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May 4 Steel, by A E Crockett Jones and Laughlin Steel
Corporation

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Discussion Following Lecture
"Steel"
by
Mr. A. E. Crockett
Jones and Laughlin Steel Corporation
May 4, 1937

Q Doctor, we are very much interested in learning something of the delay caused by the big flood of last year. Would you mind telling us what part of your plant was under water, how long it was under water, and, principally, how long you were out of production?

Colonel Jordan. There is one other slant to that I should like to mention before you answer, sir, and that is this. We want to know if at the outbreak of a war we had to call on your steel plant and just at that time a flood occurred what effect that would have on your plant?

A. I would rather defer answering that question and let your man, Major Minton, of Pittsburgh give you his collective figures on it. Major Minton has made a close study, I think, of that. I was away at the time of the great flood, but I do know that we lost three days this year due to the last flood, and that was a very minor one. Concerning the other flood, Major Minton has the information direct from the management, in all of its intimacy. I think he made a direct inquiry on that point. That is a well taken point. I think it is a thing that we have got to look at, because a few well placed bombs may be one destructive thing and a flood may be another question for us to think about. At the present time we will take care of the floods, but I

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would rather do that through the regular sources of developed information than to answer myself because I would not be accurate. I know of ten days that we were out entirely on one certain production, I know that on another production it was eight weeks before we got some of our billets out of the mud. I would say the total cessation of production because of the 1936 flood was around ten days.

Q. I would like to ask another question, sir. What are the probabilities of your being able to develop processes for using the low grade ores of the Mesabi range; that is, the lower grades than you are now using?

A. Do you refer to red hematite or black magnetite?

Q. I do not know enough about it-----

Q. He refers to Mesabi, or Cuyuna-----

A. Well, Cuyuna is a lean formation, and those lean ores are being blended right now. You see, we are working up more lean ore by simply the washing processes, etc., and so far as the black magnetite of the east Mesabi range, where there is so much ore, is concerned, I believe that will be taken out of the Mesabi range. It is a matter of dollars and cents. When we get over in the east Mesabi range and the black magnetites, we are dealing with a hard rocky ore, just as the Vermillion ores are hard rocky ores. Experiments with those ores show that they are high in price, and that will have to be figured in with all the lean Mesabi, Cuyuna ores, etc. Studies are being made by the Bureau of Minnesota and the University of Minnesota on those ores, and while I do not know what they expect to get I do know that black magnetites are still

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available and it is only a matter of adding dollars per ton in the production of ore. Where we held up our hands in holy horror in 1916 and said: "We only have 25 years to run of the Mesabi ores, on the known basis", here we are to 1937, four years from that 25 year period of 1916, and we still have enough ore left on the Mesabi range to run us - well, a lot of contracts do not run out until 1970 in the mines there, and they are wondering if they are going to work out their problem there at that time. While I think we should be cognizant of the availability of lean ores, I do think that the method of blending the lean ores and the treatment of ores is going to change the whole prospective view of ores on the Mesabi range and the Lake Superior district. Therefore, it is hard to prophesy. At a meeting in which Mr. Baruch presided, a very wise man said. "Gentlemen, we only have 25 years of ore in the United States Think of it! Where are we going to be?" I said: "I have come to the point where I say nothing is impossible, and I am going to say that some of the estimates we have made in regard to Lake Superior ores are all wrong."

Q Have you any late information on Japan's place in the steel industry, her ability to be self-sufficient in time of war?

A. According to the figures appearing recently in an article in the National Scrap Magazine, I think it was, Japan is far from being self-sufficient, but if she can get some of the India mines she can be absolutely self-sufficient. On the other hand, there are reports that Japan has a lot of ore deposits in the Pacific that we know little or nothing about. However, according to the present information (the article to which I referred) she is not nearly self-sufficient with her known

supplies at the present time.

Q. Would it hurt her if we cut off our steel scrap supply?

A. I think it would to a certain extent. What she is getting from us is not all she is getting by any means. South America is giving the Japanese a lot of scrap, Mexico is giving them a lot of scrap, etc. If a man leaves his steel cultivator out in the field now, chances are when night comes it isn't there any more, and they say that scrap is going to Japan - I do not know. On the other hand, I think it is a grave problem. However, there is a graver problem than that for us to face: how much manganese ores are we going to pile up for this country? My attitude was: let us gradually acquire it for the United States Government for war debts, pile it up (it never deteriorates in value). That is the one thing that is absolutely essential for us. The important thing is not the scrap the Japanese are getting but the manganese we must get from South America, Australia, Russia, and other points. We might as well face the fact. We can get manganese in the United States but the quantity is relatively small and the price tremendously high.

Q. Doctor Crockett, we have heard considerable about Government measures taken to reduce the financial back-log of our large industries, such as the steel industry. What effect will that have on the steel industry as an element of national defense?

A. I will say, a tremendous effect. I would say, just as an economic thought, that unless these steel companies can build up their back-log in good times to enable them to keep bringing their equipment up to date instead of going out and borrowing money all the time, the

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steel industry will be worse than the railroads ever dared to be.

The fact that we have been able to build reserves in good times has enabled us to go through the depression in our own organization where we were able to take millions out of our reserve, give men a livelihood, and keep our keymen. Keymen, as I said this morning, are far more essential to us even than machines. We were able to keep our organization together. But if we come out of a depression and into a great national calamity over night we will be shy of manpower, we will be dissipated.

Q. Will you tell us something about the recent labor difficulties?

A. I don't know a damn thing about it I know this the sit-down strikes caused cancellations of orders in our mills and if we had taken that as a holy horror, stopped production and not built up a little reserve for these people we knew were going to come in sooner or later, they would have been in a horrible shape and we would have been just as bad off and lost lots of time. I do not know that I think every man should have the right to say how he should labor. I should say if a man wants to stay out of a union it ought to be our obligation to put a soldier along side of him to give him security against the things he is trying to work against, if it is necessary. It is the unrest it creates in the minds of men that I think more about than anything else, the feeling that they can get something for nothing and that they do not have to perform adequate labor for their wage, because the organization teaches "You do not have to work hard, you only have to work so many hours". We are going to produce a national atrophy in men, because the average man does not know how to play. In the old days a man in his spare hours

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went to a hoar house or to a saloon, now he is not only having hours off but he is having days off, and he is not training, he sits around and becomes disgruntled. I do not know what the reaction of this is going to be. I am taking a broader view of the labor side of it than just the immediate moment, and that is one of the things that worries me. The final part of it is: what is its influence going to be on men in the lowering of their perception of the nation? We were taught as children in school of the greatness of nationalism, today they are preaching something greater than the Government - to hell with law and order! That, I think, is the worst part of this whole thing - its influence and reaction. Your draft problem was hard enough in the last war but in the next war, unless it is a pretty broad and drastic draft for everybody in every place, diverting labor in accordance with a man's ability, I think the reaction is going to be pretty tough.

Q. One of the problems that you just mentioned, the draft, has been causing considerable discussion. The present setup contemplates that up until the time Congress passes the new draft law, the selective service, the Army will augment its forces by volunteers. We all want to avoid what happened during the last war. most all the countries put into the service a lot of their valuable keymen. During both of those periods, that is, the period before the draft goes into effect and the period after the draft goes into effect, we have perhaps two problems. You spoke of the keymen being vital to your plant, and, of course, we all appreciate the truth of that. It is contemplated that certainly in the first part of an emergency the limits of ages will be between 21 to 30.

In other words, we can get men between 21 and 30, if it is properly done, to meet our requirements. What are the ages in general of your keymen? Do you have many between those ages, or are they more the older, more experienced men?

A I would say that our keymen start in at about 21, because a great many of them start at 18, as soon as they come out of high school. A man who is a craneman, around the open hearth, which is one of the most delicate operations, will be a fellow from 25 to 28 years of age. You see, the matter of age is entering into the industry problem more and more every year. Lots of people will not take a man any more who is over forty years of age. I say every man above the draft age should be available to go into general clerical work and all those men below the draft age should be available to go into general combat warfare or back into industry in their key places. Part of my job during the war as Assistant Chief of one of the sections of the War Industries Board was to scan, as far as I could, (I knew every chain maker, I thought, in the United States) every payroll of those men in the United States and determine, as they were drafted, their experience and the type of work they were doing, and make recommendations back to the Draft Board to put those men back into industry and not permit them to go, because it took us years to produce men of that character (they made chains for vessels and things of that type) and I do know that that took in a lot of men between thirty and forty years of age, very valuable men who started in very young to learn the trade.

Q. Based on your statement that the Lake Superior fields would

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last for many, many years to come, to what extent may we expect the steel industry to migrate to the Birmingham district due to the fact of the Tennessee Valley authority and the large increase in power in that section, so as to get away from all of it being concentrated in the Pittsburgh district?

A. We are getting a wide distribution right now Gary, South Chicago, and St. Louis are becoming more and more a factor in the steel industry, with their pipe mills and their other mills. The industry is spreading While we make the high point in the Pittsburgh district today, (Pittsburgh, we will say, is holding its own) the relative increase has been around Chicago and Gary. In the Birmingham district they are widening the scope of their influence to meet the increase of steel in national life. I think we are falling in fairly well in accordance with where the demand is and the centers of population are.

Q. During the World War, how efficiently did priorities of the War Industries Board operate affecting the precedence of orders?

A. I would say, offhand, that five months after the disappearance of the National Council of Defense and Judge Parker took hold of the Priorities Board and the men became conscious of what their jobs meant, (I was in the Council of National Defense) it took three or four months to get in harmony with the country as a whole. I will say this for industry, the one industry that I had, there was only one company in all of the companies of the United States that we had one moment's difficulty with in getting them to see the picture in a proper light, and priority was the thing that gave it because the minute they commenced

to try to buck a little bit we did two things we told them. "All right, no more priorities for you", and the second thing "The National Government is going to take over your plant and control your men instead of leaving you out where you can get twenty-five and thirty cents a pound for your material."

Colonel Jordan: I would like very much for you to tell the class some of the things that Jones-Laughlin did to tide their employes over this depression, sir, the houses they occupied, etc.

A. Aliquippa, as I have said, is about the most wonderful model village of industry. I put it up against Barberton, Hershey, or any other. There is nothing forced upon any man as to where and how he should live. We have tried to make homes available and have encouraged the men to buy homes on about a four per cent basis. There was not a mortgage foreclosed in that period, not a single man turned out of his home if he were renting a home. In the Pittsburgh district where men were having difficulty to meet their rent conditions, there was always a friendly hand trying to keep them there. Another thing, we tried, as far as we could, while engineers had to go out with pick and shovel, etc., to give every man enough food and clothing for his body and a roof over his head.

Colonel Jordan: That is true, gentlemen I saw and talked with Mr. Saxer about it. However, Doctor Crockett left out one other thing the Jones-Laughlin people provided very sizable plots of ground and furnished the seeds for any one who wanted to raise a garden.

Doctor Crockett And plowed and harrowed the ground - all they

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had to do was put the seeds into the ground.

Colonel Jordan. So we may hear that corporations have no souls, but I know one corporation that has a soul.

I want to tell you something about the Doctor while I have the chance. When we went out to Alliquippa the last time, the Doctor had been in the hospital. He got up from his sick bed to come down and talk to the class (he really is for the Army Industrial College) and he gave us a very fine talk out there. That was in addition to the talk he had given us here. You gentlemen are going to have the pleasure again of hearing him when we go out to Pittsburgh this year.

The other thing I want to tell you about is something that occurred this morning. Doctor Crockett came into my office just stepping on air, as proud as he could be. He said. "Just look what I got yesterday", and he held this out to me (Doctor Crockett displayed badge he was wearing). He has been lecturing to the V.M.I. for fifteen years, yesterday he was made an honorary member of the Class of 1918, and this was presented to him at the V.M.I. I immediately had the two V.M.I. students in this class come down to meet a distinguished graduate of V.M.I.

I will not attempt to tell you, sir, how much we enjoy your talks and how we always look forward to them every year. You have done a corking good job today, sir. Thank you.