

YOUNGSTOWN STATE UNIVERSITY

ORAL HISTORY PROGRAM

Youngstown Sheet & Tube Shutdown Project

MVEDC

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PHILLIP RICHLEY

Interviewed

by

Philip Bracy

on

April 10, 1981

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INTERVIEWEE: PHILLIP RICHLEY
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SUBJECT: MVEDC, Ecumenical Coalition
DATE: April 10, 1981

B: This is an interview with J. Phillip Richley, former mayor of the city of Youngstown, for the Youngstown State University Oral History Program concerning the shutdown of the Youngstown Sheet & Tube by Philip Bracy at the Cafaro Offices on April 10, 1981, at 3:30 p.m.

Dr. Richley, could you tell us a little bit about yourself, where you went to school and so forth?

R: I attended John Carroll University in Cleveland, the University of Michigan, Youngstown State University, and the University of Pittsburgh. I have a Bachelor of Engineering from Youngstown State University. I have done graduate work at the University of Pittsburgh, attended the Naval Academy Prep School, and attended the Quartermaster School in the United State Navy.

I have been employed over the years by the East Ohio Gas Company, the city of Youngstown, Mahoning County, the state of Ohio, and the Cafaro Company. I am not retired, I am still actively working full-time.

I have a whole variety of so-called honors, awards, and other recognitions including a Doctor of Engineering from Youngstown State University, and many other types of awards and recognition items state-wide and some nationally.

I served as president of the American Association of State Highway and Transportation Officials, which is a national organization, while I was Director of Transportation of the state of Ohio. I also served on

President Carter's National Highway Transportation Advisory Committee. Those are just two of a whole variety of organizations that I am affiliated with.

I am a member of Saint Anthony's Church in Youngstown, Ohio, and belong to a number of miscellaneous social and fraternal organizations.

I have a variety of hobbies and special interests including reading, golfing, and relaxing in the sun in Florida, and things such as that.

B: Who was responsible for first getting you involved in public life?

R: I believe that back in 1948 or 1949, or perhaps 1950, that Anthony B. Flask, who was a councilman of the third ward here in Youngstown, was the most influential in getting me involved in public life. I was a surveyor at the time, and he assisted me in obtaining employment with the city of Youngstown in 1950. That was the initial contact I had with the city about 30 years ago.

B: Do you remember the circumstances like where you were and how you found out about the announcement of the shutdown of Youngstown Sheet and Tube?

R: Sure I do. That was in the fall of 1977. I was in a campaign while I was running for mayor of the city of Youngstown as a Democrat. I had prepared a number of position papers, one of them having to do with economic development, which was my principle interest. I believe the date was September 19. I picked up a Sunday paper and read about it in the newspaper. Like everyone else I was somewhat shocked at the size and magnitude and depth of it. However, fortunately or unfortunately, I was not shocked by the fact that it occurred. It was almost as though it was inevitable.

B: At that time you were . . .

R: I was a candidate for mayor. That was September 1977. In fact, it occurred most likely about five or six weeks before the election, which was in the first week of November. The announcement was made, and I immediately reacted to it by preparing a second position paper on economic development, which I made public at that time, taking into account the most recent occurrences. I made some proposals on how I thought we might eventually be able to work out of that particular dilemma. Those were published and they're a matter of record. At that time I started to talk about the need for moving the

area towards the goal of diversification. That's the kind of theme that I have been pronouncing ever since.

B: I realize there was an election going on and it probably was a little difficult, but was there any contact with Mayor Hunter's office asking you to participate in any events?

R: There was not from Mayor Hunter's office, but there was from Congressman Carney's office. Shortly after the announcement took place, Congressman Carney called me and told me that he wanted to put together what he described as an ad hoc committee of interested citizens, businessmen, and political leaders. He asked me if I wanted to participate and I told him that I would. In fact, we did have two, three, or four meetings in the fall of 1977 before the election. Mayor Hunter was part of that group at that time. My involvement with this matter, unofficially, prior to January 1978, was simply as a member of an ad hoc committee upon the invitation of Congressman Carney. We worked with eight or ten people in trying to formalize some ideas and concepts on what ought to be done or what could be done.

B: Was that meeting the same week as the announcement?

R: No, I would say that that meeting probably took place within about two or three weeks after the announcement, and several other meetings took place right on through the end of the year and even into the next year. After I became mayor that group was still a little active and then it finally folded up.

B: Did that become MVEDC in essence?

R: Well, let's say that that group gradually faded away and simply dissipated because Mayor Hunter was no longer involved and Congressman Carney was more pre-occupied with things in Washington. They were instrumental before I took office in obtaining, as I recall, a \$100,000 federal grant that authorized that so-called ad hoc committee to prepare a report that would lead towards diversification.

That was done before I was in office. After I was in office we began to put together a more formal structure, what we thought ought to be the beginning of a long-range, far-reaching, more permanent organization outside of government that would be charged with the responsibility of overseeing economic development. The ad hoc committee kind of faded away. The report that was prepared by Beetle became the foundation for some of the work that was later taken over by the Mahoning

Valley Economic Development Corporation, which is the more permanent group on a two county basis.

B: Upon becoming mayor, coming into office, were there any specific items that you focused on as far as the shut-down?

R: It was our objective, I think, at the beginning to try to develop some programs with the assistance of EDA especially and perhaps HUD. It was two-fold. What I first wanted to do was to get the attention of the federal government, by that I mean to get the attention of EDA, HUD, and even the office of President Carter, to make them aware of the depth, scope, magnitude, and gravity of the problem.

We were surprised at the depth, the scope, and the magnitude of the problem. In other words, we were shocked to find out how many people were ultimately going to be laid off. As I recall 4,500 people in a ninety day period, less than ninety days, would be laid off, and in the future we expected that the Briar Hill Plant would be shut down with another 1,500 to 1,800 people laid off.

We tried quickly first to get in touch with EDA, HUD, and also the White House. We also got in touch immediately with the J&L people--at that time they were Lykes Steel--to try to find out what their thoughts were on the shutting down of the Briar Hill plant, which hadn't happened yet. They predicted it would shut down in about eighteen months, that is in the fall of 1979.

Our primary purpose in getting HUD and EDA involved was to really find out what we could do to assist the laid off people. We thought that that was the primary, pressing priority to try to find ways to help the people that were laid off to find new jobs, to help them with unemployment compensation, and to help them with trade readjustment benefits.

We also tried to get the Federal people in to help us develop some programs that would provide what we called mortgage assistance payments for people that couldn't pay their mortgages. We talked with local organizations, social organizations, mental health, and others who we thought might eventually have a higher number of applicants from laid off steel workers. We communicated with the president's office, with some of the members of his staff, to try to persuade him to understand the

depth of the problem and to work with us.

We recommended to the federal government--and we did this in Chicago--that they send into the area what I called an economic disaster team where we would have a representative of EDA, a representative of HUD, a representative of the president's office, a representative of DOT, and a representative from the department of congress to sit in Youngstown for maybe ninety days and try to help us on the local level to formulate some plans right in Youngstown. At the end of those ninety days they would go home, but their recommendations then would be keyed into federal programs in order to try to expedite any help that might come. We also, simultaneously, tried to put in motion a movement for economic diversification through the Mahoning Valley Economic Development Corporation. Those are some of the things we tried to do immediately.

B: Do you remember the exact date or the approximate date of the Chicago meeting?

R: That meeting probably was in January or February of 1978. It probably was within the first three or four weeks after I took office by the time the Ecumenical Coalition had been formed. I would guess a week or two after the announcement was made they began to organize and find ways by which they could reopen the closed portion of the Sheet & Tube.

They actually were able to obtain a HUD grant, a \$335,000 HUD grant, that was supposed to design a study or a report to show that the Sheet & Tube could be opened as a community-owned facility. We were a little bit concerned about that because we never quite understood what they were talking about. We, therefore, by the end of the year, before I actually took office, entered into an agreement with Bishop Malone and Congressman Carney, myself as mayor, and Mr. Leseganich, who represented organized labor. The substance to the agreement was such that upon completion of the report by the Ecumenical Coalition, it would be turned over to the Mahoning Valley Economic Development Corporation for implementation.

The memorandum of understanding that was signed between the Bishop, myself, Leseganich, and Carney put all that on paper so that there wouldn't be any misunderstanding about what the Coalition was going to do and what the Development Corporation was going to do. All that came about primarily as a result of some meetings that were held in Washington, one or two of which I

attended. The federal people, especially Bob Hall, after listening to the presentation on the Beetle Report, comments by the Coalition, by Carney, and by myself, suggested that we go back home and try to get our thoughts together and agree on what it was we wanted to do and then report back to them. Getting our thoughts together resulted in the memorandum of understanding that I'm talking about, which we did, in fact, execute.

Once that was signed the grant was approved and the Coalition did get the money and they did begin the report right around the first of January 1978. They hired some consultants from Washington and some people from the New England states, Boston, as I recall, who were studying the possibility of reopening the Sheet & Tube as a community owned facility. We were in the process of developing programs for economic rediversification. That's about where we were in January.

- B: Was there any attempt prior to the memorandum of agreement to get the Ecumenical Coalition involved in your efforts, or was there a feeling that you didn't really know how to plug them in?
- R: No, they were involved. Father Stanton, who is one of the leaders in the Coalition, was also a member of the board of the new development corporation which we created. He was a board member, so we involved them through Father Stanton. He attended virtually all the meetings, and he's still a member of the board today.
- B: At that time you were a positive force, a broadening of the base, I suppose, of the original group into the corporation.
- R: Yes. We increased it from about six, to eight, to ten people up to something like 24 or 26 people. We involved all of the cities in the two counties. We structured it as a two-county organization because I felt from the beginning that economic development of this valley could not be carried out by one city or one county. It was one economic entity. If we were going to succeed or fail in improving the economy and increasing jobs, we had to be one economic entity. You couldn't separate one town from another.

It was always my feeling that we ought to all work together and try to do what we could on an organized basis. We had representation from two counties, from organized labor, the business sector, and the citizenry. We had about 26 members, I think, on the board as it was originally conceived and then later at the request of the federal government it was increased to about 30 or 31 members.

The principle purpose of the organization was to retain existing industry, find ways to cause existing industry to expand, and to recruit new industry.

B: What was the organizational structure of MVEDC?

R: We had a president or a chairman and an executive committee of approximately eight people, and a number of other subcommittees, a finance committee, and special committees for special purposes; a bylaw committee, and we had a full board. Later we had an executive director, and he had a small staff of people who had separate offices in which they were housed.

B: How did you see the role of MVEDC in the economic development?

R: I thought that that organization could act as a clearinghouse and a force in unifying the community, unifying the governmental officials, unifying labor and management, and a clearinghouse for HUD grants and EDA grants. That's what it really became because EDA did recognize it as the organization that would speak for the valley. They provided us with, as I recall, \$600,000 or \$700,000 to operate and then recognized us in writing as the group that would be responsible for economic development insofar as the federal government was concerned. It was an attempt to unify and to coordinate and it was not, by any means, designed to supplant what the cities wanted to do on their own or what the county commissioners wanted to do on their own, but it was meant to provide services to some of the cities that didn't have people on their staff. It was meant to do a little bit of national advertising and recruiting that the cities couldn't do. It was meant to insure that there was a greater degree of cooperation between the two counties which wasn't very good at that time and it never was really very good. It was meant to bring labor and business together, if that was possible to do.

The cities individually couldn't do these things and a great many of them didn't have any inclination to do them. Most of the cities and even county officials tended to be very parochial and very limited in their interest in this particular area. We felt that there needed to be some sort of organization to try to bring them all together. That was my idea, it was, it still is, and it is still operating and recognized by the "Feds" as the agency which is granted the funds by which to carry it out.

B: I understand you served on most of the subcommittees as well as being president of MEDVC. Besides yourself who were the activists in the organization?

R: We had many of the bankers from the Youngstown area; Art Young, for example, was always a very active leader; Jim Griffin, who has since passed away, was a strong representative of labor; Frank Leseganich was a labor representative; and George Bindas was the Mahoning County Commissioner. We had a couple of commissioners from Trumbull County, a number of businessmen, Bill Brown; the editor of the Youngstown Vindicator, and a number of other people that I can't remember at this time. There were at least fifteen. Father Stanton was very active, and at least fifteen people, including a gentleman named Paul Wigton, who was president of Republic Steel, which was still a viable steel plant in the area based up in Warren. We had primarily labor leaders, public officials, bankers, and a few citizens.

B: Do you think the role of MEDVC changed as it grew?

R: Not really, I think its purpose today is pretty much what it has always been and that is to first, try to unify the area economically; and secondly, to try to break down the geographical boundaries and barriers and bring together business and labor on a two-county basis; and thirdly, to develop programs for the area rather than one individual city or county. It didn't matter to us where a plant expanded or where it went in, our principle objective was that if we could get ten jobs in the Mahoning Valley, maybe Mahoning County might get six and Trumbull County might get four. It really didn't matter where the plant got located, the jobs would be distributed on the basis of people who would apply and they would pretty much follow the population division of the two counties. We weren't pressing locations in any particular political subdivision at all. What we were pressing for was to enhance the entire valley as a whole. We thought that everybody would benefit from that.

B: Could you tell me the background of the National Steel Research Center?

R: The original idea was proposed to me by Senator Glenn and then reinforced by Tom Cleary, who was one of the officials of the Youngstown Sheet & Tube before it was shut down. Both of them told me that they thought that research and development of the steel industry ought to be promoted and one of the possible uses for an old shut down steel plant might be the development of a national steel research facility.

We felt pretty comfortable with that idea as one of our projects at that time and were able to get some people involved from the business sector as well as labor. We were able to get a number of people from the University Urban Affairs Department involved. We put together a report on some concepts and ideas we had that would turn some of the idle facilities into productive facilities for the development of new technology in steel that could be used nationally.

That report did go in and it was reviewed by, I believe, Lehigh University in Pennsylvania. The Department of Housing and Urban Development asked to look at it. While they didn't reject it, they simply felt that that was not a function that government ought to be involved in. If government didn't want to be involved in it, then, obviously, there was not a heck of a lot that you could do about it. Although government was involved in Conrail, the Tennessee Valley Authority, the subsidization of aviation facilities, the interstate highway system, and in many, many, many areas around the country that had to do with particular segments of industry, the only reason they didn't want to get involved in steel was because it was a hot political issue. They, quite frankly, didn't know enough about how to get involved and didn't want to take any chances and wanted to play it safe. We were not successful in trying to get too much interest from them, although many people still thought it was a good thing.

B: What were your personal feelings about the proposed worker buy out of Sheet & Tube? Do you favor that kind of effort?

R: Not really, I never really felt very comfortable with it. First of all, I never really fully understood it. I never understood what it was they were exactly trying to do and I'm not sure very many other people understood it either. There was some question of the motivations of the consultants who were involved. There was a question of whether they really understood what they meant by worker buy out, whether the employees would own the plant, or whether stock options would be offered. That was never really clarified. I never felt that the idea had much chance of success.

We did work with the Coalition to try to do all we could to cause it to happen, primarily because we were all looking for solutions and anybody that could come up with something that would work would be a welcomed solution. While I never really got too excited about it and never thought that much would come of it, we, nevertheless, did support it. We were actively involved in trying to promote it.

B: On July 12, 1978, you and Father Stanton held a joint news conference, could you tell me a little bit about that particular news conference?

R: That was a news release that was issued jointly by Father Stanton and myself, which was simply an attempt to clear the air on the relationship between the Coalition and the project, which we thought had some viability as a steel research center for the development of steel technology. I think the news release simply said that if the Coalition's project were successful, the development center for new technology would be a part of that. There's nothing wrong with that. We were trying to do all we could to avoid the illusion that there was any real conflict.

Whenever you have people trying to do different things in a community there are always many people who are trying to shoot you down and trying to divide those people who are trying to get some things done. That was happening to us, and we just thought it would be good if we were to issue some kind of a joint statement saying that we're all in support of the same thing, and if the Coalition's project succeeds, there's no reason why it can't be joined together with the research center. That was the purpose of this news release.

B: You were also instrumental in getting the UDAG grant filed. As I recall, you had a major problem with that.

R: Yes. We prepared the application for the Coalition because they didn't have the staff capability to do so. I think it was for maybe as high as sixteen million dollars or something like that. Like all other UDAG grants there had to be private money by which to stimulate the public money and the ration had to be four or five to one. The application was completed and submitted. It went to the "Feds". It was in good order with the exception of the fact that there was never any private money that the Coalition was able to get to support the application for public funds. While we had a good application and the idea was great, there just weren't any private entrepreneurs who had an interest in investing private money; therefore, when the application was reviewed, it was simply tabled and never approved because there wasn't enough substance in it. We helped put it together as part of our program of cooperation, but again, we were never optimistic that it could be approved because there wasn't some private money to support it.

There was a meeting held in the White House, which Jack Watson presided. The Coalition was represented. I believe Bishop Malone was there, Reverend Bert, and Reverend Rawlings, as I recall, may have been there. Father Stanton was there, Jim Griffin on our board was there, Frank

Leseganich and I were there, and a number of others.

The purpose of that meeting was to try to get the attention of the president's office in terms of the need for assistance in the Mahoning Valley and to try to get from them some commitment that if a program could be put together that they would be willing to support it or be willing to fund it. We weren't trying to propose any particular program specifically, but were only trying to get some commitment that if we could come up with a program, they might support it.

They did agree that they would provide one hundred million dollars in loan guarantees and they would keep that option open for us until such time as the Coalition report was complete. When it was complete it would be included in an application for UDAG funds and the loan guarantees could be a part of the overall development package through the UDAG application. That was the purpose of that meeting.

The UDAG application, I believe, was initiated in the early part of 1979 and submitted, perhaps, in the spring or summer of 1979. It incorporated the one hundred million dollar loan guarantee; however, there just wasn't any private money available or there weren't any buyers or takers with respect to the private sector to become involved in that application, so the application just failed.

B: May 24, 1979, the Coalition announced that it would not continue any further because the government announced they would not support this project, did MEDVC pursue the steel research?

R: No, I think about the same time we were notified by the Department of Commerce that while they didn't find any special problem with our proposal and it got a fair review from Lehigh University, they didn't feel it was the role of government to be involved. If they weren't going to be involved, then we simply had to back off. There was nowhere else we could go. By the middle of 1979 both the Coalition's proposal and the technology proposal had fallen on deaf ears and there wasn't any place else to go.

We started to move ahead as rapidly as we could on diversification, which is what I always wanted to do in the first place. By that time I think everybody was pretty well sick and tired of hearing about the Save Our Valley Campaign, and sick and tired of trying to open a dead plant which was never going to open again.

Many of us were always convinced of that, but we had to go through the entire process to be sure that that had happened. A year and a half was used up in that exercise. It was a very good piece of work that the Coalition did because they led the charge when there was no one there in the fall of 1977; however, it was an exercise in futility by the fact that while they provided great spiritual and moral leadership, not a great deal of business sense came out of the whole exercise.

By the middle of 1979 we were working hard trying to get in place an organization over the two-county area that would function out of a separate office. We did that. I think we started a new office in the spring of 1979, and leased some space in Liberty Township on Belmont Avenue, and hired some people. They are in business. I also, when I became Mayor, opened up an office in Youngstown, an Office of Economic Development, for the purpose of promoting Youngstown only in terms of Youngstown projects, and hired an economic development director. He worked very closely on Youngstown projects as related to area-wide projects. We were successful in, for example, reopening the Republic Rubber Plant, which had been closed down, and bringing back about 150 people to work. We did get them \$750,000 in UDAG funds as well as a couple of million dollars in loan guarantees.

We were initially responsible for bringing into the area the Commuter Aircraft Corporation in January of 1979. We submitted the application for Commuter Aircraft for the UDAG grant for three and a half billion dollars, which was ultimately approved; however, Youngstown didn't become the beneficiary because of housing problems. We provided some grants for McNicholas Transfer and some other corporations in the area that needed help. We were involved in the city in terms of economic development in Youngstown projects alone. We were also involved on a two-county basis because the valley as a whole would benefit from any project that would show up anywhere.

- B: Do you think that there are any facts of any particular items that you feel are important to the understanding of events that took place during that period that you would like to incorporate?
- R: I think the big thing that you should keep in mind is that the closing of that plant, Sheet & Tube, and the subsequent closing of the US Steel plants, didn't happen as instantaneously as everybody would have loved to believe. The fact is that they were old plants, they were eighty to ninety years old, and there were very little

new investments made in those plants in the last ten or fifteen years. The corporations, I think, had made quite private decisions to do this a long time ago. They didn't put any money into water pollution control devices, they stalled on the permits for five or six years, and it was inevitable, and a matter of time before the roof caved in. When it caved in it seemed that no one who was in the steel business was surprised.

The public was surprised and the public was taken back because of the magnitude of it. I don't think that the steel industry, at any time in the last ten years, had any other idea other than the fact that they were going to be shut down. I know when Lykes Steel bought Sheet & Tube out the intention was to shut it down as rapidly as possible.

I think the trouble with a lot of people in Youngstown, especially those who are not in government, is that they don't want to accept reality. They never wanted to accept the facts of life that these are old decrepit plants that cost too much to operate. You can't keep them running when you're not making money. That never really rang true or never came home to a great many people. Year after year, even today, I hear people talking about wanting to reopen those plants. There isn't a chance in a million that that's ever going to happen. I think if we learned anything from that, looking back, it's that out of that disaster and chaos we ought to have some new opportunities that ought to show up. If we would just get our head out of the sand and not bury it under the sand in terms of steel as the basic foundation of this valley, consider that we are diversified, and promote diversification, and realize in the long haul the more kinds of work we're involved in in manufacturing and service in the valley, the better off we're going to be. We're better off to have one hundred plants with one thousand people each working in those plants than to have two or three large plants with ten thousand people working in them.

B: Is there anything else that you feel is important?

R: No.

B: Thank you very much.

END OF INTERVIEW