

YOUNGSTOWN STATE UNIVERSITY

ORAL HISTORY PROGRAM

History of Industry in Youngstown Project

Insurance Business

O. H. 489

WALTER MEUB

Interviewed

by

Janice Cafaro

on

August 25, 1986

YOUNGSTOWN STATE UNIVERSITY

ORAL HISTORY PROGRAM

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INTERVIEWEE: WALTER MEUB

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SUBJECT: Insurance, Youngstown Sheet & Tube, Steel strike,
Past presidents and executives of Sheet & Tube

DATE: August 25, 1986

C: This is an interview with Mr. Walter Meub for the Ohio Historical Society and Youngstown State University's Oral History Program, by Janice Cafaro, at 1102 Metropolitan Tower in Youngstown, Ohio, on August 25, 1986 at 2:00 p.m.

Could you give us some background information about yourself, where you were raised, went to school, and what growing up was like?

M: I was born in Youngstown. I grew up in the city and I lived on the south side of LaCleda Avenue. In 1928, we moved to Newport Drive in Forest Glen. In the fall of 1928 I started school at Boardman. I went through high school there. I graduated in the class of 1935. In order to prepare for college, for admittance to Princeton, I went to Western Reserve Academy for a year. I took the boards and was successful. I was admitted to Princeton in the fall of 1936. I had difficulty with languages, particularly French, and left Princeton in June of 1937. The fall of 1937, I started at Babson Institute, for a two-year course. I graduated from Babson in the spring of 1939. That school is now a four year college.

Following graduation, I had the opportunity to go with a bank in New York, but preferred to stay home if I could find anything. The economic situation in Youngstown in 1939 was not great. I also had the problem that Youngstown Sheet & Tube Company, where my father was financial vice-president, did not permit the hiring of sons of the executives. In July of 1939 I talked to Mr. George Bruce, who operated the largest insurance agency in Youngstown at the time, and went to work for him starting August 1, 1939. Shortly after I

went with Bruce, it was necessary to have someone in the agency who was thoroughly familiar with Boiler Machinery Insurance. Therefore, in February of 1940, I went to a special agent school for employees of the Hartford Steam Boiler Inspection and Insurance Company in Hartford, Connecticut. I finished my schooling there and returned to Bruce & Company as a boiler and machinery specialist. We were handling the boiler and machinery line for Youngstown Sheet & Tube at the time, which was one of the major lines of this sort in the United States.

In June 1941, I was married to Jean Morrall whose father was the first orthopedic surgeon in Youngstown.

In the war period, for physical reasons, I was not admitted to the service or taken into the services.

About December of 1944 I went to work for a short period to help out at Youngstown Welding and Engineering Company on Oakwood Avenue. This plant made condensers for the naval ships. I was there for the period from December of 1944 to about September of 1945.

When the war ended, I returned to the insurance business. Mr. Bruce died in 1950. He and his son were killed in an automobile accident in New Jersey. At that time, I took over as managing partner of Bruce & Company. My principle associate at the time was Fred Tod, Jr. He graduated the year following me at Babson. After a short period in banking, he also joined the Bruce Insurance operation. In approximately 1953, we hired a young man named Fred Reiss, and started to expand our activities. We had never been involved in fire insurance for Youngstown Sheet & Tube Company. About this time we became active in fire insurance and shortly made arrangements to handle the reinsurance of Mahoning Insurance Company, a wholly owned subsidiary of Youngstown Sheet & Tube. This reinsurance was placed in London and around the same time we went to London seeking reinsurance for a fire insurance company we were planning to organize. The completion of the organization of the Steel Insurance Organization of America took place in 1953. Again, this was the first trip that I made to the Lloyd's Market in London. We discussed the organization of the Steel Insurance Company of insurance buyers from all of the principle steel companies. We had a meeting in Youngstown attended by the various men explaining what we wished to do and had their verbal support. However, after a couple of years we found that we could not attract the financial executives of the steel companies to this relatively small company because of the small capitalization and inability to get across our story to the chief executives. In today's world, the world of 1986, what we were trying to do would have been very easily understood and supported, but at that time the matter of reinsurance was not understood by the general

run of the steel companies. We had the facilities to write fire insurance for the largest steel risks in this country but we were unable to explain this ability.

Later, we sold Steel Insurance Company and the buyers after a few years closed it out. I continued doing business with London and in 1969 went to London to meet the committee and became an underwriting member of Lloyd's as of January 1, 1970. I have continued this activity up-to-date and within the last year I have increased my writings at Lloyd's and put my wife in as a member also.

I continue as an agent, writing certain risks that I have handled over a period of years. I am not actively seeking new business and work more or less half days putting what expertise I have to work on the limited number risks I currently write. That is my life in the insurance business.

To go back to steel business, I have always been involved with it one way or another here. I remember coming home from Princeton in the spring of 1937. I came in on the Pennsylvania Railroad. My family met me at the train. As we were going south toward the bridge on Market Street a stake truck passed us with a lot of men in it. The men were all carrying long nightsticks of the sort carried by policemen. They were maybe a yard long. I asked my family what was going on and was told that these were special deputies. At this time, the organizing of the steel industry was getting started. The mills were closed. The special deputies were around to maintain order. At this particular time, there was fear of men coming into Youngstown from the coal fields. This would have been from the coal union at that time headed by John L. Lewish. Cars were being searched as they entered Youngstown from most any direction to be sure that no guns or weapons were brought in. A little after this, the governor of Ohio, I believe it was Davey, called out the National Guard and then we became accustomed to seeing them. They were carrying guns. This later got straightened out. There was considerable pressure from the federal government at the time to do something about it. The unions were successful and became a definite and positive force in this community.

Later I remember Mr. Frank Purnell, the president of Sheet & Tube. It was election time. This could have been in 1942. Franklin Roosevelt came into town and was speaking in this district for a day. He asked Mr. Purnell to ride with him throughout the town. Purnell said he would ride with him through the plant, but that he did not wish to accept the offer to ride through the community. I believe that Purnell felt riding through the community would indicate his backing Mr. Roosevelt. Mr. Purnell, at no time, wished to be in that position. Following his departure from the plant,

Roosevelt did ride down Federal Street that time. As I say, I remember seeing him. I believe it was a Packard touring car they used and he waved to the crowds.

The steel industry really took off again at the time of the war. The demand for the steel was great. The mills were running full blast. Everything was done that could have possibly been done to get out every bit of production needed at the time. Following the war, we had certain ups and downs, but things went along pretty well. As a matter of fact, the depression of the steel industry as I saw it was ended by the war. The period from 1929 until 1939 or 1940 hadn't been great.

In 1939 the steel industry began shipping steel for munitions to the Europeans. I know that we first saw an increase in orders that left Youngstown going to South America customers keeping in mind that Youngstown was not normally an exporter of steel. The big exporting companies were U. S. Steel and Bethlehem Steel who had plants along the east coast. I remember I began handling the insurance problems of export shipments in this period. I know that steel was moving out. As I say, there were shipments from Youngstown to South America, England, and Europe.

As an incidental thought, at the period of the worst sinkings of American ships along the east coast of our country off of Florida, the war risk rate was 25% or twenty-five dollars per one hundred dollars insured value of shipments overseas. In the First World War, it had peaked out as I recollect at about seven and one-half dollars. It was sort of an interesting side thought.

After the war, the steel industry went along and seemed to be on a fairly profitable course. Our automobile industry was trying to catch up. After the war period, this pent-up demand was going very well. As I saw it and talked to these executives, Youngstown has always had a certain disadvantage in not being on water. That is navigable water. Mr. Kirwan, the congressman, was trying to get a canal through here and never did work it out. Whether that would have changed things substantially, is hard to tell. It might have and then again it might not have. We are seeing at the present time, the eastern part of the United States doesn't seem to be a very good place for making steel. In Pittsburgh, although on navigable water we are seeing these plants virtually all closed, they are almost in the same position as Youngstown. It looks as though quite conceivably if we had had the canal, we might be in the same place.

At the time of the steel strike in 1936, it might be interesting to recall some of the things that I was hearing as a boy. Youngstown Sheet & Tube Company had a strike in about 1920 in which there were fires set in the Campbell-Struthers area.

Following that there was a company union set up at Youngstown Sheet & Tube which no doubt to some extent was dominated by the management of the company. There seemed to be a reasonably good relationship between the men who worked in the plant and their managers up until the time of the Depression. Then in the Depression years starting in 1930 or 1931, I think it was, the difficulty in finding work, lack of continuous operations, and general employment and unemployment difficulties created a situation where the thought of a union appealed to many of the men who worked in these plants. One of the first things that I seem to remember hearing along this line, men had worked two shifts for a long time in these plants, two twelve-hour shifts. I was old enough to remember that. I remember this discussion. There was a question whether you could operate economically with three shifts. In today's world, this all sounds a little silly. I remember hearing this discussion from Mr. Gillies, who was the vice-president of operations at Sheet & Tube. However, they went to three eight-hour shifts. Everybody seemed to get along pretty well on that basis. I say again, as I think back on it, this talk of men working two twelve-hour shifts doesn't seem relevant to this world at all.

From what I knew, Sheet & Tube had a very favorable relationship with their employees up until the time of the strike and also you have to keep in mind that there were certain people who came into Youngstown at the time of that strike who had no relationship with the steel industry at all, but who were more or less taking advantage of the situation. Among them was a man named Gus Hall who I think just very recently remains presidential candidate of the Communist Party. Hall was a communist at that time. It was not brought out in the papers. Hall was at that time and all of his life a communist. This situation attracted people like this. There was a certain amount of fear that came out of this of course. If you worked at the plant you didn't particularly want to get beat up which was a possibility if you didn't join.

Shortly after I got home on that June of 1936, there was going to be an attempt to reopen the plants. There was one man here who was going to lead. His name was Ray Thomas, a lawyer and former Mahoning County Prosecutor. The steel companies backed the work movement at these plants. There was talk that there would be men along the ridges by Stop 14 with guns and there might be people killed. This was one of the reasons for being in the National Guard. It was the possibility of this happening.

That is about all of my recollections on that. Obviously, the management of the company didn't want this. It is conceivable that if you could have taken a vote, the men would not have voted for it at the particular time, at Sheet & Tube. I really don't know. It was going to come.

It was the evolution of things in this country and we were going to see the strengthening of the unions. I'm not so sure that this could have been avoided. That is the way the country was going at the time. I think as time went on there would have been some excesses on both sides. As these companies grew larger, the relationship with the employee got farther and farther away from personal. That, it seems to me, would lead to the unions and the need for them. The men had to have some sort of representation that could be heard. They couldn't get that on a single person basis. That is about it.

- C: We can go back the cultural war with economy. You mentioned that steel had picked back up during World War II and afterwards did it continue at its pace? Obviously, the war need was no longer there. Was there something else to fill that in? Did it slow down?
- M: Following the war you had this pent-up demand for automobiles and other products. You went very well. My recollection is that business was very good here through the 1950's. It was pretty good in the 1960's. In other words, Sheet & Tube at the times it was taken over by Lykes was doing pretty well. From what was told to me and from what I have learned, Lykes interest was developed by Frank Nemec, who was a very trusted person in the Lykes organization. He had apparently handled their accounting and they liked him and hired him. When Sheet & Tube was picked up by Lykes, Nemec had started to worry about inflation, as I was told. He was interested in buying natural resources. He found that the cheapest way to buy natural resources was to buy a steel company that had large deposits of coal and ore and limestone. In Sheet & Tube's case, they didn't have limestone. They had the ore and the coal. At this particular time there had been a drop-off in steel so that the steel shares were selling at a very low price. This was attractive to Nemec. Nemec was not the kind of man, although dealing with a lot of steel people and not knowing the steel business, who gave the impression of asking any kind of questions. It would seem to me, if I was going into a business in which I knew nothing, I would sit on the sidelines and ask questions to find out what went on. Under Lykes, the company tended to rundownhill as the demand for steel was dropping off. They were trying to find means of showing a profit. They did things that didn't make much sense to me. In his talking to me my son, who was a slab yard foreman, said that they had three cranes in the slab yards to feed the slabs into the heating furnace. "We have one breakdown and nobody fixes it; they have a second breakdown and nobody fixes it until they have a third breakdown." People who are accustomed to the steel industry, at least as I saw it, felt that you made money by continuing operations. In other words, you had your rolls set in that hot strip mill to roll a certain gauge. You tried to keep that thing going without

interruption until you rolled off the orders for that gauge and then you would make a roll change or change the gauge settings. You tried to avoid unscheduled shutdowns, is perhaps a better way of putting it. To operate until equipment failures shut you down was just not good steel mill practice as I knew it or as I had seen it through the years. It didn't make sense. That was more or less the situation that they were faced with at the time of the shutdown of hot strip at Campbell Works.

C: Why was there a failure to modernize the Lykes Corporation? When they bought the facility it had been obsolete for years. There seemed to be no money poured into it to renovate or to modernize.

M: Before Lykes, or just about the time Lykes came into the picture, Sheet & Tube was spending to modernize in Chicago.

C: Indiana Harbor?

M: The Indiana Harbor Works was where the money was used. One of the things was water and the geography was good. Most major steel producers had or built plants near Chicago. Keep in mind that they were modernizing and doing a lot of expenditures in an area where Inland Steel Company was always spending money.

J & L went out and started the plant at Hennepin. Bethlehem went to Burns Harbor and did a full basic plant at Burns Harbor as far as I know. J & L didn't do a full job, but had to ship slabs for rolling. They didn't have melting facilities. They didn't have furnaces. They had to ship slabs from Cleveland to Hennepin. In other words they had a hot mill there, but you had to send the slabs out there. They could turn out hot strip and they could turn out cold strip, but they didn't have the slabs. They would take their hot metal here in Cleveland and pour their ingots and so far as I knew their blooming mill turned it into slabs at Cleveland and shipped it out. This is what made such a good fit for LTV when they bought Sheet & Tube. That gave them the Indiana Harbor works, the hot metal facilities and immediately made a very good operating district for LTV. It gave them what they didn't have. That worked.

Now go back to Youngstown and why wasn't modernizing done in Youngstown. There was some money spent in Youngstown. Keep in mind that up until very recently the most modern thing in the steel industry, being used in recent years, were the casters. In other words, you pour a slab from hot metal and pour it into ingots, reheat it, put it through a blooming mill to make slabs, reheat it and roll it through a hot strip mill. You eliminated handling, heating in between, and in other words, it was a caster that turned out cast slabs. It cut your costs just to ribbons. I remember hearing these figures

recently, but I don't remember them all that well. Your tonnage costs of the casters product was much lower. There were no casters in the Youngstown district. The earliest casters that I know of were in Weirton. Weirton did have them. They were operating two normal blast furnaces and so on and then they had one caster. You didn't have any of that here. As a matter of fact under Lykes, I don't recollect that they had a caster at Indiana Harbor. That was modern and it was necessary. This district suffered from what I have heard these men say. Keep in mind the additional cost of shipping. If you are assembling bulk commodities as you did in ore and coal, it is a much cheaper operation if you can put it on a barge and float it. However, by the threats of the canal and one thing or another, district plants cut their shipping costs pretty well and Route 11 did a pretty good job of carrying truckloads of iron ore pellets from Ashtabula. We got things fairly well in line here towards the end of the game.

We also had a continuing difficult labor situation. Many times I have heard management people say it isn't what you pay per hour to labor, a lot of it is work rules and the labor unions here were maintaining those work rules very carefully. That of course entered into a certain thinking when the modernizing money was spent. It was spent in Chicago more than here.

C: The labor climate was conducive? The labor climate wasn't conducive until . . .

M: The labor climate was better up there. I remember my son talking. This gang in this district were some of the best steel makers you could find. These men were good. He went from here to Weirton and he said, "You know dad, the best hot mill men and the best millwrights and maintenance were here in Youngstown." He said the fellows in Weirton weren't comparable at all. Again, they always had the advantage of water. They brought their coal by river and ore in from the lakes. You could have your finished product out of Weirton by water if you were shipping someplace that responded to this Youngstown district. Because of the transportation additional cost, the men had to offer more efficiency. This was a great training ground of steel makers.

Going back a great many years ago, but I remember being told, when we talk about the cost of moving goods, this is why Sheet & Tube was not an export company in normal times at all. It cost you as much money to ship a ton of steel from Youngstown, Ohio to let's say New York or Baltimore, as it did to move it by water from New York or Baltimore to San Francisco on the west coast. This was a sea shipment, but nevertheless shows that if you wanted to export you needed a coastal location and eliminate the cost of moving the goods from here to

the coast. You just couldn't compete. In normal times, Sheet & Tube was not a big exporter of steel. They never did. Of course, it was in the war period when they did a lot of that and immediately after the war and a year or so before the war. That was the period when they exported and then they were no longer very much of an export factor after that. It dropped back down.

This is a matter of personal opinion. I can recollect that at the time Sheet & Tube was taken over by LTV I had the feeling that if they had waited six to eight months that they probably would not have bought the company. In other words, they had come off a decent earnings year and things were dropping off. There was a deterioration in earnings. I am trying to think of these years. It seems to be that LTV went in there about 1967 or 1968.

C: In 1968?

M: That is substantially right. Is it to you?

C: Yes.

M: It was a period in the cycle of the industry. The steel industry would go up and then drop down. Again, it is my recollection because I remember thinking about it at the time, I thought that if Youngstown could put up a better resistance to the attempted take-over, if they could have delayed it a matter of roughly six months, I don't think it would have been taken over. Right or wrong, I have the feeling that if LTV hadn't taken Sheet & Tube over, Sheet & Tube would have had considerable problems as all steel companies have. I think that probably Sheet & Tube would have ended up taking over J & L. I felt that Sheet & Tube was the strongest steel company in competitive steel. After all we know that LTV picked up J & L with no question about it. I think that if Sheet & Tube had survived that this is probably in my mind what might have happened. What we are seeing now of LTV's difficulties is that they made one step too many. They hit that bridge too far. In other words, they made a very good merger bringing those facilities of Sheet & Tube in because they needed that Chicago district. This was good. They picked up some good pipe facilities here, but God only knows when they are going to sell a lot of oil company pipe again, that is seamless pipe. Sheet & Tube was very well-known for the quality of their seamless pipe that came out of the mills. This was considered about the highest grade pipe that could be purchased anywhere. It was very good. I can't get it out of my mind that Sheet & Tube could have been the surviving company. As soon as LTV picked up Sheet & Tube, then they went to Republic. They didn't need Republic that much. They put out money for Republic. This is what put them in trouble. People who we know talk about this.

It is normal. We don't have any steel industry left but we are still interested in it. We have always been some way involved in it directly or indirectly. It just seems to us that LTV should not have purchased Republic, they didn't gain enough by the Republic purchase or the things that they needed. There may have been some segment that was nice to have and could have been very helpful, but over all it seemed to us that it cost too much. Capital was short and it just cost too much. One of the better things that I am told that Republic has is a stainless facility of their own which they had to sell. The government forced them to sell. It is too bad.

I think that this is an absolute tragedy to these people who are retired and going along. I realized that their pensions will get a certain amount from the guaranteed fund, but many of these people are getting a little more than that or they are at an age where they can no longer get employment. They are going to have to cut their standards of living.

C: Do you feel that Youngstown's strong union heritage especially in the steel making business might have also had an adverse affect on the success of LTV given that there is foreign competition and various problems besetting the steel industry because of its cycle nature?

M: It was cyclical.

C: Yes.

M: It always was.

C: Do you think that the union might have been another detriment? You know, by adding pressures or problems? Do you feel that it was on the fringe?

M: In this particular way, I think that . . . Let's put it this way. The union enters into this. I saw an article recently pointing out a fact that I don't think there is any question about. You perhaps are familiar with cartels which are groups of companies that band together to maintain a market at a certain price. This has beend one, let us say in diamonds as an example of a cartel operation. There have been cartels in other areas. There was evidence. I don't mean any agreement among these people of a cartel kind of thinking in the steel industry, which over a period of time said in the end what we had to pay the union was what the union was asking for. Whatever we have to pay them we can pass on through as part of pricing because where else can our customers buy steel. Keep in mind that after the Second World War that was pretty much the case. Then you got to the point where the Japanese steel industry had been rebuilt. Even more so than the Japanese, the Koreans from what I understand are giving the Japanese fits

because you are turning out steel in Korea at labor costs of only \$3 per ton. When you are talking \$3 a ton on the most modern equipment in the world, this is the finest technology the Japanese, the Germans, or anybody has. God know technologically they have passed us by. We didn't build enough mills in this country. When you are talking about those things, I am saying that unless somebody makes a major change, we are in a world market and we are competing; we in this country have to be able to do that in some way or another. It wasn't alone the unions were asking too much. We are talking hindsight. The unions were asking too much and the heads of these companies were giving too much because they could pass it through. The cartel thinking is gone. There isn't any end you are competing in this world with the Japanese. It seems to me that there are some of these same things today in the automotive industry and they better wake up pretty quick. "Don't worry about it boys, where else are they going to buy the cars." I know the Japanese have been in here and strongly in recent years. What I go back to is that in February or March of this year General Motors put in an increase in the price of their cars, and in the face of everything that went on I thought how crazy can you be. It is the same thing. It is the same kind of thinking that we will pass it along and where else are they going to buy. All of these Japanese are selling these cars here. They are very good cars of very good quality. You can't ignore that. You just don't sit back and say we are going to increase our prices. Not at that time and not the way things were, you couldn't do that. I don't know. Again, the unions here asked a great deal and they got it and management gave it to them. You can pay a man pretty well if he is productive. It is the rules that say this man can only do this particular thing. If you want to do this, you have to hire another man. You have to have another man standing by.

You never saw a strip mill, I don't suppose. It was always very interesting to me. In a strip mill operating properly, you see a man on two in the pulpit who operates the controls and this huge mill is rolling out a ribbon of steel down into the coilers at the end and cuts off. Other than the men in the pulpits, you may see a fellow here or someplace, but you don't see anybody much around. As soon as something goes wrong, for instance, the hot steel temperature gets a little too low and when it hits the rolls it is what you call cobble. The roll doesn't quite bring it down. It is like a little projection and it stops it at this point. You bear in mind that these rolls are in a series here. This roll is rolling through and pushing and these are all pulling. As soon as one of those rolls doesn't accept it, this strip looks like ribbon candy only it is red and hot and bingo this goes shooting toward the ceiling. There is steel all over the place. As soon as that happens, you suddenly have men like ants. They are clearing it as

quickly as possible. They move the cranes in. You have men with torches doing the cut offs and lifting it up and clearing it out. As quickly as possible you have to get back into production. Keep in mind that all of these men are operating on bonuses too. They are production bonuses. Everybody works like crazy to get that cleared out and suddenly you are back where you were and nobody is around. All of them are gone. They are in various places. They are working as millwrights, doing the cranes; many are doing cutting and all sorts of things. With the mill operating properly, you don't see them, but you have those men. You have this certain amount that's overheard to get around. When your work rules say that this man can only touch a cutting torch and can't act as a millwright or attach chains to pull the steel out or various things, this is what I am talking about in work rules. Don't hold me specifically there. I don't know. I know that electricians only did electrical work. That I do know. I know men who did cutting and that sort of thing could only do that. They couldn't do other things. When they were in a pinch and so on, I don't know. In the normal course of their work they did their certain jobs. That was interesting. It was quite an interesting thing to see if that went wrong. Then again, you immediately shut down your mill and got things cleared up as quickly as possible. It might take a little time.

The motor rooms that drove these mills were pressurized. You pushed filter air through those and through the cracks in the doors so you weren't sucking in any dust or anything in that way. That was the way you handled that. Beneath the mill floor, and I sometimes think about them, are the bus bars. This is the way you carry this very heavy voltage into these big motors which drive the mills. These are big bars of copper. These things, as I remember, could be a foot to two feet in height and maybe one inch or two inches thick. This is the way they passed electric power around. Those mills generated a lot of their own power. You really didn't buy all of your power from Ohio Edison. You generated a lot of it. If you were generating more than you needed, you would sell some to Ohio Edison and go back and forth like that.

- C: I have heard, although this is only opinion, that someone feels that this area was addictive of union radicalism. For example, if someone would try to increase productivity, workers would become angry and put the union behind them. They would break equipment and this and that. These problems were so addictive of the Youngstown area in particular that it made production to increase productivity or to get good worker-union-management rapport increasingly difficult because there were demands by the union and the management would try to increase production or . . .
- M: What you are saying that there were in certain spots here or there were some very militant union people who in a very short-

sighted way . . . Let's face it. These people were in a boat and they all had to be rowing the same way. Ultimately, this had to happen if you were going to operate at a profit. There were a certain group of union leaders in this town who I don't think ever realized that if the manufacturer didn't make a profit, nobody worked. I don't think they ever got to that point. This may be what you are talking about.

To follow along there, in my experience, shall I say listening to my son who is actually working in steel plants, I never heard him speak of any vandalism as for instance in the hot strip areas. I do know, in hearing management speak, that there was a very militant group, I believe, in the blast furnace department. I am not sure of the department at Briar Hill who were in the operations of Sheet & Tube and a somewhat difficult group to get along with or to please. However, this town developed a very strong tendency to unions. There was extreme loyalty of these men to their unions. I think that not all unions are bad. Beyond a certain size of company, I can see that you need unions. Below that size though, I don't think there is anyplace for a union. I am not quite sure of the numbers that I should be talking about. Conceivably in a plant that employed less than 500 men, you should be able to get along very nicely without a union. I am just talking roughly. I really don't know. I'm just talking off the top of my head. It is true, however, some union people here were difficult. The heads of the steel-workers' union in Youngstown, as I saw it through the years, pretty much took the position that we are entitled to a certain amount of money and it is up to you to figure out how to make a profit. We don't care if you make a profit or not, but we are going to get this amount of money. Also, keep in mind that when the whole steel industry was unionized, bargaining was on an industry basis. It made it a little easier for management to accept the overall wage increases. Everybody was paying approximately the same so they went ahead. It is interesting, however, to keep in mind, that the one nonunion operation in the steel industry was at Weirton. Weirton never was unionized and National Steel paid a certain differential. I don't know what the amount of that differential was, but for the same job a man who worked at Weirton was paid a little more than the man who worked for a steel company in the vicinity for the same job. That was the case right up until the time that Weirton was sold by National Steel to the Weirton employees and the new employee ownership plan went into effect.

Unions played a strong part in this town and I think had some affect on the expenditures by Youngstown Sheet & Tube at the Indiana Harbor Works. I think also that geography entered into that decision too. Indiana Harbor was closer to the big steel using markets at the time or had easy water access to them. For the shipment of oil country goods, they could

ship by barge out of Chicago down that interconnecting canal out of Lake Michigan that goes down to the Mississippi River. They had that and they felt that it was more the center of steel use than Youngstown, Ohio, or Pittsburgh. Heaven knows. I think that militant union people may have been some factor, but it certainly could not have been the whole factor in the expenditures in Chicago or Indiana Harbor.

- C: Getting back to the steel executives, I was wondering from you knowing many of them and growing up with them and your father being one of them too, were these college educated men or were they self-made men?
- M: The executives at Sheet & Tube Company were about split. Let's run through when I was a boy, James A. Campbell, was president and chairman of Sheet & Tube when I was a young boy. James A. Campbell had not graduated from college to the best of my knowledge. My father's predecessor, who was W. B. Morris, I don't believe went to college. J. C. Argetsinger was the general counsel and before him was Leroy Manchester when I was first starting out. Leroy Manchester, obviously a lawyer, had gone to college as had Mr. Argetsinger. Walter Watson was in charge of sales. Walter Watson had taught school in Pennsylvania as a very young man. I believe he had gone to some college or at least he had some education beyond high school, I assume, because he taught school, but I am not sure. Frank Purnell did not go to college. Purnell had been with Sheet & Tube at the time of the First World War. He had gone to New York and was ordered to Washington. He worked under Bernard Baruch, who headed the War Production Board. Purnell was there and worked for him to the end of the war. Following the war, he came back to Youngstown. He had been replaced while he was and then went to Bethlehem, working out of their New York offices and living in New Jersey, in charge of their international sales. He came back in about 1928 to Sheet & Tube to back up Mr. Campbell. He was later to become president and then chairman. There was C. S. Robinson who had graduated from MIT. He was, I know, for years in charge of the natural resources. He had been in operations, but the time that I am thinking of seems to be when W. C. Reilly was vice-president of operations for Sheet & Tube as I recollect. He was followed by W. B. Gillies. Gillies was a graduate of Cornell. Dad followed Morris as vice-president of finance. J. C. Argetsinger, a graduate I think of Cornell, followed Leroy Manchester. Of those men, it was sort of a fifty-fifty split at that time. My father had not gone to college because he just wanted to go to work I guess. That contributed some to putting the other children in his family through. He never went. Purnell had taken certain work at Youngstown College, the Y college at the time, but he did not ever graduate from any college. John Hall, who was later comptroller at Sheet & Tube, was in there in the 1920's. He had been with Price-Waterhouse Auditors at

the time. He told me they would get in a meeting and and some minor point would come up, let's say the cost of shipping a ton of coal from X point to Y point, and Purnell would say it would cost you such and such. He said after a while he felt Purnell couldn't know that. He said he went and checked it out and by God, that is what it was. He had this terrific mind for details.

Sheet & Tube built that strip mill in 1934. Purnell was the man who was sold on the fact that this had to be done. Among the men or at least one man I know he talked with was Bernard Baruch. He talked with Baruch who was chairman of the War Production Board during the First World War and Purnell served on that board. The decision was made to build the strip mill, placing Youngstown Sheet & Tube in the proper position to provide the wide sheet steel the automotive industry began to require.

It was by building this mill that Youngstown Sheet & Tube established production facilities, making it profitable for the next thirty years or more. But building at this period of the Depression was not easy. Money was difficult to secure. Through my father's efforts in the New York and Chicago Banks and Mesta Machine Company, the designer and builder, which was headed by a man named Iverson, they were able to get the mill completed in, I believe, 1934. It was quite a feat, securing the funds, et cetera, but it required a lot of foresight and guts to make the decision.

C: Purnell had it?

M: Yes, he had all of it. Of course, my father as I say, had an important part in this. To arrange financing was a great coup at the particular time. It was just difficult. You had to sell the idea to the banks. You had to have the bankers with you. You had to have support of the machinery builder again to put the whole thing together. They were able to do it. It was quite a feat.

I mentioned hand mills. Hand mills were just what they say they were. They would put this steel bar in and it was a single type of mill like on your old washing machine where you put your clothes through. They would loop this steel and grab it with tongs, swing it over and slip it back again through the mill. You were running this back and forth until you got the gauge you wished. This required a fair amount of labor. I saw hand mills. I was fairly young at the time. Rollers made a lot of money. The steel company owned those mills. They would contract with the roller who had his own crew. He used the steel company's facility. They paid him on a tonnage basis and he paid his men. They were independent contractors at the time. It is a rather interesting variation. It was like a lot of little companies operating. There were

rollers in this town as I grew up. I knew names of men who were rollers. They were well-known and men of considerable standing. They were men who made very handsome incomes up until the time of the strip mills.

C: What do you remember about the trial during the take-over?

M: I remember Leroy Manchester, General Counsel for Youngstown Sheet & Tube. In the summer of that trial, there was a great deal of talk around this town. One of the things that contributed to the death of Leroy Manchester were his friends. He was in the middle of this thing. There were certain friends of his who probably wanted him to oppose this merger.

C: With Bethlehem?

M: Yes. There were people in this town who didn't want to see this happen. They felt that the management would leave town and Youngstown would become another mill town without the management and resources they had. What they were thinking was true. We were talking about what we would do at that time. My father said that we would probably live on Long Island because he would be working in New York. This was discussed. We had a new house but we weren't sure how long we were going to live in it. I think that if that merger had gone through, there is no doubt that we would have been moved out of there. Bethlehem's principle offices were in Bethlehem, Pennsylvania, but it looked as though my father in his financial position would have gone to New York. We wouldn't have gone to Bethlehem. It is possible because of the New York banks and so on. Maybe their principle financial people were in New York. I don't know. I went away to camp and then came back and it was still going on in September. Keep in mind that the opposition to the merger was Cyrus Eaton who had put together a group of small steel manufacturers to form Republic Steel Company. Eaton had bought a substantial amount of Sheet & Tube stock at which point he had some men on the board at Sheet & Tube. Many of the people in town didn't want to see this merger, opposing and fighting it as hard as they could. My father was working for Sheet & Tube. The management of Sheet & Tube felt that this merger would be beneficial to the stockholders and there wasn't any question among these men. That was what they were working for. The board of directors of the company had taken its position.

It hadn't been too long before that they had picked up Briar Hill Steel. At that time the Tod family came into the picture. My father, at the time, was in charge of the proxies from all of the stockholders which were held at Stambaugh Auditorium. There were a group of lawyers representing Eaton who were going over proxies to challenge them. Osborne Mitchell, as I remember, headed this group of lawyers representing Youngstown. Dad would come home after being gone a couple of days, and get a

bath, shave, and so on and be off again.

I also remember Luther Day who represented Eaton. Newton G. Baker, Secretary of War under Woodrow Wilson, led the lawyers for Youngstown.

C: What years are we talking about? 1937?

M: No, we are talking about the merger trial.

C: Yes.

M: That would be in the fall of 1929.

C: Okay.

M: It was Baker. That was before Judge Jenkins.

Jenkins found in favor of Eaton and stopped the merger. This was overturned--the decision by the appeals court--as I recollect, in 1930, and they could merge. When they got the decision that they could merge, the values of the stocks were down. The crash of 1929 had occurred and there was no merger then.

Later as you know or picked up here, when Mauthe was president, I believe, there was some looking into that again. At the time, I think the government people said they weren't sure that they would approve it or something. It wasn't a real serious effort. There was just a pass at it and nothing was done.

C: Could you explain the Mauthe take-over? Merger, I mean? You said I haven't encountered that yet?

M: There was never another attempt to merge with Bethlehem Steel.

C: Oh, okay.

M: It was looked into. It was discussed, but it did not pass through. It runs in my mind. These companies always appeared to fit well. In other words, here was Bethlehem on the coast. It was purely a coastal steel company until they built Burns Harbor on Lake Michigan. This was the last discussion before they built Burns Harbor. They wanted a presence in the west. They felt that they had to be out there. In other words, Chicago and that district was pretty much centered on your steel users and water transportation had a lot of advantages. That is why J & L who weren't there went out to Hennepin. This is why Burns Harbor was built. Burns Harbor was built from the ground up, a complete plant with everything as far as I know. This was looked into. As I remember, there was something . . . I mean, I wasn't a member of the board of directors. These are things that I would pick up in passing because I was always friendly with these people. I was always put in the middle of it. It seems to

me that Washington wouldn't let this merger with Bethlehem fly.

C: What years are we talking about?

M: Mr. Mauthe took over as president at Purnell's death in 1953. Purnell was retiring anyway and didn't quite reach his retirement when he died. Mr. Mauthe was president and going to take-over as chief and executive officer and chairman. Al Glossbrenner came in as president in 1953. It seems to me that it was probably sometime between 1953 and the 1960's. I am quite sure that this was being looked at and when it didn't work out, Bethlehem said the only thing to do would be to build. Otherwise, they would have been able to go right across the country. They would have had Indiana Harbor; they would have had their clients in the east and if they wanted anything in between, they could have that too. They were the second largest steel company and a wealthy one.

I remember that Pete Mauthe came to Sheet & Tube around 1933 or 1935.

The Tod family came into this territory from Connecticut. They probably came into this territory shortly after the Revolutionary War. The Western Reserve provided land for the troops who served in the army. The Civil War governor of Ohio was David Tod. He was a friend of Lincoln and later ambassador to Brazil. The family was, I believe, in the coal business. Coal was the source of their funds in that period of the Civil War and later. Ulysses S. Grant had worked a short while here around Briar Hill, which was the name of the family home. The family was very prominent in this district. John Tod and Fred's father, Fred Tod, were involved with Briar Hill Steel Company. In about the mid to late 1920's Youngstown Sheet & Tube Company purchased the Briar Hill Steel Company. The price on it was as I recollect \$72 million. They had the Briar Hill Works up there and they had certain coal properties and so on. There was a family named Slessinger, in Chicago; owners of land and steel operations that became the South Chicago Works and I believe the Indiana Harbor Works who sold out to Youngstown at about the same time. It was in the 1920's and they were buying and growing. They were making money and doing very well. In about 1938 or 1939, there were very serious questions in mind if they were going to continue or tear down the Briar Hill Works. It was old equipment, furnaces, and so on. This surge of the war came along and steel and things for the war. That got them going again and they gave up any thought of tearing down Briar Hill and continued to operate and spent some money on it.

Interestingly, in the Briar Hill Works the blooming mill

engine in it was made at the David Tod Company. That was over here where Wean United is by Market Street Bridge today, before United Engineering and Foundry of Pittsburgh bought it. That was the David Tod Company. They had made steel mill machinery also at the Tod Plant. Fred had the brass plate from that engine. In other words, this was a big steam engine; it was a reversing engine. Blooming mills you do reverse. You put an ingot in it and shoot it through one way and the operator will squeeze it a little tighter and then you put it through the other way and then you end up with this slab that you are going to put through a hot strip mill or you end up with narrow blooms and so on that you put through pipe mills.

This particular engine was very large. It is unfortunate that it had to be scrapped as far as I know and Fred got the plate. Again, Briar Hill was sold to Sheet & Tube. That was the end of Briar Hill. The office building of Briar Hill was never occupied by the company. They had just put up a brand new office building at the time of the selling and that was the end of that. For awhile, the traffic manager from Sheet & Tube, Albert C. Graham, was up there in the chairmen's quarters for awhile. He told me what luxury they had for the traffic department. This man Graham was the first traffic manager I think that Sheet & Tube had and he told me about the days when he used to have an office and he said that he had bills that were stacked up on it that were unpaid. This would be over on Phelps Street where the Wick Building and Federal Building are along a side street. I think even at the start they were in the Stambaugh Building. Then you know that the Sheet & Tube moved in 1958 from the Stambaugh Building. That was when Mr. Mauthe was chairman. The Stambaugh Building had more area per floor than any other building in town. That is why they stayed there, but they needed more space. They were occupying an increasing amount of it and with the elevator time and everything else they decided to do something. In today's world, you look at the downtown and say: My God, there would be no problem about space. At that time in 1958, Youngstown had a going downtown. The only thing to do was to move out. They did. They acquired that land very quietly out there and when it was all set they put up the building.

Graham was traffic manager of Sheet & Tube until he dropped out of the picture and W. E. Fowler became traffic manager for a period of years. Nobody was in there longer than Graham. He was a man who was known and knew people from all around the country. He knew people in all of the railroad groups. He was a friend of Carl Akeley. If you have ever been in the Museum of Natural History in New York, the big African room is there. The elephants and so on were Akeley's. He had shot the elephants. He had a great deal to do with setting up that particular room. He was a friend of Diamond

Jim Brady. He was a man with a great deal of personality. He had a tremendous amount of charm and was a close friend of my father. They took walks. He lived the next street over in Forest Glenn. I, as a boy, played golf with this man. He was a marvelous person to play golf with because of the stories that he would tell. Now at the same time he was an awful golf player. He was just terrible. I didn't learn from him.

C: About the Tod family and the take-over what was . . .

M: The Briar Hill Steel Company at that particular time was taken over. The Tod's were in that company. By the take-over, they became the largest individual stockholders in Youngstown Sheet & Tube. John and Fred Tod were on the board. Mr. John Tod was quite a power on that board. Because of their very large holdings, I knew for a fact if any more was going to be made, companywise, that would first be discussed with Mr. John Tod. Fred Tod Sr. was much the extrovert. He was a sales type of personality and a great fellow.

C: Was the take-over popular? Was there fear of it when it came down?

M: The take-over of Briar Hill?

C: Yes.

M: As far as I know, this was a take-over that occurred within the community.

C: No problems?

M: There were no problems at all. It is a different thing when the take-over involves outsiders, but this was only inside people.

C: There was no fear?

M: There was none, not at all. Everything was going to be going along the same way. The ownership was here and so on. The only place you ran into it and there was probably some feeling about was what happened to the executives at Briar Hill Steel Company. What happened was that they were out. Bill Ramage was one of those men who went to Valley Mould. Charles Cushwa was one of those men that went into the formation of Commercial Shearing. That is, to the best of my knowledge, the way it was I don't know what happened to the rest of them. Keep in mind I was born in 1917 and I am nine or ten years old. I wasn't that aware. I knew because I went to Briar Hill. My father took me up there and let me take a look around the office building and the facilities at the time that all of these

things were being moved out and moved into the Sheet & Tube corporate records. I didn't know those men.

C: Do you have any final observations on the steel industry since you have seen it from its apex to its decline, what happened?

M: It is unbelievable to me. I was brought up with it. This was a basic strong industry. I couldn't conceive of what has happened. I still can't believe it happened, but it has and here it is. As far as this town is concerned, there is never going to be a major steel industry here again. It is gone. It will never happen. You have David Tod and this group at McDonald Steel, but that is different. I don't think that the mills left at Sheet & Tube could start up. I think that you could take, for instance, the strip mill or maybe the cold mill there and put them in the hands of a firm that manufactures machinery such as Wean if there is enough of that stuff still left. Mesta is gone, although we thought it was the best maker of strip mills. If there was somebody who would take one of those mills and rehabilitate them, they haven't changed that much. If you put new and heavier drives on them they could still turn out hot strip. I am sure of that. Those rooms were all sealed. The motor rooms and all of that stuff was sealed. The motor rooms and all of that stuff was sealed. I would imagine they got moisture in them and so on. I don't know whether they have taken any of that stuff out. There isn't any room for a basic steel industry here. In fact, you are starting to question whether there is room for a basic steel industry in the United States strangely enough. You used to say you can't be a great power without a steel industry. I am not so sure that is so, although God only knows how you would build a fleet in this day and age. I don't know. Lukens rolled the plate. The armor plate and so on came out of Lukens down east. I don't think Lukens has a mill there now. I think that is gone. I just don't know. We use the things we have and when that is gone that will be the end of it. I don't know.

C: How about for an economic recovery, what will Youngstown have to do? The steel is gone now.

M: To draw a parallel, when I graduated from school in 1939 in Boston, we had been in a depression for a period. You would see along the river at Lowell, Massachusetts and other mill towns miles of textile industry plants that were done; they were through. The textile industry moved out of that area and went south. I had an instructor in school who said he could beat the southern plants if he had their machinery in Massachusetts. He said that the modern machinery was in the south. He felt that the labor in Massachusetts was more productive. However, Massachusetts has changed between 1939 and today; there is a shortage of people to be hired in Mass-

achusetts. They are looking for help up there. It is in a boom. The textile industry is long gone just as the steel industry is long gone here. Boston, Massachusetts is high tech. It is based on MIT, Harvard, and your research people and Polaroid. Keep in mind that the taxes in Massachusetts would drive out basic heavy industry. They are colossal.

Massachusetts as you know is one of our earliest states. Corruption started politically there much earlier than anyplace else. When I was at school, Mayor Hurley of Boston, Massachusetts was reelected when he was in jail. It is terrible. As with anyplace like that, you have to pay the piper so the taxes are a problem. To go back to the parallel, you had a state that was heavily dependent and many of its cities on textiles, and when textiles left they had nothing. When you went into Lowell; it was sad. It was a little like Youngstown, Ohio today only maybe worse. Massachusetts is doing well in high tech.

I don't know whether we can do it, but to me on the long term, not the immediate, this is going to take awhile; I think that this area will come back. It isn't going to come back on heavy industry. It is going to have to come back on doing something else, on possibly small operations such as McDonald Steel that have some relationship to steel. You still have this Lordstown operation. If you could do more fabricating of some sort, it might go into automobiles. I realize that you have Packard tied up with them. There is a tendency, it seems to me, in the making of automobiles to be subbing out more and more of the components. The automotive plants I think are going to become assembly plants and they are going to contract out the bits and the pieces. The auto companies are going to put them together. I think that is the trend today. Possibly, you could get more of that going. Keep in mind the only people here that are successful are nonunion. I have the feeling that is what it is going to be. Keep in mind also for the most part they are probably going to be smaller shops. They are not going to employ 3,000 or 5,000 people. Certainly the labor force for the most part is intelligent. They can do most anything that is required of them. They can be very productive people.

I think that is our future here and it is going to be trying to attract smaller operations. As soon as you talk union in today's labor market, these people go south or someplace else. They aren't going to stay here and face it. I think that smaller plants and the inevitable advantage of our geography, we are halfway between New York and Chicago or halfway between Cleveland and Pittsburgh, and a good road network . . . There was a time that you could talk about railroads. We can't talk about that anymore. Again, there are an awful lot of things moved on these highways. I go back to a statement that I made earlier. Keep in mind Route 11. One of the big things in Route 11 was you were going to haul pellets down to these plants. That was one of the reasons it was supposedly built. It wasn't talked about a lot, but it was a good reason.

I think this place has a future. The thing that disturbs me is that I think I am a little too old to see it. I think it will be here, but I think it is going to be awhile. This is a tough period here and we are in it and it is going to continue. I think we will inevitably move out of it. The question is how long is it going to take. This could be ten years. I just don't know. There are nails that go into the coffin here. I hated to see Strouss' move out of this town. Maybe we can get some things going here that will turn it around. I hope so. The steel industry, no never. I think that Pittsburgh is through with it. There may be a few things left, but not much. Youngstown is through. Cleveland still has water to assist it. There is Warren. There is LTV and everything else. That Warren plant and Republic are putting a lot of money into that plant. There is some talk in the papers. Maybe that is going to reopen. I don't know. That was a good plant. That was a modernized plant. They spent a lot of money in Warren. In other words, if we go back to a question earlier, if this money had been spent in Youngstown--the money spent to modernize Indiana Harbor--would Youngstown be any different. I don't think so. As time has gone on, I don't think it would matter. At the time Youngstown plants closed, I questioned it. I thought that maybe those funds might have saved us. I don't think so. You still have probably twice as much steel capacity in this country as you can use. Worldwide there is still twice as much and maybe three times as much capacity as needed in the steel industry. Sometimes you really wonder how they used it all. Keep in mind that you have cut down substantially in amount because they are doing automobiles, smaller and lighter with increasing amounts of plastic and aluminum. It is possible that the construction of buildings have so changed that to achieve the strength and so on that you need you don't need the tonnage of steel to build the modern skyscrapers as they once were. I don't know about it, but I suspect that is so. It seems strange though the terrific drop-off in the need for steel or the sudden overcapacity in a relatively few years. Keep in mind that we weren't seeing so much of it, but the Japanese and the Koreans were building.

C: Well, thank you very much.

M: Well, I think we have covered everything that I can think of today.

END OF INTERVIEW