

1. Introduction

The Youngstown Sheet and Tube Company plant, east from Center Street Bridge, is a unit of the largest steel mills in the Youngstown area. In the blast and open-hearth furnaces, the rolling and strip mills, together with all the other divisions of a giant steel plant, are employed more than 7,500 men. Most of America's steel pipe and tubing comes from the new seamless-tube mill which simply plunges a hole through a solid cylinder of steel to furnish completed tubing far stronger than was possible under the old lap-and-butt welding process.

The Ohio Guide (1940)¹

In September 1977, the directors of the Lykes Corporation, owners since 1969 of the Youngstown Sheet and Tube Company, announced the closing of its huge Campbell Works facilities and began laying off over 4,000 workers. Thus began a sequence of mill closings that permanently eliminated over 10,000 jobs in one metropolitan area in less than three years.

What follows is, first, an account of the initial shutdown's impact on the steelworkers, their families, and their community. Secondly, it is an exploration of public policies to deal with the immediate and longer-run human aspects of such closings.

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The closing at Youngstown Sheet and Tube can teach us much about our kind of society—about how fast the new becomes old, how fast useful know-how and technology becomes useless, how quickly apparent strength becomes weakness. The closing can also teach us about how people respond to adversity and, perhaps, about how to help them respond more successfully and creatively.

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Youngstown—the Industrial City

Industrial America has grown, flourished, and begun to decline in hardly more than a century. Youngstown—the essential industrial city—was a village of fewer than 3,000 people on the eve of the Civil War. The first steel mill in the Mahoning Valley, the Union Iron & Steel Company, was not founded until 1892. In 1900, Youngstown was a city of 45,000. By 1940, its population had reached 167,000; in the meantime, steel-making had come to dominate every aspect of life.

The men and women who have worked in the ‘Ruhr Valley of America’ are either immigrants or the children of immigrants. In 1930, 54 percent of Youngstown’s population was of foreign birth or extraction—Slovaks, Slovenians, Italians, Poles, and many others. Blacks from the South were recruited to work in the mills during labor shortages brought on by war or boom times. Today, they are approximately one-fourth of the city’s population.

Youngstown grew quickly and with minimum attention to amenities not associated with steel.² Its reliance on steel has been both its strength and a source of vulnerability. During strikes, economic downturns, and especially during the Depression of the 1930s, the city’s people suffered. Nevertheless, the productivity of the mills, the struggles of the union, and the prosperity generated by the success and growth of this industry and the nation’s entire economy, gave thousands a living and, in time, made Youngstown’s steelworkers one of the most productive, best-paid, and seemingly secure industrial labor forces in the world.

That apparent security is now gone. In historical terms, the city’s era of stable prosperity was very short indeed. Youngstown, the prototypical American industrial city, has become the prototypical city in economic crisis.

Plant Closings—the National Problem

Every year in the United States, hundreds of manufacturing facilities are permanently abandoned. No one knows the exact number of such events or the numbers of workers affected.³ However, a careful census of 410 major manufacturing corporations, accounting for about 40 percent of total U.S. manufacturing employment, identified over 1,000 plant closings during the 1970s.⁴ Altogether, these shutdowns eliminated more than 280,000 jobs. Major physical contractions short of actual closings accounted for many more lost jobs.

Plant closing decisions are not made casually. Roger Schmenner (1980: 326) has determined that, in most cases, "by the company's accounting practices, the plant that is closed is one that has lost money. That it was even considered for closing is due to recognized poor performance over a number of years." The economics of the industry often accounts for this poor performance. However, these particular plants are more vulnerable to closing than others because of their greater costs of production, often attributable to obsolescent production technology. A financially troubled company may not close its oldest facilities first, since these may be more integral to the company's primary operations and represent larger unrecoverable capital investments. Rather, the first closed plants may be middle-aged or smaller facilities not closely tied in with other company operations. However, seriously troubled companies may eventually be forced to close larger, older plants that do not lend themselves to modernization; a prolonged period of decline in the company's or the industry's fortunes could, therefore, bring not only increasing numbers of plant closings but also closings that affect more workers and are larger in proportion to local labor forces.

Some (cf., Goodman, 1979) have argued that many closings result from corporate decisions to flee the unionized, highly taxed, and decaying Frostbelt cities for the warmer business climates of rural communities and Sunbelt cities. However, the best available statistical evidence suggests that interregional relocations are rather rare. Schmenner, for instance, finds that less than 15 percent of traceable plant relocations even cross state boundaries.

Barry Bluestone and Bennett Harrison (1980: iv-vii) claim that conglomerates account for a disproportionate number of closings, including many profitable, viable facilities. They believe that "managers of the giant corporations and conglomerates often create greater inefficiency through 'overmanaging' their subsidiaries, milking them of their profits, subjecting them to at best strenuous and sometimes impossible performance standards, interfering with local decisions about which the parent's managers are poorly informed and quickly closing subsidiaries down when other more profitable opportunities appear." Schmenner's manufacturing census confirms that in the last decade conglomerates closed plants more frequently than other companies, although their closings typically affected fewer workers per plant than those of other firms.

Plant closings have been somewhat more frequent, since 1970, in New England, the Pacific states, the Mid-Atlantic states, and the states of the East-North Central region around the Great Lakes. During this period, the latter two regions also experienced lower rates of new plant openings and

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very sluggish or negative job growth at established manufacturing facilities. Thus, the impacts of closings are concentrated regionally and often reinforced by the relative lack of new offsetting economic opportunities.

A more fine-grained picture of the pattern of closings would show a substantial clustering within regions as well. There is an easily observed tendency for industrial facilities to cluster geographically, and a corresponding tendency for communities to become overspecialized in a particular industry group or even a single industry. The consequence of this is that when a major U.S. industry declines, the impact is concentrated in a small, but heavily populated, area of the nation. Either a series of relatively small closings over a period of years or the sudden closing of a major facility can produce a state of localized economic crisis in which a community's supply of people able and willing to work exceeds, for a long period, the number of steady, secure, well-paid jobs available. The closing of hundreds of industrial facilities thus affects the future economic opportunities of thousands or millions of people and the future quality of life in communities all over the country.

The Decline of Industrial Cities

We are currently witnessing the decline of industrial America, the bankruptcy or deterioration of some once-mighty manufacturing enterprises, and with it all the sporadic but increasingly frequent closing of major industrial facilities.

The areas where these closings are concentrated are not as attractive as other communities to new investment, nor as supportive as they once were of technical innovation and entrepreneurship (Thompson, 1980; Kasarda, 1980). Even the largest, most economically diversified industrial metropolises of the East and Midwest, once thought to be immune from decline (Thompson, 1965), have lost population and employment. Prior to 1970, the few middle-sized metropolitan areas that lost population were found to be "overspecialized" or to otherwise possess some unusual vulnerability (Rust, 1975). Today, as many more major urban areas experience economic stagnation or decline, it is harder to argue either that growth is irreversible or that some unusual local weakness accounts for the loss of vitality.

Instead, the economic decline of older industrial centers appears to be mainly a function of changes originating outside these communities and beyond their short-run control. Plant closings reflect the decline of traditional industries and the nation's decline as a world competitor. The

failure of new industries to arise in place of those lost results from changing production and transportation technology and other external factors that make these areas seem relatively unattractive to investors.

Other trends weaken the capacities of industrial cities to avoid or respond to economic crisis. A major change affecting many older cities is the trend toward ownership of a community's major industries by corporate conglomerates headquartered elsewhere. In Youngstown, the earliest attempts by outsiders to acquire Youngstown Sheet and Tube were resisted successfully by Ohio capitalists. However, in 1969, the Lykes Corporation takeover occurred; suddenly the massive steel mills were owned by a much smaller New Orleans-based shipping firm.⁵ This was the climax of a series of political losses that changed Youngstown from a community based primarily on industries developed and controlled locally to one controlled by people not associated or identified with the community, and beyond its influence. These political losses foreshadowed, and perhaps guaranteed, the economic losses to follow.⁶

The current position of the older industrial areas is weak, both economically and politically; yet they must struggle to meet the needs of those losing their jobs and to maintain themselves as viable communities. Little is known, however, about how they are coping with the still recent reversal in their fortunes.

The Consequences of Major Plant Closings

Many communities and many working people have felt the concentrated force of changes in the nation's economic fortunes. When the national economy shudders, corporations go bankrupt, and jobs die. What then happens to those whose jobs suddenly disappear and to those with whom they live? When the basic industry of a community closes its gates, what happens to that community?

A few attempts have been made to calculate the adverse effects of plant closings on workers and their communities (cf., Bluestone and Harrison, 1980: Chapter 4). However, very few comprehensive community studies have been conducted in the wake of major closings and none that deal with the full scope of effects from the massive job losses recently experienced by many industrial cities. Although plant closings are generally believed to cause substantial harm to workers and communities, the research base for such beliefs is very thin.

When the existing literature on plant closings is reviewed from the viewpoint of the communities and people affected, two limitations are apparent. First, the literature overwhelmingly measures the problem in

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narrowly defined economic terms, to the neglect of noneconomic impacts and of public policies to address these directly.⁷ Much of the discussion focuses on the reasons for interregional and urban-to-rural shifts in economic activity and population, on whether government contributes to these dynamics, and on how well government policies take them into account. Second, the literature contains little of practical value to local and state policy-makers struggling to organize an effective response amid cries of doom and intensive political competition. There is no published blueprint for local response to economic crisis. In contrast to research and writing about natural disasters, there is little practical emphasis in the literature on economic crisis: on how to organize and implement programs to soften the blow felt by terminated workers or how best to address the broadening circle of problems that may emerge in the wake of a major plant closing.

Thus, there are many unanswered questions about what happens to people and communities following a massive loss of jobs. How severe are the immediate emotional shocks to workers and their families? Is some form of trauma, breakdown, or violent reaction a common response? How do workers affected at different stages in their working lives, with different amounts of skill and education, and in different social situations differ in their responses? How many look for and find new work? Must they often accept, and are they willing to take, jobs that are less satisfactory in pay, status, location, or working conditions? And, very important from the standpoint of the community, what is the timing of various impacts and responses?

Other questions concern the broader circle of community impacts. How extensive is the "ripple effect" of job and income losses to others in the community? How many supplier or supporting firms also lay off workers? How many small businesses close? What is the impact of diminished cash flows on expansion and development decisions by other commercial interests? How do financial institutions respond to diminished economic prospects? What is the impact of property tax and other revenue losses on local jurisdictions, and how do they manage these while addressing the new needs created by an underemployed work force?

How do local human services agencies respond to an economic crisis? How appropriate and successful are their efforts to reach and help affected workers?

Finally, there is a set of unanswered questions about the longer-term effects of chronic underemployment, diminished economic expectations, and reduced government capacity brought on by one or a series of major plant closings or reductions in force. Since so many communities that once

formed the heavy industrial backbone of the nation's economy now face longterm decline, we need to ask: How does economic distress alter the experienced quality of life in a community?

The Youngstown Study

Only when many of these questions can be answered with greater confidence will there be an adequate intellectual basis for devising effective social policies to meet the needs created by major plant closings. The present study explores the consequences of the Youngstown closing along the following dimensions: (1) the short-term emotional and financial stresses experienced by terminated workers and their families; (2) the ways workers in various circumstances responded to the experience of termination; (3) the "ripple" effect of massive job and income losses throughout the community's economy; and (4) indications of social stress and political response by the larger community in the two years following the Youngstown Sheet and Tube shutdown. See Appendix A for an overview of the study methodology.

Although primarily a case study, its conclusions concerning the impact of such events are set in a larger context of research on individual unemployment and community economic distress. A number of other studies have looked at the impact of economic change on various dimensions of personal, emotional, and material well-being. The combination of this evidence with more detailed information on the Youngstown closing yields some unexpected conclusions about the nature, severity, and timing of impacts.

Over a two-year period, beginning just after the first steelworker layoffs, the authors and their associates gathered many kinds of data. Multiple methods were used in order to construct a detailed, comprehensive picture of the psychological and social impacts of the closing. Particular efforts were made to go beyond previous studies in the range of indicators employed. The aim was to assess the whole community's reactions to the shutdown. But, the principal focus remained on the affected workers and their families:

Major sources of data included:

- Two interviews, one year apart, with a representative sample of more than 146 terminated steelworkers, their spouses, and their children.
- Comparable interviews with representative comparison groups of employed steelworkers and autoworkers in the Youngstown area.

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—Telephone interviews with a representative sample of the Youngstown area adult population.

—Formal interviews with 30 key leaders of the Youngstown political and business community, as well as many informal conversations.

—A telephone survey of the adult population of Lowellville, Ohio, a small neighboring community that lost its steel mill, the only major industry, 10 years ago.

—Interviews with management terminated from Youngstown Sheet and Tube.

—Participant observation of efforts by the area's leadership to develop a comprehensive strategy for economic reconstruction and specific proposals to restore lost jobs.

—Design, leadership, and evaluation of a systematic research and planning process with more than 20 area human services administrators to develop a human services response to the crisis.

—A series of in-depth interviews with 15 local labor union leaders and 20 rank-and-file union members. These focused on the perceived role of the steelworkers union.

—Fifteen case studies of families directly affected by the crisis. Each was contacted several times over a two-year period.

—Telephone interviews with area workers focusing on geographic mobility and mobility plans.

—Collection of time-series indicators concerning 15 key dimensions of social life and economic conditions in the metropolitan area over multiyear periods, before and after the closing.

Social Policies for Communities in Economic Crisis

By intensively studying the short-term impacts of one major industrial plant closing and by reviewing the existing research that relates to such events, a partial knowledge base is established for considering public policies to ameliorate the short-run impacts of economic losses and also to improve the longer-term institutional capacity to maintain an acceptable economic standard and life quality in affected communities. The knowledge base is partial because no single community is representative of all communities and because, despite its varied components and detail, the present study cannot fully explore all of the questions raised above nor can it anticipate the full eventual impact of a weakened economy on the community's social life. Nevertheless, the authors have attempted to make full use of available insights in order to offer practical recommendations for human services and other social policies to meet the needs created by economic crisis.

Plan of the Book

The following chapter examines the context for the Youngstown closing, and how the nature of the industry, the behavior of the company's management and the union's leadership, and the weakness of government and public policy affected the community's capacity to respond to the crisis. Chapter 3 assesses the closing's impacts on workers and their families. Chapter 4 examines the broader circle of community impacts using a variety of data and approaches, including time-series analysis of several indicators of social and economic conditions.

In later chapters, the perspective shifts to that of policymakers and human services professionals concerned with developing social programs to meet the needs generated by major plant closings and similar events. Chapters 5 and 6 focus on the responses of workers and social agencies to the Youngstown closing. Chapter 5 examines three categories of worker response: reemployment, retraining, and relocation and how local agencies assisted in these efforts. Chapter 6 deals with other efforts by workers to cope with this personal crisis and, again, the efforts by local agencies to assist in the process of adjustment.

Chapters 7 and 8 use the evidence of impact and response presented in earlier chapters to draw conclusions about social policies appropriate to communities in economic crisis. Chapter 7 addresses employment, training, and mobility policy options. Chapter 8 examines the broader problem of developing a coordinated and effective local human services response. The final chapter looks at possible long-term effects of one or a series of economic losses on the quality of community life and local institutional capacity. The analysis ends with suggestions for social policies aimed at rebuilding such communities' economic and political vitality.