Coalition project was officially put to rest, if you will, aside from those efforts that took place at that period time. Do you have a hopeful view of the future of the Mahoning Valley?

S: I have a mixed view. We're putting some steel components back into place now. The Youngstown Steel Project put a minimill into the old Campbell Work's open hearth. It is a good solid project. We're working on a small seamless mill, it'll be a good solid steel project. I think that steel has probably bottomed out in the Mahoning Valley now in that there will be a modest increase in steel's role in the economy over the next ten or fifteen years. We have much of the--to use a word I hate--infrastructure in place to support the steel industry that it makes good sense for steel-related companies to locate here. There will be some growth, I think. The remaining steel companies are all very strong economically and have good production facilities. There will be more good news on the steel side.

I would say that in Mahoning County there will be more

bad news than the remainder of the economy. There are a number of shoes that I believe are yet to fall in term of plant relocations and plant closings in Mahoning County. I think Youngstown is in for another decade of population decline. I suspect that some of the delayed reactions of relocation of service entities that generally follow a manufacturing decline will hit during the next decade.

Trumbull County is going to be like the man who goes from thirty to forty and at forty is responsible for his own face. The way they look in 1990 is going to be, by and large, determined by how Trumbull County's private and public leadership acts in the next ten years. If the city of Warren could possibly quit fighting with its neighbors over utility extensions, annexation, and the private leadership would exert itself once again, I think the growth potential for Trumbull County is very, very strong. Will that happen? Damned if I know. I've been expecting it for twenty years. I just don't know.

I do know that we are beginning to get into a period that is very, very dangerous for the valley, and that's the period in which the out migration will make our leadership more apparent. I think I'm beginning to see it now. I'm beginning to see professional people wondering whether they should stay. That's when things really get sticky. If we cannot hold onto that leadership, then the climb has got a long way to go yet.

B: I remember in Pittsburgh, when they were going through their various changes, they had Mellon Bank and some of the foundations to fall back on. What kind of base do you think Youngstown has as far as leadership, and what kind of direction does that leadership provide?

S: What it requires is a Mayor Lawrence. You have got to have some political leader who has some credibility in the private sector, enough drive, and enough imagination to go out and identify with the people in the private sector, who can make the difference, and then pull them all together. It's very difficult to work it the other way, for somebody in the private sector to be the drive, although it can happen that way.

We're suffering a little bit, I think, from executive revolving doors. General Motors is now, by far, the largest employer in the valley. The managers at Packard, and worse at GM Lordstown, aren't here for very long, not usually long enough to develop a real long term stake in the community. Republic is a little better, but not a lot.

We've had three district managers in the last ten years. I don't know where the leadership is coming from. The old home-owned companies have been, by and large, sold off. This certainly is not the community to practice law in that it was twenty years ago when you had a lot of home-owned companies to represent. I guess the bright side is that a lot of entrepreneurs are looking at the area now as a place where maybe they can make some money. Maybe out of that crew of entrepreneurs the kind of aggressive leadership we need will come.

We have not historically treated those who would lead very well. There's a certain tendency to say, "Well, I don't want to lead today, but I might want to tomorrow, so don't try anything before that." That syndrome seems to me to be very active so that when somebody gets out front and tries to do something, he almost inevitably becomes the brunt of criticism from his peers. I'm not concerned about criticism of the press or the criticism of some dissident group, but the peer criticism takes its toll.

B: Finally, are there any facts or anything that you feel is important that should come out about that period that I haven't asked you about, and if so, what would that be?

S: Which period?

B: The shutdown period, from 1977 through 1979.

S: I think the biggest problem was that the shutdown occurred at a period in the history of the valley where there was no established political leadership. Consequently, nobody was in charge. That was too bad. There was a great deal of fear on the part of a lot of people that an imagined rival would end up in charge. I can't really think of any political figure who distinguished himself by his service during that time.

There was an enormous amount of confusion, and a horrible horrible reluctance to deal in fact. It was, for me, the most difficult period I have ever gone through. It seriously dampened my enthusiasm for trying to exercise any leadership here. I think that there are a number of others who would say the same thing. I think the Congressman's activities were reprehensible. The fact that a Catholic bishop should have to get the congressman, the mayor, the district director, and the steelworkers to put it in writing that he would be the man in charge is terrible. It was almost as if we were negotiating a peace treaty.

B: Are you speaking of the mailgram of approximately December, 1977, where there was a meeting and then they had agreed that the Coalition would be the point?

S: Right, those sorts of things shouldn't develop; that leadership gap, plus just a very bad mistake in giving the work over to the Center for Economic Alternatives, who simply were not competent enough to do the job that needed to be done at that time. It's too bad.

There were also a lot of bad actors running around Washington making promises principally on the basis that they would never have to keep them. They were, of course, right. They were banking on the fact that the valley would never get its act together, and it didn't.

If the individuals involved were to sit back and say, "What could I have done differently," it would have changed things. Probably, without exception, they would say, "There's nothing I could have done differently." There may be some truth to that. The congressman, for example, did what he thought was necessary to protect his political life. I think he was wrong. As it turned out, the voters agreed with me, but he was acting according to his best understanding of the situation and what he thought he must do. I think it went right down the line. The Bishop certainly did not agree to the Center for Economic Alternatives in order to torpedo the project. He thought that's where he had to be. It was just a number of miscalculations and errors on the part of a lot of people, none of whose motives I question.

B: Is there any specific acts that you felt should not have been handled the way they were?

S: The creation of the Mahoning Valley Economic Development Committee was designed to squeeze out the Western Reserve Economic Development Agency, which unfortunately, was the only agency with any expertise in the area. It was done because Congressman Carney was convinced I was going to run for congress, which I had no intention of doing. We tried to communicate to him through a number of what we thought were unimpeachable sources, but it didn't work. Carney viciously attacked the Beetle Report and made it impossible for Beetle to continue to do the work, and yet he was the only one who had the information and the report on the company. I guess Chuck Carney, as much as anyone, was responsible for the choice of Mr. Alpervitz because there wasn't anyplace else to go.

Carney's hostility to Beetle, to me, and to a number of

others also hampered the Center for Economic Alternatives in that they could not subcontract some of the technical work back to the people who had the information because that wasn't politically acceptable. You had this kind of giant circus going. I don't know that we would have come up with an answer that would have worked any better. I think we would have done it a hell of a lot faster because we were closer to it.

B: Okay, thank you very much for taking the time this afternoon.

S: Anytime.

END OF INTERVIEW