Deindustrialization: A Panel Discussion

EDITOR'S NOTE: *Following a session on deindustrialization in Western Pennsylvania conducted at the October 1990 meeting of the Pennsylvania Historical Association, I approached the panelists seeking a follow up. Each of the individuals has a particular interest and expertise in this area. Collecting them in a room with a moderator—Paul Clark of the Labor Studies Department at the Pennsylvania State University—provided an opportunity to pull together discrete research themes into a broader consideration of the causes and consequences of deindustrialization in Pennsylvania. The session was held on November 8, 1990 at Penn State/New Kensington. What follows is an edited transcript of the discussion.*

MJB

PAUL CLARK: This is a roundtable discussion of deindustrialization in Western Pennsylvania. Beginning in the 1970s and continuing into the 80s, millions of American workers lost their jobs due to plant closings. Entire communities were devastated, whole industries disappeared from regions, the economic losses to towns, cities, and entire states were staggering. The impact on workers and their families defies calculation. The epicenter of this trend was located in the heretofore industrial centers of the Northeast and Midwest. Corporations pulled out of cities like Pittsburgh, Cleveland, Detroit, Youngstown and Gary, among others, and moved to either low-wage areas within the United States, or lower wage underdeveloped countries. Entire regions of this nation were traumatized and forced to rebuild. Our discussion will focus on this phenomenon, largely as it relates to Western Pennsylvania, and on those industries long associated with the region: steel, aluminum, coal and manufacturing. Attention will be devoted to analyzing deindustrialization historically, in an effort to understand the root causes of the problem. Attention will also be devoted to how unions, government, as well as individual workers, reacted to this process. Finally, the implications for the state and region, and the lessons learned, will be touched on. At this point I would like to ask each of the participants to make a brief opening statement describing his research in this area.

IRWIN MARCUS: My research grows out of my basic interest in U.S. working class history. In regard to deindustrialization, most of my concentration has been on Homestead. I look at Homestead in two eras: the first era was the 1880s and 1890s, the second the 1960s through the 1980s. In the first period, I was able to examine the development of unionism, the emergence of the Amalgamated Association of Iron, Steel and Tin workers. In looking at the era, I got a chance to look at workers' important role in local politics. In this era, they had influence on the community. Also, they had influence on the shop floor. These developments changed with the

Homestead Lockout of 1892. Over a period of time, workers lost their role, the union declined as a force, and industrialization took place under the auspices of employers, without very much worker influence.[1]

The second era which I examined was the 1960s and 1980s. Here I concentrated not on the industrialization phase, but on the deindustrialization phase. I tried to put this process into a wider context—a wider geographical context, for one thing—looking at the process as part of a wider phenomenon. This phenomenon was the coming of a new world economy, in which the United States found itself competing with Germany and Japan—nations which had planned economies, long term perspectives on the part of management and government, a capable work force, and very effective managers. This also came at a time of new technology, particularly in the realm of steel. I looked at how Germany and Japan on the one hand, and U.S. steel producers on the other hand, reacted to this new technology, particularly to the continuous caster, and the basic oxygen furnace. The United States took a more conservative orientation than Germany and Japan.[2]

Then I look at how this decision and process of disinvestment and capital flight affected workers, families, and their communities—specifically how it affected Homestead. And then, finally, I look at how unions responded (at both the local and national levels), and the emergence of community organizations, particularly the Tri-State Conference on Steel, and how its activities in trying to save the area (and maintain a viable industrial base) eventually led to the emergence of a Steel Valley Authority, one of the great legacies of the deindustrialization phase in the Mon Valley.[3]

CHARLES McCOLLESTER: My interest in deindustrialization stems from having lived through it in an intimate and up close manner. I did a doctorate in the Philosophy of History at the University of Louvain, Belgium, finishing in the late 1960s, and I was also active in the civil rights and anti-war movements. I came to Pittsburgh as a worker—a carpenter for a while, then a machinist. In 1978 I was hired by Union Switch and Signal, a large railway manufacturing firm in Swissvale, Pennsylvania, not far from Homestead. I eventually became a steward on the second shift, and chief steward of the union in 1982, immediately following a bitter six-month strike. Unknown to us at the time, a decision had been made during the strike to close the plant. The three and a half years I was chief steward I watched the gradual dismantlement of the plant, fueling a very bitter, antagonistic relationship between the corporation, American Standard, and the United Electrical Workers UE local 610.

Prior to that, in 1979, I'd gotten involved with the Youngstown workers and their attempt to save the mills in Youngstown and was one of the organizers of the Tri-State Conference on Steel, which tried to develop a systemic response to deindustrialization. We developed the idea of the Steel Valley Authority—a municipal authority with bonding and eminent domain powers—that would unite the working class communities in an attempt to initiate economic development or at least stave off total industrial collapse. My historical interests are really rooted in that personal experience. Since 1986, when I was terminated from Union Switch and Signal, I've been trying to recapture some of that experience in my writing at two levels: one, the labor history of Pittsburgh and specifically the 610, 601 locals (Westinghouse Air Brake, Union Switch and Signal, and Westinghouse Electric); and secondarily, to examine the broader picture of the rise and fall of industry in Pittsburgh and deindustrialization as we experienced it in the Mon Valley.[4]

MARK McCOLLOCH: I got a Ph.D. from the University of Pittsburgh in 1975. Since that time I've been working as a labor archivist and a labor historian at the University of Pittsburgh. My main areas of study have been the steel and electrical manufacturing industries—especially in the 1940s, 1950s and 1960s. I'm interested in that period because of its being a high water mark in the industrial history of Pennsylvania . . . but I'm also interested in it as a watershed. I'm interested in what there is in the boom period that persists from the struggles of the 1930s and 1940s, and what is it from the 30s and 40s that shapes the relationship of management and labor during the boom period. I'm interested in the legacy of those earlier struggles, and I'm interested in how during prosperity things are transformed: what persists, how standard of living evolved, suburbanization, shop-floor issues. Then I'm concerned with the boom period as preparatory to the more rapid period of deindustrialization in the 1970s and 1980s. What is it in the boom period that lays the basis for this? To a certain extent, in both the steel and electrical manufacturing industries, deindustrialization begins and is really well under way in the 1940s, 50s, 60s and 70s.[5] The 1979-83 depression sees an acceleration of trends that already existed. Here Charlie McCollester and I may disagree.

CARL MEYERHUBER: I came to Pennsylvania in 1974, an alien to this place, and moved to the Kiski Valley in 1975. Every day I saw the blight and malaise that resulted from deindustrialization. In 1975-76 I began to examine the labor movement of Western Pennsylvania, started digging around, and found that very little had been done on the Upper Allegheny or Kiski Valleys. I was utterly surprised when I was told by a colleague that New Kensington, Pennsylvania had once been the aluminum fabricating center of the world. It was all gone by the time I had arrived. Actually, I first encountered deindustrialization by studying the coal strikes of 1922 and 1927. There were no overseas villains in 1922 or 1927. The competition was inter-regional: mines opening in West Virginia, Kentucky, Tennessee. Non-union wages were being paid there. Railroads were charging lower rates. Western Pennsylvania bituminous was losing out to those new operations. A Darwinist scenario was played out in Western Pennsylvania, with many of the marginal mines absorbed or wiped out.

So far as I know there is no deindustrialization school of historiography. So much of the history of American labor is boom. A few people like Harold Aurand have dealt with deindustrialization.[6] My present work focuses on Alcoa, which I suppose is not a typical situation. What happened in New Kensington seems different from what occurred in the Mon Valley. I asked myself, as I began examining Alcoa, are there patterns, are there warning signs? Were there standard ways that unions and communities reacted to plant closings? What did the company do? Alcoa represents a unique situation: there were no Japanese villains, nor was there company or union bashing. Alcoa's pullout from the New Kensington works was therefore quite different than the steel shutdowns in the 1970s and 80s.[7]

CLARK: Western Pennsylvania has been historically a cradle of industrialization in the United States. Many of the industries we're talking about today were centered in this area, and this goes back well over a hundred years in the case of most of these industries. Professor McCulloch makes an interesting point. Many people assume that Western Pennsylvania was a consistent story of progress until we hit the 70s when all of a sudden the curve turns downward. Mark made the point that this isn't the case and I thought we might want to discuss this in greater detail.

McCOLLOCH: The industries I've looked closest at are steel and electrical manufacturing. In the case of steel, it's true that from 1979 on—especially from '79 to '83—steel is hit rapidly and suddenly. But total job loss in basic steel in the United States was greater in the preceding part of the twentieth century than it was in post-1979. The Western Pennsylvania area saw a very substantial job loss in steel during the 1950s as other locations—particularly the Chicago area and further midwest—became more substantial centers. There was massive unemployment. By 1979 there were only about half as many people working in basic steel in Western Pennsylvania as in the immediate postwar period. In '79 we see a clobbering, but it's really a rapid escalation of a trend that had been going on for a long time.

In the electrical manufacturing industry, which in the case of Westinghouse had been centered in Western Pennsylvania, the picture's a little bit different. What had been happening there was that its main complex in East Pittsburgh, since at least the turn of the century, had been consecutively spinning operations out to new plants across the United States. But because the rise in demand for manufacturing products had been so great, down to the end of World War II employment in the East Pittsburgh plant had held up. A lot of places to which projects had initially spun off were in this area: the Sharon plant was a huge example. Beaver was a big complex, too. For a lot of reasons—and unemployment also hits that industry in the 1950s—employment levels in the 1960s in both basic steel and electrical manufacturing go up for a while. But in the late 1970s Westinghouse reached a decision that it would rapidly scale down its East Pittsburgh plant. That is a sudden move. So in the industries I have looked at there is a clear difference in that there's a rapid deindustrialization in the late 70s and early 80s, but I think that's a deepening and an acceleration of already existing trends.

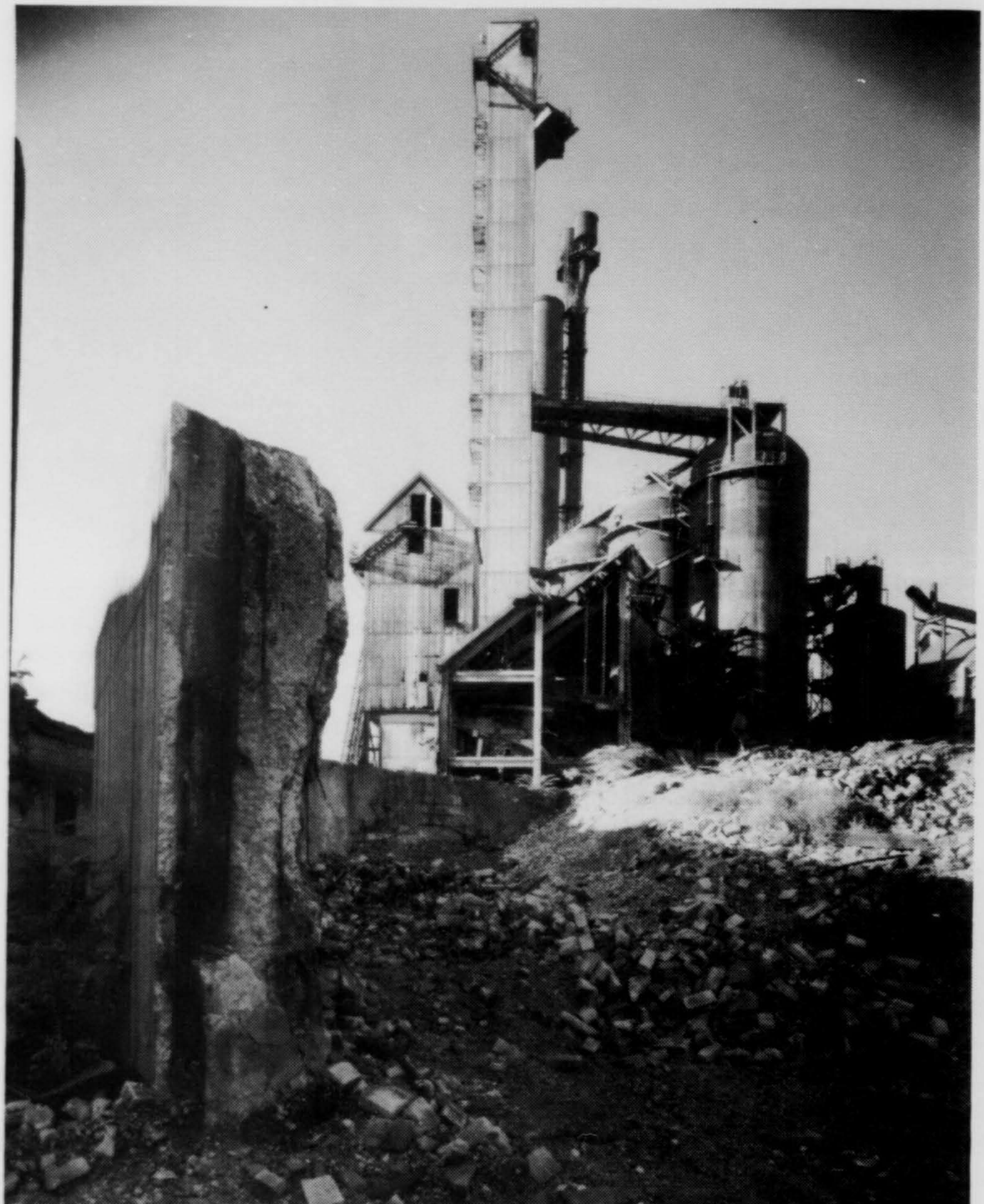
Courtesy of Special Collections Department, Indiana University of Pennsylvania

Women bone pickers in Alguma, West Virginia, pick out the impurities from coal, Oct. 15, 1943.

McCOLLESTER: Deindustrialization has been constant in Pittsburgh. This was a great shipbuilding center. Up until the 1840s it was a major textile center. It was a major cigar producer of cheap cigars for workers until the 1920s. It was the largest glass producer in the country—window pane glass and bottles—until that started to decline around 1910 or 1920. It was an iron working center, and that gave way to basic steel production in the 1870s and 80s. Aluminum started there, and moved out. There have been a lot of shifts, and different concentrations of types of industry. What makes this last period, however, even as I agree with Mark that the seeds of all this were there from way back, is the fact that unlike the declines in other particular industries, with the collapse of 1979-83 there are no manufacturing industries that take steel's place—no successors to absorb employment. That's what makes the impact so drastic. We've seen new commercial and business activity around the airport but there's been nothing in sight in terms of industrial production to replace what was lost earlier in the 80s.

CLARK: Let's focus on this point. A similar trend occurred in the coal industry in the 1950s. Nationally the coal industry lost thousands of jobs, many of them in Western Pennsylvania, because of John L. Lewis's agreement with the coal owners to mechanize the mines. It was a question of technology reducing the number of jobs, and that could fall under the heading of deindustrialization as well. But why did that differ from what happened in the 70s and 80s? There seem to be fundamental differences.

Courtesy of the Historic American Engineering Record (HAER)/Martin Stupich, Photographer



These pictures show the remains of the Dorothy Six blast furnace at the Duquesne Works near Pittsburgh.

MARCUS: In part it's due to a wider international context. The level of international economic competition, which took a giant leap in the past twenty-five years, is a crucial element of the deindustrialization we find in this country and Western Pennsylvania in particular. I think another aspect of what is happening relates to the role played by diversification. Businesses are seeking new ways to maximize profits. Another, related factor, is that many of those making decisions about investments are individuals with connections to the finance world, the sales world, and less with the manufacturing, production world. Another subject worth investigation is the military-industrial complex, which has given a boost to the sunbelt economy, at the expense of the industrial heartland. Many of the capital decisions that have been made have benefited the high tech areas—California, Texas—much more than this area. Although I think it is correct to talk about a series of stages of deindustrialization it is important to look at other factors, too—for example, the railroads, which were a bulwark of economic growth in the late 19th century and into the early 20th century, but played a much smaller role in the post World War II era.

MEYERHUBER: One must consider ten years of depression followed by five years of war, followed by Cold War. Can you really expect an economy to work "normally" in such a contest? An economist named Glenn McLaughlin argued that coal and steel were fully mature industries in Western Pennsylvania in 1910.[8] If that's true, by the time World War II rolled around, those industries, basic industries in late middle age, were propped up at the last minute. I suggest that this has something to do with what happened in the 1960s and 70s in Western Pennsylvania. I think the Apollo Steel mill was kept open by World War II and the Cold War. I'm certain that's the reason that place lingered on. I've read a report by an Alcoa engineer in 1938 saying that the Alcoa plant was in trouble then. War probably saved it.
CLARK: Capital has always maintained the right to be mobile. Capital has always moved if it felt a need to do so. What we see in the modern era is a greater ease and speed with which capital moves. A number of writers have suggested that this is related to the increasing centralization of capital in multi-national corporations. If there ever was a tie that capital had to regions, of loyalty or family or whatever, it certainly has gone by the boards now that decisions about what to do in Braddock are made in corporate headquarters in places like Greenwich, Connecticut. That relates to a lot of the decisions that were made in the 1970s and 80s.

Courtesy of Historic American Engineering Record/Michael Workman, HAER Historian

The above photograph captures the demolition of two waste gas stacks behind Carrie Furnaces Numbers Three and Four.

McCOLLESTER: Certainly disinvestment played a major role in deindustrialization. Pittsburgh's money—the Mellon fortune being at the center of it—in the 1960s, and even before, invested heavily in Japanese and Korean and Brazilian steelmaking. The outflow of capital from the Pittsburgh area, combined with the decisions not to adopt new technologies in the Pittsburgh area imposed a death sentence on local mills. It was pretty obvious to anyone coming to Homestead in the late 70s and looking at the quality of the equipment, or going to Youngstown and seeing steam engines still powering rolling mills that something was drastically wrong. Without major investment, there was no way forward. Capital outflow combined with a blindness on the part of those managers assigned to keep the American end of the operations going helped to compound the problem. We were still putting in open hearths well into the 50s and 60s, whereas Japan had shifted to basic oxygen furnaces and electric furnaces much earlier. Japan, like other countries, had adopted continuous casting ten to twenty years before the United States got around to it.

We certainly knew about and often played critical roles in the engineering of these new developments, but in terms of implementation we just didn't do it.

McCULLOCH: I'm of two minds about this to some extent. We know very little about ownership patterns in these gigantic industries. One thing we do know: finance capital has had control of basic steel and Westinghouse since at least the turn of the century. This isn't something that has developed in the last ten years or so. U.S. Steel was formed by the Morgan interests, Westinghouse was taken over by the Mellons and other bankers in the 1890s; that's not a new phenomenon.

In the case of productivity, these investment decisions are a double-edged sword. There is the failure of the American steel industry to adopt a basic oxygen process. But the productivity rise in the steel industry over the course of the 20th century, including 1945-1990, is quite typical of American industries. It is not a technically backward industry. It has not witnessed particularly slow growth in productivity. There probably could have been more productivity gains from 1949-79 had the right productivity decisions been made, but even the "right" decisions didn't necessarily have good consequences for workers. As you can see with Edgar Thomson: to save the mill, they want a continuous caster, but it's going to mean significant job loss. If you're one of the workers who will remain, it's a fine idea. But if you're going to lose your job as a result of adoption of the continuous caster, from your perspective, we'd do as well without it. So productivity gains are double-edged. The one thing I do think is important is the growing internationalization of the market. It has accelerated the American corporate push to produce as cheaply as possible. And right now we're producing as much steel as we were in the 1950s in tonnage—but we've only got about a third as many people in basic steel as we did then.

MARCUS: One area that has not been discussed is the role of government. I allured briefly to the difference between German and Japanese government policy and U.S. government policy. What role did government have in the deindustrialization process? In looking at tax policies, for example, the government of the United States operated in such a way as to make it convenient for many companies to diversify—to engage in what one analyst has called "paper entrepreneurialism," making money without producing new products, without developing new technology, without making investments in new facilities and new products. Another aspect of this trend is that internationalizing has been an economic benefit for companies. Companies have been able to practice capital flights and disinvestment without penalty and sometimes with gains. This has been supported by U.S. laws. The space program and the defense program have buttressed the sunbelt economy and contributed to undermining the viability of the Pittsburgh region. In addition, Ronald Reagan's policies in the 1980s undermined both unionism and the welfare state and exacerbated the human effects of deindustrialization. What role would the state be accorded when talking about deindustrialization in Western Pennsylvania?

CLARK: A number of people have written about the role of government in encouraging capital flight from the industrialized East and Midwest. Competition for new auto plants in the 1970s and early 80s is one good example. States would give corporations tax breaks for long periods of time, build railroad spurs and access roads, and weaken worker compensation protection; they would, in short, do a great many things to make their states attractive to companies interested in building new plants. Also a factor in capital flight is the heavily unionized work forces in places like Western Pennsylvania. Companies simply moved south to escape unions and pay lower wages.

MEYERHUBER: I tend to look in a somewhat different direction. Consider the work of the DuPonts, who in many ways set the fashion. Their accountants devised formulae for return on investment. I think that's where it starts. I think this was very much on the minds of Alcoa executives in the 1930s. What kind of return does one get from building a new plant or modernizing an existing plant in New Kensington rather than building a new specialized linear operation out in Davenport, Iowa, or in California?

CLARK: One of the points we should pursue in greater detail is the role of labor/management relations in this period of deindustrialization. There's evidence in some histories that this later period differs from past periods in the role of union involvement in the decision-making process. In previous periods, some unions agreed to bring in new technology; they were more active players in some of these decisions. In the 1970s and 80s, this didn't seem to be the case.

McCULLOCH: I don't think that in the case of steel there's any real partnership in the 1950s, á la coal, to save industry and keep good pay. I see no partnership agreement on productivity in steel. When demand falls off by about 40 million tons in the depression of 1979-83, there's no basis for any agreement between top corporations and the steelworkers' union. Relations are very antagonistic. John Hoerr, in *And the Wolf Family Finally Came,* captures the rancor of these relations.[9] But one of the problems with Hoerr's book is that I don't think that labor costs are the fundamental part of steel's decision to deindustrialize. You're talking about an industry in which labor costs represent a very small component of overall spending. In electrical manufacturing, labor costs are a bigger factor in the decision to relocate South, abroad, or wherever. You have to look closely at each industry.

McCOLLESTER: I'd like to focus on the issue Hoerr raises: that the reason for the collapse of the steel industry was the antagonism between labor and management—and Bill Serrin's counter argument that the reason for the collapse of the steel industry is that labor and management weren't antagonistic enough; they were in bed together.[10] In a sense, they're both right. It's a paradox but it's true. On the one hand there's incredible antagonism on the shop floor between labor and management. I certainly felt that in my own experience in an industrial facility. In places like Homestead it was a constant fact of life. Union Switch and Signal—a magnificent manufacturing entity for a hundred years—had a class warfare labor relations system that blocked worker involvement in the production process. Look at the 1914 strike. It's such an interesting strike because it was a philosophical strike against Taylorism, largely led by women workers.[11] Yet there was this absolutely stubborn refusal by Westinghouse to deal with these people, even though worker demands were well thought out. When you look at a place like Sweden and some other European nations, at a certain point the decision was made to include the unions in the decision making process. Part of the reason for the survival and the health of European unions is that unions have been accepted as a given, a key part of the production process. That came only grudgingly and half-heartedly here if not at all. Mark observed tellingly that the 1930s labor settlements involved industrial citizenship, but in no way raised the fundamental issue of industrial democracy. That remains the cutting edge question for the future. The great tragedy of Pittsburgh is that we never solved that problem. I continue to think that labor relations is a central reason for the collapse of Pittsburgh industry.

So to return to the apparant paradox, class warfare at the point of production resulting in the exclusion of the worker from decision making within the production process did have a very serious negative effect on American industry's ability to change and adapt to new international realities. But Bill Serrin is also right in that the failure of top labor leadership to critique and challenge inept management decisions, corporate investment policies and undemocratic workplace structures contributed to the collapse of the 1980s. The failure of the American labor movement to articulate an alternative vision is ultimately rooted in Cold War attacks on the left inside unions which succeeded in labeling any systemic critique of corpor-

ate capitalism as communist inspired.
MARCUS: We should place labor/management relations and wage issues in an international context. We often hear about Mexico or Brazil or Korea as major competitors with the U.S. We also have Europe, which in 1992 will take a new form, and Japan. And Germany, which has a thriving economy with a thriving labor movement, which is reducing the hours of work per week, which has high wages, good fringe benefits, co-determination. Sweden has been mentioned. Japan, although it's not a model society in terms of the role of workers, is not a low-wage economy. High wages did not undermine United States industry. If we look at the 1950s and 1960s, when the United States was the dominant economic power in the world, our labor movement was stronger, and the wage gap between the United States and the rest of the world was much wider, to the disadvantage of the United States. But we did very well at that time. Now we should be doing much better, because our labor movement is very weak, and real wages have declined over the past decade. But as I see it we're not doing very well. Seymour Melman, in his book *Profits Without Production,* introduces a key element in explaining the declining international economic competitiveness of many American businesses.[12] He notes that our concentration on the defense sector not only depletes the resources available for use in the civilian sector, but it leads to extravagances which are counterproductive in achieving competitiveness in the civilian sector of the international economy.
MEYERHUBER: Labor relations at Alcoa were not rancorous. Alcoa's track record was progressive. There was virtually no violence in New Kensington, no mass importation of strike breakers. Alcoa didn't want unions, and made that clear, but when unions came in the late 1930s and 40s, the company bargained in good faith. The first act of deindustrialization at the New Kensington works took place in 1946, when the aluminum seal, a wholly owned subsidiary, was pulled out and transferred to Indiana. There was rancor, but not between Alcoa and workers. In 1944 the Aluminum Workers merged with the Steelworkers, and it was a very unhappy marriage. There was a tradition of CIO militancy in New Kensington. You had a home grown cadre of leaders, very articulate, bright, able people—and suddenly they were being pushed around, dictated to from a USWA office, and they didn't like it very much. The battle that was going on in New Kensington was between the old Aluminum Workers' insurgency and the button-down, "let's keep 'em in line" sentiments coming out of steelworkers' headquarters in Pittsburgh. Bill Hart spent much of his time in the late 40s attempting to stamp out brushfire strikes in Alcoa, trying to keep the militants in their place, while at the same time stamping out the "communist menace."

In the 1950s, deindustrialization accelerated at the New Kensington Works. I think that was due to the fact that the plant was clearly outdated and out of touch with the new market realities in the United States. The question was, did it make any sense to put up a new plant, or refurbish the old plant? There were incremental shifts right up until the recession of the late 50s. At that point there were clear warnings that this plant was vulnerable. There were no public discussions by Alcoa about wages. Productivity was the watchword. That was Alcoa's style.

Alcoa sent in Ralph Sheffer to save the plant. This superintendent was a real hard nose. His job was to save an ailing plant in the middle of a recession. He was sent in to cut back and drive up production. Things got so bad he was hanged in effigy. He was transferred the following week. What happened next was a "save the plant" concessions contract in 1966. The whole idea was to give-backs on seniority and a number of other things. It saved nothing. In 1970 an announcement of a decision to close the plant was made and the New Kensington works was history. Through all that the company never publicly made statements about wages—always it was productivity. Part of the company package for saving the plant was to invest a substantial amount of money to upgrade it. But somewhere in '69 and '70 a decision was made—enough. Pull out. But there was nothing, by reckoning, of the kind of rancor at Westinghouse or in steel.

Courtesy of the Alcoa corporation

In 1912, Alcoa's New Kensington Works boasted the latest technology in flat sheet rolling mills. Two men worked at each station "man-handling" the sheet back and forth through the rollers.

Courtesy of the Alcoa corporation

Workers handling aluminum telephone booth made at the New Kensington Works in 1954.

CLARK: It's useful to consider politics and the state of the economy. In the later 1970s and early 80s, the attitude of many of these corporations towards labor relations clearly reflected the attitudes of the Reagan Administration. I think we'd be remiss if we didn't point that out. After the PATCO strike, the message was clearly sent out to corporations that making decisions about unions without regard to their impact on workers was perfectly acceptable and perfectly consistent with the free market philosophy the Reagan Administration espoused. The Administration's free trade policy, its appointments to the NLRB, its unwillingness to enforce labor laws and health and safety laws, all had an impact on labor relations, and pointed many corporate leaders in the direction they took. I think that this is part of the story of labor relations in the 80s. Taking this to a personal level, I think that any discussion of deindustrialization must consider the impact on individuals. Barry Bluestone and Bennett Harrison have talked about what happened in terms of the "social violence" inflicted on workers and communities.[13] Several of you have personal experiences you might want to comment on.

McCOLLESTER: These are not happy memories. And it's not over in a lot of cases. There are still closings in the Mon Valley—not quite at the same rate, but they're still happening. A poignant experience happened to me several weeks ago. I was at a negotiations workshop in Harrisburg and didn't have much to do in the evening. I went out to a steelworker bar in Steelton. Within a half hour, I was almost in tears. I experienced flashbacks of ten years ago, observing these strong young workers, many of them just off their shift. They had just won a pool championship and they were hooting and hollering and tremendously happy—cavorting like the strong young folks which they were. The sense of optimism, of comradeship—I remembered a culture I had been part of ten years before, and now there's hardly a trace of it in the Mon Valley anymore. Once there were dozens of bars filled with the same kind of scene. I often spent evenings talking politics and work in those places, with such an intensity I remember so well. I sometimes stop in these places today, to check out what's going on in Swissvale or Homestead and they're but shadows of what they were—a few old men sitting at barstools staring vacantly at television sets.

The whole loss of a working class culture, a rich, long and deep tradition of people with the kind of independence and sense of self worth that comes from hard work and being around machines that are doing amazing things. To be in a steel mill, a large machine shop or a foundry isn't pleasant or clean—but there's something there of substance and you know you're doing something, you see things being made. The people who make things develop a real sense of self worth. They participate in the act of creation. There's a certain strength that comes from this that I miss heartily. To watch the communities that depended on this work ethic and work force—watch them slowly die, watch the young people leave, watch the suicides, drinking problems, family breakups, the massive flight from the towns of the Mon Valley. You just don't see many young people at all. To see that disruption of family life, the intergenerational linkage which was so important to these communities, to watch the Catholic schools close, the Slavic clubs close, it's a tragic situation. Compare it with how plant closings are handled in Sweden, Germany and more civilized parts of the world, where there is an acceptance of government's responsibility for economic transition in terms of retraining, etc. In the Mon Valley, many organizations and individuals attempted to step forward, to fill the gaps that needed to be filled, but they had to do it with meager resources. There was so much brutal suffering that was going on and is still going on—people working 80 hours a week, two near-minimum wage jobs, to try to support a family. Wife working also. The disruption of family life has just been incalculable in the Mon Valley.

Courtesy of Robert Anderson, Rainbow Kitchen Photographic Collection

Unemployed Pittsburgh workers rally for affordable health care, 1990.

MARCUS: An irony comes to mind. In the late 1960s and early 70s we see a civil rights movement and a women's movement, allowing women and blacks to enter the steel mills and other heavy industries. Shortly after that there are massive cutbacks. I don't think it's any coincidence that we've seen a declining middle in this society in the 80s, or the feminization of poverty. The feminization of poverty has been particularly devastating for African-Americans as well as Hispanics and Asian-Americans. Service jobs produced at one end of the spectrum are not well paying, and they don't have fringe benefits. Projections of areas of job growth for the 1990s support this area of the services sector as a leading element. What we see with deindustrialization is the human impact of having no safety net. The defense budget is funded at the expense of the welfare state. Union, church and local government all collapsed at the same time in the early '80s, and the federal government was not there to help as the Reagan Administration targeted the defense sector for growth and the welfare state for shrinkage.

McCULLOCH: You can't ignore the loss. That leads me to the $64,000 question. Given that this was such a devastating disaster in human terms, why didn't it produce a more profound social upheaval? In a paper he's written, Charlie has impressively documented the struggles that occurred.[14] But what I'm impressed by is the fact that a restructuring, a catastrophe of this magnitude, does not produce a rise in social struggle. If anything, it encourages a drift to the right.

To bring the focus back to Western Pennsylvania, some of the things that went before, in the 1950s and 60s, may help explain what happened. For example, driving the left out of the unions in the 1940s. The impact of prosperity that begins to be felt in the 50s—I'm thinking of things like suburbanization, where most of the people who work in a Homestead plant don't live in Homestead anymore, most of the people who work in an East Pittsburgh Westinghouse plant don't live in East Pittsburgh—they're spread out over a vast region. What kind of an impact does that have? What kind of impact does the relatively low level of hiring of younger people from 1945 on have on the work force? What kind of differential impact, when layoffs come, does that have for some people who get retirement packages they can live on, compared to younger people, who are left out in the cold? What kind of impact do divisions in terms of age, ethnicity, gender and race have?

What really strikes me is that I never got the sense that any of the struggles Charlie talks about were going to work. Although I participated in most of them, to a certain extent it felt to me like we were going through the motions. There were moments—I'm thinking of Ronald Reagan's visit to Pittsburgh in the early 1980s, or the construction workers' demonstration in Pittsburgh in November 1986, or the Dorothy Six episode, as Charlie describes it in his paper—but overall people weren't fighting back with sufficient numbers to turn things around.

CLARK: Charlie was most involved in this. Could you comment on the responses of workers to deindustrialization, and respond to Mark's question about the effectiveness of these responses?

McCOLLESTER: All unions were really ill-prepared for what happened. They were caught in a defensive position, and weren't geared to look at alternatives. What alternatives were proposed came from small groups of activist workers, a peculiar mix of insiders and outsiders. The fight-back leadership in the Mon Valley was split

Courtesy of Special Collections, Indiana University of Pennsylvania

Pittsburgh workers protest against concessions and the effects of deindustrialization, Pittsburgh, December 14, 1983.

about 50/50 between those who came there relatively recently—the 1970s for the most part—and deeply rooted local people. There was an important infusion of outside views—people who had come out of other movements, the New Left, civil rights, anti-war movements. But doctrinaire left wing groups had little impact. At the other end of the spectrum were many people who said nothing could be done—that the collapse was inevitable. In between, groups of people attempted to find a strategy to respond to this situation.

The three most significant groups were, first, the Tri-State Conference, which then created the Steel Valley Authority. It included New Left elements, and a strong Catholic element. Those people, and I was among them, were looking toward the creation of an institutional response to the collapse. Another important group was looking more towards the Old Left for inspiration—that would be the Mon Valley Unemployed Committee. They looked to the experience of the 1930s as a paradigm, but they didn't do it in doctrinaire fashion, like the fringe left. The Mon Valley Unemployed Committee had a very pragmatic approach, and organized in a very flexible fashion. The third group tapped the non-Catholic religious side of things. This was the DMS (Denomination Ministry Strategy), which came out of the [Saul] Alinsky school of organizing—using the tools of community organizing, but leaving the ideology to you. They tried to personalize every conflict and tried to create confrontation. They were a major factor at the time. The issue that Mark raises is reasonable. When I took part in the sit-in at the U.S. Steel building in 1979, with 500 people, little did I realize it would not be equalled in the decade to follow. I think one of the important factors was the age distribution. There were very few young people. Layoffs came in salami fashion. This was true particularly after U.S. Steel shut 13 plants at the same time in 1979, with explosive consequences. They said, "We're not going to do it that way anymore." So it was every three months, every six months, they'd cut off another chunk. That made it hard to mobilize a large group of people at any one time. Second was the impact of the media. We were constantly confronted until 1982 with the argument that "this is a momentary, a cyclical downturn, you guys are going to be all right, you're way too pessimistic. It'll all come back." Then, when the Marathon Oil purchase by U.S. Steel occurred, there was this shocking editorial in the *Post Gazette,* announcing that we'd "turned a page" in history, we were now in the post-industrial era in Pittsburgh, and we better get used to it. Not only that, but the change was good for us.

So we went from "there is no problem" to "it's all over and you should move on with the rest of your lives; why are these people still complaining?" The whole ruling group in Pittsburgh took up the same cry. Somewhere in 1982 or '83 they decided that this was a major watershed, so they had to change their position. Deindustrialization became not only inevitable but good, for Pittsburgh communities still out there in the denial phase were told it's all over, get on with it. What terribly undermined people's confidence that they could do anything was:

first, in the Mon Valley—people were scared. As so many good people lost their jobs—people who were seen as pillars of stability—it reinforced the feeling that it's part of something so big we can't do anything about it.

Second, this sense of powerlessness was combined with a sense of isolation. We were suffering a localized depression in the midst of national prosperity. It simply wasn't happening to much of the rest of the country outside the rust belt. I remember going out to speak in Boston at the time—I was treated like I was from Somalia or Ethiopia. Much of the rest of the nation was enjoying debt fueled prosperity, and there was the feeling that "it's too bad, these old industries are dying, but it's a natural phenomenon, not of really central importance for the nation." For *Time* magazine or *Newsweek*, it wasn't seen as the great historical juncture—which I think, as we approach the end of our debt-fueled prosperity, it will be realized to have been. At the time, people in the Mon Valley didn't see any practical way out, and they didn't see the rest of the nation caring. Efforts were heroic, but they were in a context in which it was virtually impossible to succeed.

MEYERHUBER: In New Kensington, there was no protest. The City Council said, "Let's meet with Alcoa, and see if they're going to stay." There was no response by

Courtesy of Special Collections, Indiana University of Pennsylvania

Abandoned building in Ernest, Pa., five miles northwest of Indiana, July, 1968. Ernest was a model mining town founded in 1906. In its heyday, Ernest boasted more than 1000 underground mines and 400 workers' houses. The mines there closed in 1965.

organized labor or anyone else. This happened a full decade before what you're describing, Charlie. The plant was just written off. Part of it was age. The average age of an aluminum worker at the New Kensington Works in 1971 was middle fifties. There were virtually no minorities employed at Alcoa. The company's departure did not send shock waves into the black community. And Alcoa did soften the blow with decent severance payments and pension agreements. Alcoa left behind no post-industrial slum in New Kensington.

CLARK: I think timing had a lot to do with contrasting responses. Charlie makes a very important point. Youngstown happened a couple years before the events in the Mon Valley. Hard times hit Boston later; Flint, Michigan still later. There wasn't ever the critical mass of people who were getting hit with this one at one time, which might explain why it was very difficult to pull together coalitions beyond very localized communities. It would be interesting to know if all these things happened together, whether it might have made a difference. I suspect it wouldn't have. One thing people have to remember, too, is the vicious cycle at work: as plants shut down, and tax bases eroded, governments had fewer resources with which to respond, All of this happened at the same time the Reagan Administration was cutting back on aid to state agencies, block grant programs were done away with, etc. They were saying, do it yourself. Government was essentially neutralized. And unions were, as Charlie suggests, overwhelmed, unprepared.

MARCUS: Yes, but look at Western Europe, which underwent the same process. Coal miners responded to troubles in England in the early 1980s by going on strike, led by the militant Arthur Scargill. They were still beaten. A political parallel could be drawn with Prime Minister Margaret Thatcher playing a role comparable to President Reagan.

Notes

The original transcription for this panel discussion was made and edited by Michael J. Birkner. *Pennsylvania History* editorial assistant Scott Webster played a critical role collecting and collating changes on the manuscript, procuring illustrations, and cajoling authors to provide essential followup information and documentation.

1. See Irwin Marcus et. al., "Change and Continuity: Steelworkers in Homestead, Pennsylvania, 1889-1895," *Pennsylvania Magazine of History and Biography,* 111 (January 1987); and Irwin Marcus et. al., "The Role of the Populist Party in Homestead," *Western Pennsylvania Historical Magazine,* 69 (July 1986).

2. For further discussion of the deindustrialization phase of the 1960's to the 1980's, see Irwin Marcus, "The Deindustrialization of America. Homestead: A Case Study, 1959-1984," *Pennsylvania History,* 52 (July 1985).

3. The effect of the Tri-State Conference on Steel is examined in Irwin Marcus, "An Experiment in Reindustrialization: The Tri-State Conference on Steel and the Creation of the Steel Valley Authority," *Pennsylvania History,* 54 (July 1987).

4. Published works by McCollester related to the

deindustrialization phenomenon include: Charles McCollester, "The Great Westinghouse Strike of 1914," *Labor's Heritage* (forthcoming, 1991); Charles McCollester, "The Tri-State Conference on Steel—Ten Years of A Labor/Community Alliance," in Jeremy Brecher and Tim Costello, eds., *Building Bridges* (Monthly Review Press, 1990); and Charles McCollester et. al., *Steel Valley Authority, A Community Plan to Save Pittsburgh's Steel Industry,* (Pittsburgh: University of Pittsburgh Press, 1984).

5. Among McCulloh's works on deindistrialization are: Mark McCulloch, *White Collar Labor in Transition: The Boom Years, 1940-1970,* (Greenwood Press, 1983); Mark McCulloch, "Consolidating Industrial Democracy: The USWA at War and Peace, 1939-1946," in Paul F. Clark, ed., *Forging a Union of Steel: Philip Murray, S.W.O.C., and the United Steelworkers,* (Cornell University Press, 1987); Mark McCulloch, "Glory Days: 1941-1970," in McCulloch, et. al., eds., *A History of Labor in Pennsylvania,* (Pittsburgh: University of Pittsburgh Press, forthcoming); Mark McCulloch, "The Rise and Fall of White Collar Unionism in the 1940's," *Science and Monitor,* (Spring 1982); Mark McCulloch, "The Case of the Silent Furnaces," *Pennsylvania History,* 56 (July 1989).

6. Harold Aurand, *From Molly Maguires to the United Mine Workers: The Social Ecology of an Industrial Union, 1869-1897* (Philadelphia: Temple University Press, 1971).

7. Carl Meyerhuber, Jr., *Less Than Forever: The Rise and Decline of Union Solidarity in Western Pennsylvania, 1914-1948* (Selinsgrove, Pennsylvania: Susquehanna University Press, 1987).

8. Glenn McLaughlin, *The Growth of American Manufacturing Areas: A Comparative Analysis With Special Emphasis on Trends in the Pittsburgh District* (Pittsburgh: University of Pittsburgh Press, 1938).

9. John P. Hoerr, *And The Wolf Finally Came: The Decline of the American Steel Industry* (Pittsburgh: University of Pittsburgh Press, 1988).

10. Bill Serrin is a former labor editor for *The New York Times.* This remark was made in a January 1990 speech in Homestead, Pennsylvania to the Homestead Historical Society. Serrin is currently working on a book which focuses on the collapse of the steel industry, with particular emphasis on Homestead.

11. See Harry Braverman, *Labor and Monopoly Capital: The Degradation of Work in the Twentieth Century* (new York: Monthly Review Press, 1975).

12. Seymour Melman, *Profits Without Production* (New York: Alfred A. Knopf, Inc., 1983).

13. Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and The Dismantling of Basic Industry* (New York: Basic Books, 1982).

14. Charles McCollester, "Deindustrialization in Allegheny County in the 1980's," (Paper presented to the Pennsylvania Historical Association, October 1990.)

Commentary

The editor asked several scholars who have written on the subject of deindustrialization to comment on the foregoing discussion. James Toth places the current cycle of capital flight into a historical/theoretical context and calls for the exploitation of sociological and anthropological insights in historical studies of deindustrialization. Joe Gowaskie emphasizes the broad economic context for deindustrialization and assigns a key role in the process to corporate decision makers' determination to maximize profits. David Bensman argues that deindustrialization in the 1980s had parallels earlier in American history. Despite a widely remarked "deindustrialization" in many parts of the rust belt, Bensman notes that the U.S. remains an important manufacturing power.

James Toth

As all the panelists confirmed, the process of deindustrialization is well underway in the United States, a trend greatly accelerated during the 1980s. The decline of basic industries such as steel and textiles, and of secondary ones such as automobiles and clothing, has eroded the industrial base of the American economy and wreaked havoc among workers and their communities. This has been well documented by Bluestone and Harrison's *The Deindustrialization of America.*[1] America's industrial base has steadily deteriorated, but has not simply left a vacuum. Instead, the switch to a service sector economy has left many not just unemployed but critically needing retraining in order to work at all. Cities like Pittsburgh have lost their monuments to iron and steel only to see these replaced by the glitter of glass and metal, to see manufacturing superseded by finance and commerce. We can talk about a bourgeoisification of the US economy and a lumpenproletarianization of the work force.

This effects agreement. What defies consensus is just when this trend begins. All four scholars see the current wave of disinvestment of the 1980s preceded by earlier cycles of decline. Marcus sees the rise of US industrial supremacy in the last quarter of the nineteenth century and the fall from this apex in the third quarter of the current period. McColloch, however, pushes the date back to World War II, frequently considered not a reversal but a milestone marking the assumption of global US hegemony. Meyerhuber sees the process of deindustrialization beginning even as early as US industrial might became more solid, in the decade preceding the Great Depression of the 1930s. (If we recede far enough, we might actually conflate the rise and the fall of US industrialism to the same instance. Was America ever hegemonic?)

What marks these earlier cycles of capital shifts from the current one? Or is the present downturn merely more of the same? Business cycle theory[2] and Crisis theory[3] both predict periods of capital contraction alternating with intervals of capital expansion.[4] In moments of downturn, investments take place inter-nationally. In periods of growth, similar capital ventures operate intra-nationally.

For example, following the first Great Depression of 1873-1896, US companies invested heavily in Latin America. In order to protect this flow of capital, the US government embarked on its only colonial war in order to strengthen the Monroe Doctrine and thereby exclude European rivals.[5] This recession was subsequently followed by a period of expansion. At this time, industries deserted New England for locations in the south where warmer weather, adjacent pine forests to fuel steam engines, and a non-union work force created an appeal unmatched in the environs of Boston.[6] Theories, then, suggest that the outflow of capital and the downsizing of employment is a consistent part of capitalist development.

The current recession yields yet another illustration of international capital flight. US-based multinational corporations are closing down domestic factories and relocating these plants in Mexico, Taiwan, Singapore, Korea, Brazil and South Africa for the same reason Yankee capitalists moved south a hundred years ago: cheap docile labor and cheap raw materials. In addition, however, current investments gain additional protection through guaranteed markets and government assurances of repatriation and tax benefits. The result has been an international runaway shop leaving America appearing more and more like a Third World sweatshop staffed with illegal labor.

In previous recessions, foreign profits actually subsidized US workers by maintaining an otherwise untenable flexibility in the face of rising wage demands. What distinguishes the current period of capital flight is the competitive squeeze US firms are experiencing in the world market. European and Japanese rivals are drastically reducing US market shares, provoking unprecedented profit declines and an uncompromising attitude toward labor demands. Marcus, Clark and McCollester concur on this point.

The flight of domestic rivals is not benefitting those firms remaining in the market place as might otherwise be expected. They are being replaced, indeed, being actually *displaced,* by aggressive competition from foreign corporations seeking market position in the US. Thus the current downturn is witnessing a competitive squeeze both at home and abroad.

The extent of US hegemony is reaching its end. Already global rivals have reduced US industrial and commercial might, prompting US companies to demand tariff protection since their economic advantage alone is insufficient. Politicized market domination is matched by reducing labor costs. This means undermining organized labor and ending its ability to exact higher wages. The PATCO strike was a powerful sign that the destruction of unions would henceforth be tolerable business practices.

Who is to blame?

In the unedited version of the transcript which I have read, Meyerhuber refers to the absence of "Japanese villains in 1922 or 1927." Later he points out that in the New Kensington experience with Alcoa, "there are no Japanese villains, no German villains, no Taiwanese or Koreans." Other panelists name their demons as well. Having just argued a case for a new international rivalry for hegemonic supremacy, allow me to reverse myself and assert my next premise more exactly: Nationality or ethnicity is not the culprit. Indeed, as Clark and McColloch point out, the US may have propagated a monster it is now not only unable to control but which, through the guise of foreign subsidiaries, is returning to bite the breast that suckled it. The multi-national corporation, once a US-born enterprise, now is without a home base. Off-shore locations, foreign holding companies, totally owned foreign subsidiaries now dominate national economies and easily transgress national boundaries. It knows no loyalty; its only canon is the unlimited accumulation of capital.

Let there be no mistake: the ability of capital to transcend national boundaries, to reduce costs to their lowest possible levels, to flow where profits are the highest, and to break those challenging its power, has made it an even more pernicious adversary for labor than ever before. As Johan Galtung[7] points out, imperialism (and the foreign investment it protects) thrives on the absence of communication between workers in the center and those in the periphery. Labor's biggest challenge is to eliminate the international runaway shop by engendering solidarity, not, as it is presently protrayed by the current administration, to xenophobically eliminate foreign rival workers by bombing them back to the dark ages. Perhaps red arm bands ought to replace yellow ribbons.

Meyerhuber explicitly points out that "labor relations at Alcoa were not rancorous." Again, we should not underestimate the ability of management to sow discord among workers through a divide-and-rule strategy. Quiet, however, does not mean acceptance or even accommodation. Merging steel and aluminum workers—"an unhappy marriage" as Meyerhuber concludes—must be seen as the obvious outcome of consistently discrediting and undermining union authority. Eliminating union officers during the red scare period of the 1930s and 1940s only set the stage for stooge unions to claim representation over alienated workers who then quit and left the battlefield solely to the corrupted. Perhaps depicting unions as corporatist creations is out of fashion in the US, but the state's whittling away of autonomous, genuine worker organizations by ousting and persecuting leftist leaders results in the same outcome. Nor should we fall into the same trap as the movie *Matewan* directed by John Sayles where a union, any union, for the mere sake of giving workers an organization of their own, must be supported no matter how much it is aligned with corporate interests. Unions need to be challenged and criticized, yet supported if shown to be genuine.

Who, then, is to certify this authenticity?

Interestingly, several panelists introduced themselves by citing their working class origins. Such cultural solidarity is admirable. Yet the very working class culture McCollester yearns for has not disappeared but has instead transformed into a new culture. Building on this, then, comes the essential requirement that this culture must be redocumented on a continual basis. Too often, it seems to me, middle class academics and/or reformers impose their middle class morals of individualism, schooling, liberalism, puritanism and etatism without understanding what the true interest of the working class are. Values are assumed yet rarely tested. Associations organized to speak on their behalf end up using their name in vain, addressing more the interests of their middle class organizers and less the concerns of the workers they represent.

Labor historians constantly explore these arenas of identity and interest. Our current understanding is less convincing. A sociology or even an anthropology of workers is long overdue. Today, social historians are readily acknowledged. Historical sociologists or anthropologists have attained much less credibility, yet the need for their research is all the more urgent for its potential to buttress renewed opposition to the outflow and power of capital. What, then, constitutes the working class is a moving target continually and insistently seeking redefinition. McCollester is to be admired for mapping out the various ingredients of that culture, seeing it outside the production site in the mills bars and ethnic social clubs of Homestead and McKeesport. It is important in these analyses to capture the wisdom of years of sociological and anthropological studies and to bring it to bear on labor.

In the end, McCulloch asks the question: "why did deindustrialization not produce a more profound social upheaval," recalling a similar quandary posed by Frankfurt school which investigated worker docility at another moment of hegemonic upheaval and change, when Great Britain lost its ascendancy and Germany lost the contest to replace it. Here we see again another fruitful merger of sociology/anthropology and history, a rethinking of earlier problematics and previous solutions, a reapplication of theory to historical data. The social sciences have constructed an amazing repertoire of relevant social and cultural models. A marriage between these disciplines can only work to the benefit of understanding how our societies tick and what makes them move.

References

1. Barry Bluestone and Bennett Harrison, *The Deindustrialization of America: Plant Closings, Community Abandonment, and the Dismantling of Basic Industry* (New York: Basic Books, Inc., 1982.)

2. J. A. Schumpeter, *Business Cycles* (New York: McGraw-Hill), 1939.

3. Karl Marx, *Theories of Surplus Value* (Moscow: Progress Publishers, 1968).

4. Immanuel Wallerstein and Terence K. Hopkins, *Processes of the World-System* (Beverly Hills: Sage Publications, 1980). Albert Bergesen, *Crises in the World-System* (Beverly Hills: Sage Publications, 1983).

5. Walter Goldfrank, "The Limits of Analogy: Hegemonic Decline in Great Britain and the United States," in Bergesen, pp. 143-154.

6. Steve Dunwell, *The Run of the Mill* (Boston: David R. Godine, 1978).

7. Johan Galtung, "A Structural Theory of Imperialism," in *African Review* (April, 1972).

Joe Gowaskie

My comments will be brief and to the point. All of the participants make some intelligent remarks about deindustrialization. But I believe that Irwin Marcus hits the nail on the head when he argues that what is happening in the United States must be viewed within the larger world-wide economic context. Before enlarging on this insight let me offer a few preliminary points.

I wholeheartedly agree with those participants who remind us that industrial growth and industrial decline have been standard features of the American economy since the early 19th century. Surely the harness and saddle makers in Newark, New Jersey, during the 1830s and 1840s can tell us something about the disastrous consequences of technological change. Later, the entire anthracite coal industry experienced something similar. Notwithstanding, therefore, that economic change has always resulted in winners and losers, what is new about deindustrialization is both the magnitude of the losses and how they cut across most of the basic industries that propelled the United States into world economic leadership. This raises what for me is the crucial question: Why did deindustrialization occur when it did? The answer, I suggest, lies in the corporate board rooms among those who make the basic decisions about when and where and what to invest or not to invest. Most assuredly workers and their communities did not initiate deindustrialization policies. Rather it was the owners and managers who ran the industrial corporations, manipulated by their financial, banking masters who decided that more profits could be secured by deliberately transferring capital from the traditional industrial heartland of the northeast and midwest into other locations and activities.

In some cases this involved closing plants entirely, in others it meant moving to another area, while in others it called for transferring assets out of the primary economic base and diversifying into more remunerative ventures, such as from coal and steel to oil and natural gas. The reasons, of course, why these moves were made come down quite simply to money and power. The decision-makers sought new areas and new ways to maximize profits and enhance their power within political arenas. Lacking any attachment to community, state or country, they went wherever they could cut the best deal. Yet, while we can clearly see who initiated deindustrialization policies and for what reasons, the basic question of why does this take hold in the 1970s remains unanswered. This takes me back to Irwin Marcus' point noted earlier.

American business emerged from World War II as the big kid on the block. The dollar was better than gold, the competition's economies were in ruins and the American military was ready, willing and able (with bases everywhere) to assist business either by protecting it from any possible threats or by providing profits in exchange for a never-ending stream of hardware and services. As a result, during the 1950s and 1960s the big kid got fat and lazy. Generous dividends for stock and ing technologies are intertwined with computer-based service industries.

That is not to say that all industries survive, or that all geographical regions hold on to their traditional economic bases. The 1980's were the culmination of a fifty year trend of decline in Western Pennsylvania's manufacturing industries, of which steel was the outstanding symbol, but by no means the only important example. Yet the Calumet region of Indiana remains a world leader in steelmaking, with new technologies, high productivity, and high levels of output, if lower levels of steel-related employment. Michigan's auto plants, and its auto parts industry have remained vital as well with some of the world's most modern manufacturing equipment; and high tech manufacturing has spread from the auto industry to other Michigan businesses. In Massachusetts the picture is rather different; the decline of textiles and furniture manufacturing was swiftly succeeded by wholly different computer-based industries.

Why then do regional economies decline when they do? Why do some regional economies renew themselves rapidly while others languish? Several answers have been suggested. John Cumbler's study of Trenton points to the change in ownership of that city's major businesses.[1] When local owners, who played major roles in Trenton's civic life, gave way to absentee-owned national corporations, they had little incentive to consider the impact of disinvestment on the local economy. Moreover, with the local corporate elite gone, Trenton lacked the wherewithal to attract new businesses, or to garner Federal support.

Other writers point to technological change. The building of the railroads made some cities built on canals obsolete. Development of steam engines undermined the vitality of cities based on water power. Pittsburgh's steel mills were well situated when rich iron ore could be cheaply transported from the Mesabi range. But what happened when the Mesabi range played out? When cheap Venezuelan iron ore could be transported cheaply in huge ocean freighters to Japan, or Baltimore, or the Calumet region?

Both of these explanations minimize the importance of government policy. The building of the railroads was financed by state governments, just as the canals had been. The building of the interstate highway system was a Federal decision which undermined the economic vitality of scores of central cities, while it boosted suburban development and accelerated industrial relocation to the Sunbelt. Similarly, cheap oil was not simply a natural phenomenon; it was the product of U.S. government action in the post-war era to secure Middle Eastern oil supplies for American domestic consumption. And the strong dollar, which killed so many viable factories and mills in the years 1978-85, was the product of Federal Reserve Board action which favored creditors over debtors, financial speculators over industrialists and industrial workers.

Organizers for the Mon Valley Steel Authority recognized the importance of Federal policy in dooming the region's industries. They surveyed the region's infrastructure resources and needs, and called for Federal help to revive a potentially dynamic industrial economy.

But the Federal government turned a deaf ear. It dragged its feet on rebuilding the nation's highways, bridges, railways, and waterways. It allowed Japanese and Korean exporters to grab American markets without reciprocity. It encouraged the exploitation of Mexican workers in the maquiladoras while Mexican domestic markets were choked with the debt burden. It continued American dependence on Persian Gulf oil, while American coal reserves remained unexploited. It allowed Sunbelt states to discourage unions, and encourage low wages; it allowed states to underbid each other for new industrial investment. And of course, the Federal government did pitifully little to help displaced industrial workers get back on their feet, much less retrain themselves for new employment.

The decline of Western Pennsylvania in the 1980's was a historical phenomenon which can be understood fully only when much historical research is done. This symposium represents an excellent beginning to an important project.

Reading and Thinking about Deindustrialization: Some Concluding Observations

While deindustrialization has been a prominent theme in the recent history of the "rust belt," in the last two decades it has become particularly intense and significant. One important factor explaining this development has been the rise of a new international economy which has placed a premium on capital mobility and maximum profitability. Journalists and social scientists, most notably Barry Bluestone and Bennett Harrison, *The Deindustrialization of America* (1982), have provided most of the description and analysis of deindustrialization. This topic has been largely overlooked by historians although their training and interests would enable them to make an important contribution to an understanding of this phenomenon. Historians of Pennsylvania, in particular, realize the crucial role of industrialization in shaping the nature of the Commonwealth and realize the implications of deindustrialization for the future of the economy and other aspects of the state.

Most studies of deindustrialization provide little historical context. However, Paul Kennedy provides a broad historical context for post World War II developments as he narrates the rise and fall of the great powers over the last five centuries and finds patterns to this process in his recent book, *The Rise and Fall of the Great Powers* (1987.) Historians have also examined the development of the industrial sector of the United States economy in a general sense from a management perspective in *The Visible Hand: The Managerial Revolution in American Business* (1977) by Alfred Chandler and specific industries from a worker perspective such as *Steelworkers in America: The Non-Union Era* (1969) by David Brody and *Out of* bond holders, outrageous corporate salaries and perks for top executives and comfortable wage settlements to buy off workers and their unions were all part of this binge. No one seemed to care that not much attention was given to reinvestment and using the new technologies. But by the late 1960s and early 1970s the chickens had come home to roost. Western Europe, Japan and newly industrializing economies like Brazil, South Korea and others were asserting their recently honed economic muscle.

At this point, America's industrial decision-makers still could have met the threat head-on, targeting the necessary capital investments into new technology, facilities and products. Unfortunately, their multi-national focus, their financial fixation for maximizing profits and building paper empires, their ability to sway the tax and legal structures on their behalf and their accounting, investment training and background meant that the decision-makers would invariably opt for the easy way out and vacate the industrial heartland for greener pastures elsewhere. The winners, of course, were the decision-makers who awarded themselves bloated salaries, high stock options, golden parachutes and lavish pensions. The losers were the unemployed and their families, along with their devastated communities.

David Bensman

The principal value of this round table discussion is that it treats deindustrialization historically. In the early 1980's, when plant closings swept through the Rust Belt, devastating dozens of industrial cities, we tended to think of deindustrialization as something unprecedented. Some people thought of it as disastrous. Labor unions were passing away, to be replaced by service organizations dominated by yuppies. In those unaffected by deindustrialization, the predominant view was celebratory, America had entered a new, post-industrial stage, a higher level of social evolution. In this view, the deindustrialization of the 1980's was the death of a way of life; the new, information-based economy, based on high levels of education and technological development, would be wealthier, and better suited to the new phase of international competition.

Neither viewpoint was based on historical analysis. The deindustrialization of the 1980's was not unprecedented; waves of deindustrialization had swept through America throughout the nineteenth and twentieth centuries, as participants in this roundtable acknowledge. Nor was the industrial decline of the 1980's the end of America as a manufacturing economy. Since 1985, when the Reagan administration finally brought the dollar down to competitive levels, American manufacturing has rebounded. The United States has become the world's leading exporter, with shipments of American-made airplanes, pharmaceuticals, construction equipment and so on, capturing huge markets, particularly in Europe. By now, the point has been solidly established that technologically advanced manufactur-

the Crucible: Black Steelworkers in Western Pennsylvania, 1875-1980 (1986) by Dennis C. Dickerson. Ronald Schatz offers a perspective which reflects the experience of both workers and the labor movement in *The Electrical Workers: A History of Labor at General Electric and Westinghouse, 1923-1960* (1983.) The United Mine Workers has played a pivotal role in the history of western Pennsylvania and its recent history is one barometer of the effects of deindustrialization. Maier B. Fox places this story in a wider context in *United We Stand: The United Mine Workers of America, 1890-1990* (1990.) A valuable regional study which sets the stage for developments of the last two decades is provided by Carl L. Meyerhuber in *Less than Forever: The Rise and Decline of Union Solidarity in Western Pennsylvania, 1914-1948* (1987).

These studies and many other works provide a context for studying and understanding the process of deindustrialization. Deindustrialization can open a new era in regional history with vast implications for both regional institutions and residents. In addition to providing information, viewpoints and insights about regional reindustrialization, the participants in this panel hope that their efforts will contribute to placing deindustrialization on the agenda of historians.

Irwin Marcus