



1990

## Integration of the Workforce in the Steel Industry: The Inland Steel Experience 1945-1969

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INTEGRATION OF THE WORKFORCE IN THE STEEL INDUSTRY:  
THE INLAND STEEL EXPERIENCE 1945-1969

by

Carolyn Hernandez

A Thesis Submitted to the Faculty of the Graduate School  
of Loyola University of Chicago in Partial Fulfillment  
of the Requirements for the Degree of  
Master of Science in Industrial Relations

July, 1990

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## PREFACE

All of the great leaders have had one characteristic in common: it was the willingness to confront unequivocally the major anxiety of their people in their time. This, and not much else, is the essence of leadership.<sup>1</sup>

Labor and management in the steel industry have been and remain historically in conflict with each other. This conflict has usually erupted into strikes and government intervention. The mid-1940's were a time when both parties were trying to develop a working and living relationship. Individuals involved in labor-management situations have historically been "unique individuals." They have been leaders who have been able to create a vision and inspire others to share that vision. These are the types of leaders of which history is made. If one were to do a study on any one particular person, be it management or labor, during these early years, there would be many individuals who would have interesting and exciting stories to tell.

The steel industry was very volatile between 1939-1944. Inland Steel was no exception. Strikes and workers discontent

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<sup>1</sup>John Kenneth Galbraith, The Age of Uncertainty (Boston: Houghton Mifflin Co., 1977), 330.

were the product of the environment. The workers were responding to managements' demand to increase production, with a lack of concern for the person. The companies, in turn were responding aggressively to employee demands. The union's success in organizing the steelworker was due to the fact that the working conditions were poor. Wages, benefits, safety and the racial integration in the workforce were all major issues which needed to be addressed. These were, however, ignored by management. Inland Steel's was very dictatorial.<sup>2</sup> Due to a high turnover rate in management during the years 1939-1944, employees' morale and trust in the company was virtually non-existent. The Chicago plant had six managers during this time period. In a two year time-span, the plant had ten personnel managers. Management instilled the belief in supervisors that the best way to maintain productivity and discipline was to have employee's afraid of losing their jobs.<sup>3</sup>

The purpose of this thesis is to examine the evolution of labor-management relations, industrial policies and race relations at Inland Steel, from 1945-1969. Other policy issues, such as those of wages and social insurance programs (e.g. accident pay, life insurance, pensions, etc.), deserve further investigation. These issues however, are not

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<sup>2</sup>William Foote Whyte, Pattern For Industrial Peace (New York: Harper & Bros., 1951), 157.

<sup>3</sup>Ibid., 8.

examined in this thesis.<sup>4</sup>

This thesis was initially intended to be a biographical oral history of Mr. William G. Caples who was employed at Inland Steel from 1945, until his retirement in 1969. Due to his untimely death, the focus changed to an examination of labor-management and race relations policies in the steel industry, and in particular, an oral historical study of Inland Steel. Several former Inland employees were interviewed.<sup>5</sup> The information gathered from these interviews highlighted the fact that Inland's success story in the area of race relations was due to the commitment of upper management and to those individuals willing to take risks, such as Mr. Caples. Mr. Caples, with upper management's support, developed the mechanisms to address the race relations problems regarding the integration of the workforce

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<sup>4</sup>The author recognizes the fact that during this time period the strikes which occurred were many times economic. From 1937-1961 wages were the focal point of contract negotiations. ("Inland Steel wage chronology," typewritten (revised/updated to April 15, 1963) Section I, 1-12.) The issue of pensions and other social insurance programs being subject to collective bargaining were also of great importance and merit in-depth studies unto themselves. For example, Inland's case on pension's is one which is well documented because it was the case which decided pensions would be subject to collective bargaining. (Inland Steel Co. v. NLRB, 77 NLRB 1, enforced 170 F.2d 247 (1948), cert. denied, 336 U.S. 960 (1949).

<sup>5</sup>Pete Calecci, interview by author, 2 August 1989, East Chicago, IN, tape recording; Frank Cassel, interview by author, 4 October 1989, Evanston, IL, tape recording; Bill Dillon, interview by author, 8 September 1989, Chicago, IL, tape recording; Bill Lowry, interview by author, 13 July 1989, Chicago, IL, tape recording.

at Inland Steel. Mr. Caples paved the way for change, as did other national leaders. It is human nature to remember the George Wallace's and issues like segregation and the nightmare of the assassination of Dr. Martin Luther King. People like Dr. King left us a legacy and had a major effect on the evolution of race relations in this country. On a smaller scale there were many other individuals who were also paving the way for the changes which came about. William G. Caples was one of these individuals.

Mr. Caples joined Inland in 1945, just as management and the union were beginning to develop a more cooperative relationship. He played a significant part in changing the relationship between union and management into more of a positive one. Mr. Caples also played a major role in the evolution of race and industrial relations policies which were beginning during this time period. One year after Mr. Caples was hired into the position of Staff Assistant to the President, he became the first Industrial Relations Manager. His goal was to assist in the development and implementation of labor relation policies and to improve the company's relationship with the Steelworkers union. Having been Staff Assistant to the President, he had the support of top management. The relationship Inland developed with the Steelworkers union was one which involved both parties commitment to work together and give all workers an equal opportunity.

In examining industrial relations policies, one must take into account not only the people involved, employees, government, management and union leadership, but also the industrial relations system itself. Because the focus of this thesis centers around the steel industry, and Inland Steel, the industrial relations system and the environment in which it evolved is explored. This thesis is an in-depth examination and analysis of the industrial relations system at Inland Steel. Race relations during this time period are also explored in relationship to labor-management relations and industrial relations policies. The external environment played a major role in the evolution of labor-management relations, but if it had not been for the foresight, vision and innovation of individuals such as William Caples, changes would have taken much longer.

Many events occurred which led to the integration of the workforce in the steel industry. The Steelworkers Organizing Committee (SWOC) held their first convention on December 14, 1937.<sup>6</sup> Delegates adopted eight objectives for the SWOC. The first one was as follows:

To unite in one organization, regardless of race, creed, color or nationality, all workmen and working women eligible for membership, employed in and around iron and steel manufacturing, processing, and fabricating mills and factories of the American

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<sup>6</sup>Vincent D. Sweeney, United Steelworkers Of America: Twenty Years Later (Pittsburgh: United Steelworkers of America), 40.

continent.<sup>7</sup>

It was several years later that the government took action in the employment area. On June 25, 1941, President Roosevelt issued Executive Order 8802, which established a Fair Employment Practice Committee (FEP) to "receive and investigate complaints of discrimination" and to "take appropriate steps" to obtain compliance.<sup>8</sup> In 1942, the Congress of Industrial Organizations established a Committee to Abolish Racial Discrimination.<sup>9</sup> That same year, when the SWOC became the United Steelworkers of America not one black<sup>10</sup> steelworker was appointed to any major position in the international union.<sup>11</sup> At this same convention, more than twenty locals submitted resolutions against discrimination in the mills and Jim Crow laws in the South.<sup>12</sup> At the same time they were adopting these anti-discrimination resolutions, they were providing black delegates with a list of "colored

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<sup>7</sup>Ibid., 42.

<sup>8</sup>Herbert Hill, Black Labor And The American Legal System Volume I: Race, Work, and the Law (Washington, D.C.: Bureau of National Affairs, 1977), 179.

<sup>9</sup>Phillips S. Foner, Organized Labor and the Black Worker 1619-1973 (New York: Praeger, 1974), 256.

<sup>10</sup>Black - a person with origins in any of the black racial groups of Africa.

<sup>11</sup>Foner, Organized Labor and the Black Worker, 263.

<sup>12</sup>Paul F. Clark, Peter Gottlieb and Donald Kennedy, eds., Forging a Union of Steel (New York: ILR Press New York State School of Industrial and Labor Relations, 1987), 60.

hotels." These are but a few examples of how unions and the government manifested their feelings, real or not, against racism.

The CIO had a stronger stand against racial discrimination than the AFL and did not exonerate unions which excluded minority workers. By 1944 the black union members, desiring the same considerations in the workplace as the white union members, were ready for a change. Both unions and companies began to develop more of a "social conscience." Some felt hiring blacks was the right thing to do, while others were forced to abide by the laws which were passed. In any case, changes began, but they could not have been made without the support and guidance of individuals. At Inland Steel Mr. Caples lead the drive for change. Yet in a corporate environment, behind every such leader is the support, or lack thereof, of the corporation.

This research project is different from others, in that it is an oral case history of Inland Steel. Mr. William Caples and the management at Inland Steel made a contribution during this time. The policies Mr. Caples assisted in formulating and implementing in the industrial relations and human resources area and the situation at this company after 1948, have not been documented. In Pattern For Industrial Peace (1951), William Foote Whyte wrote about labor-management relations between Inland and the local steelworkers union. This however, only covered the period 1937-1948. This thesis

will cover the years between 1945-1969 which were a turning point in labor-management and race relations policies, both in the steel industry, and at Inland Steel. It was during Mr. Caples tenure that a more positive relationship between the Steelworkers union and management developed. David McDonald wrote "Inland was the maverick of the steel industry, an independent company with individual attitudes."<sup>13</sup> Whether it was establishing eight hour work days when the industry was not yet prepared to do so, or whether it was the last one to agree or disagree in matters regarding collective bargaining, Inland did make changes. These changes could not have happened without people who were committed and William Caples was one of these individuals.

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<sup>13</sup>David J. McDonald, Union Man (New York: E.P. Dutton & Co., 1969), 304.

## VITA

The author, Carolyn Hernandez, is the daughter of Roberto and Maria de la Luz (Sanchez) Hernandez. She was born January 1, 1951, in Hereford, Texas.

Her elementary education was obtained in the public schools of Hereford, Texas. Her secondary education was completed in 1969 at Hereford High School, Hereford, Texas.

In September, 1969, Ms. Hernandez entered West Texas State University, Canyon, Texas, on a part-time basis. In September, 1972 Ms. Hernandez entered the Universidad de las Americas, Cholula, Puebla, Mexico, receiving the degree of Bachelor of Arts in international relations in June, 1975.

Ms. Hernandez began her career with Kraft, Inc. in 1978 as a sales representative. When she left the company in 1988 she was Manager of Affirmative Action Programs.

In September, 1988, Ms. Hernandez was granted an assistantship in industrial relations at the University of Loyola, enabling her to complete the Master of Science in Industrial Relations in 1990.

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## CHAPTER 1

### OVERVIEW OF INDUSTRIAL RELATIONS SYSTEM IN THE STEEL INDUSTRY PRIOR TO 1945

Industrial relations in the steel industry evolved dramatically up to 1945. These early years of the industry set the stage for what was yet to come. Thomas Kochan, and John T. Dunlop have both done comprehensive research and published extensively in the industrial and labor relations area.<sup>14</sup> John T. Dunlop deserves mention because he coined the phrase "industrial relations."<sup>15</sup> Dunlop, as Kochan, provides a theoretical framework to better understand the workings of the industrial relations system. Kochan however, has one

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<sup>14</sup>See, for example, John T. Dunlop and Neil W. Chamberlain, eds., Frontiers in Collective Bargaining (New York: Harper & Row, 1967); Thomas A. Kochan, Collective Bargaining and Industrial Relations, (Homewood, IL: Richard D. Irwin, 1980); Thomas A. Kochan, Daniel J. Mitchell and Lee Dyer, eds., Industrial Relations Research In The 1970's Review And Appraisal (Madison: Industrial Relations Research Assoc., 1982); Harry C. Katz, Shifting Gears: Changing Labor Relations in the U.S. Auto Industry (Cambridge: MIT Press, 1985); John T. Dunlop, "The Development of Labor Organizations: A Theoretical Framework," in Insights into Labor Issues, Richard A. Lester and Joseph Shister, eds., (New York: MacMillan Co., 1948), 163-193.

<sup>15</sup>John Thomas Dunlop, Industrial Relations Systems (New York: Holt, 1958).

major criticism with Dunlop's model. He believes Dunlop originally allowed for the absence of a "shared ideology."<sup>16</sup> Kochan also contends that Dunlop failed to pursue this in any of his later research.<sup>17</sup> Kochan states that Dunlop's later research provides analysis and sets forth the assumption that a shared ideology prevailed in the post-New Deal environment in the United States.<sup>18</sup> Kochan emphasizes that it is the absence of a shared ideology which explains the changes of the United States industrial relations systems over time.

The framework of both of these theories do have some similarities. Kochan, as Dunlop, considers how the external environment affects the relationship. They both identified, (1) technology, (2) labor markets and (3) public policies as being a part of the setting in which industrial relations systems interact.<sup>19</sup> Kochan has added to this (4) workforce characteristics and values and (5) product markets. Figure 1 is Kochan's model of the framework which he uses. One can

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<sup>16</sup>Shared ideology is a set of similar beliefs, ideas or values which are shared by people. In corporations individuals are equally committed to the company's goals and objectives.

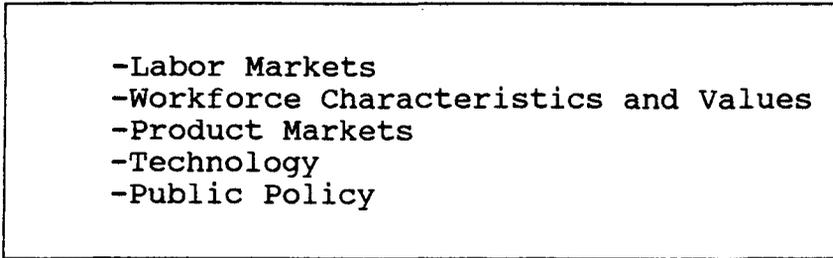
<sup>17</sup>Dunlop, Industrial Relations Systems, Ft. Note 7, 254.

<sup>18</sup>Ibid.

<sup>19</sup>Ibid., and Thomas A. Kochan, Harry C. Katz and Robert B. McKersie, The Transformation of American Industrial Relations (New York: Basic Books, 1986), 11.

FIGURE 1<sup>20</sup>

EXTERNAL ENVIRONMENT

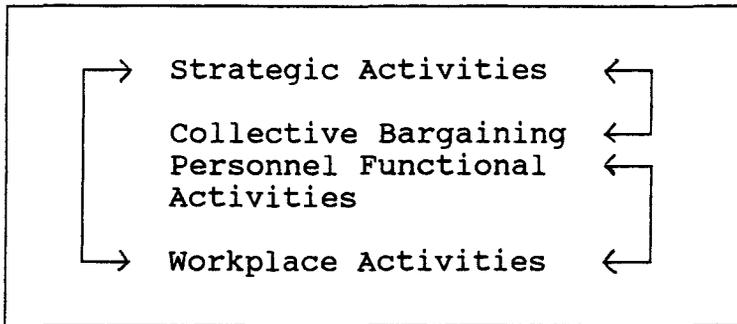


History and Current Structures →

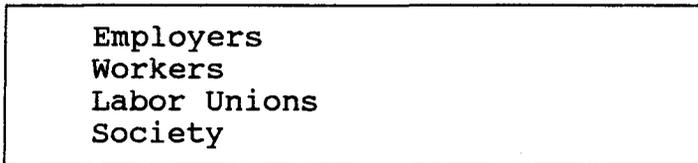
← Values and Business Strategies



INSTITUTIONAL STRUCTURE OF FIRM-LEVEL INDUSTRIAL RELATIONS



PERFORMANCE OUTCOMES



<sup>20</sup>Kochan, The Transformation of American Industrial Relations, 11.

see that it is much more extensive and thorough because it incorporates the external environment, values, history and business strategies. It also allows for responses to certain actions taken in the external environment and how these in turn affect what the final outcome will be in any given situation.

Dunlop has also identified three "actors" which need to be present in any industrial relations system: (1) managers, (2) workers and (3) government agencies.<sup>21</sup> Due to their interaction in the environment, these "actors" are the catalysts in the evolution of an industrial relations system. Kochan has also identified these three characters, but has further divided them into a "three tier institutional structure." In this structure each of the three characters or "actors" are divided into three levels: (1) the top level, which does the long-term planning and policy making; (2) the middle level which does the collective bargaining or personnel policy making; and (3) the lower level, which are those affected by the policies on a day-to-day basis.<sup>22</sup>

Steel Industry and the Industrial Relations System:  
Kochan's Model

The steel industry's industrial relations system can best be understood and analyzed by using Kochan's model. The

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<sup>21</sup>Dunlop, Industrial Relations Systems, 7.

<sup>22</sup>Kochan, The Transformation of American Industrial Relations, 16.

interaction among employers, the union and government can be best explained when one considers the environment and events which have taken place. Going one step further, Kochan's three tier structure provides for a much clearer picture of how the three levels in union, companies and government developed and carried out policies.

The industrial relations system of the steel industry was formed in the late 1800's, when competition was intense and technology was rapidly progressing. It was a time when steelmakers concerns were costs and improvements; labor was looked on as a cost of production; and trade unions were becoming established while meeting more resistance in the steel mills. During its early years of expansion, the steel industry depended on a supply of cheap labor. Prior to World War I, much of this need in the North was met by European immigrants and in the South it was met with the black worker. In 1907 it was reported that blacks made up 39.1 percent of all the steelworkers in the South as opposed to 1.5 percent in the East and 0.5 percent in the Midwest.<sup>23</sup> Between 1908 and 1913 companies now had a stable workforce and had initiated safety and welfare programs, thus successfully keeping unions out. As unions grew weaker, mechanization also increased, in turn making the skilled working man replaceable. Advancement

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<sup>23</sup>Sterling D. Spero and Abram L. Harris, The Black Worker (New York: Columbia University Press, 1968), 246, as cited in the Report of the United States Commission on Immigration, 1907, Vol. 8, 34.

was reaching a level where it no longer depended on experience or special skills, so the union could offer no protection to those being replaced by machines.

World War I changed the situation. As immigration slowed, the labor shortage increased, causing worker unrest and strikes. One way steel companies tried to decrease this labor shortage and alleviate the situation was to increase wages. This was not successful because it did not keep up with the economy. Companies looking for another source of labor, found it with the black migrant worker. Integrating the black worker into companies with a predominantly white workforce was to become a major concern. It would take many years and several pieces of legislation before the black worker would experience some semblance of equality in the workplace and in unions.

Steel mills had some experience with the black worker because in the past, blacks frequently had been employed as strikebreakers.<sup>24</sup> A few were retained after the strikes in the mills. The mills began recruiting in the South, and it was at a time when the Southern black was ready to migrate. In 1914 black agricultural workers in the South were earning \$1.13 per day.<sup>25</sup> These low wages, along with the living and

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<sup>24</sup>Daniel Guerin, 100 Years of Labor in the USA (London: Ink Links, 1979), 145-153.

<sup>25</sup>U.S. Census Bureau, Statistical Abstract of the United States, 1920 (Washington, D.C.: GPO, 1920), 303.

farming conditions and the racial discrimination were the impetus to go North. In many instances, company officials feared the reaction of white employees so these steel firms hesitated to hire these migrants. The employers who did hire them provided segregated housing with high rents and inadequate facilities. Blacks, considered to be inferior people, continued to be placed in positions requiring unskilled labor.

Immigrants, who had been working in the steel mills since the late 1800's, began to be noticed by their employers. The continued labor shortage began to change the employers' attitude toward this steelworker. Companies began to see the immigrant steelworker in a different light. As their status grew in the eyes of the employers, treatment towards them began to change. The opportunity to rent company houses was given to those who were seeking American citizenship. This in addition to English classes, and continued wage increases, proved to be successful attempts in making the immigrant a permanent employee.

### World War I and the Black Worker

When the United States entered World War I in 1917, steel was a necessity and a labor shortage occurred. The war brought back the longer work schedules. Seven days of work, which had for the most part been eliminated by 1915, and the twelve hour day which had been somewhat restricted, were

utilized. Living conditions deteriorated and even though there were wage increases, they did not keep up with food, fuel and rent increases. By 1917 food costs had increased by fifty-seven percent, fuel twenty-four percent and housing by nine percent.<sup>26</sup>

President Wilson, sympathetic to the plight of the workers and the labor shortage, improved the possibility of unionization.<sup>27</sup> In April 1918, the War Labor Conference Board was created giving the workers the right to organize without interference from employers. Later that same year, the President transformed the Conference Board into the National War Labor Board, giving them the power to settle disputes in essential industries. The War Labor Policies Board completed the national labor program. Their purpose was to avoid disputes by standardizing wages, hours and conditions in war industries.

The United States experienced a post World War I boom which lasted from 1919 to 1920. Many assumed this postwar prosperity would be permanent but economic conditions began to worsen. By 1920 8,881 businesses had failed, with liabilities of \$295 million; and in 1921 this number increased

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<sup>26</sup>U.S. Census Bureau, Statistical Abstract of the United States, 1925 (Washington, D.C.: GPO, 1925), 322.

<sup>27</sup>Melvin I. Urofsky, Big Steel and the Wilson Administration (Columbus: Ohio State University Press, 1969), 258.

to 19,652 , involving \$755 million.<sup>28</sup> With nearly 3.5 million people out of work, the country faced for the first time in many years, a serious problem of unemployment.<sup>29</sup> Steel companies resisted unions attempts, leaving steelworkers feeling they were betrayed. This discontent erupted into the Strike of 1919 which began in September, 1919.

Blacks, who had been migrating to the northern industrial areas, came from largely rural areas and had virtually no experience with unions. In October they began appearing in the steel companies as strike breakers. It is estimated that between 30-40 thousand were brought into the industry during this time.<sup>30</sup> The strike ended on January 8, 1920 with the steel companies winning. It was not until after this occurrence that efforts commenced to organize the black worker.

The labor supply gradually started to increase, not only with blacks but also with Mexicans. That same year the census showed that blacks made up 11.4 per cent of the steel labor force in Illinois.<sup>31</sup> The importation of Mexicans also began

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<sup>28</sup>John D. Hicks, George E. Mowry, and Robert E. Burke, The American Nation, 4th ed., (Boston: Houghton Mifflin Co., 1965), 471.

<sup>29</sup>Ibid.

<sup>30</sup>Richard B. Morris, ed., Bicentennial History of the American Worker (Washington, D.C.: U.S. Department of Labor, 1976), 170.

<sup>31</sup>David Brody, Steelworkers in America: The Nonunion Era, (New York: Harper & Row, 1960), 266.

to spread in the steel industry. By 1925, they made up 11.7 percent of the steel workforce in the Chicago district, providing the industry with more than an adequate unskilled labor group.<sup>32</sup> The employment situation improved to what it had been prior to World War I. There was again a new group of unskilled workers and movement upward in jobs. The worker's dependence on management for jobs was as it had been in the past. There was an oversupply of unskilled workers and a shortage of demand for unskilled workers, thus steel companies were again in power.

#### National Industrial Recovery Act

In 1933 Franklin Roosevelt confronted the Depression when he came to office. One of his priority's was to devise a new federal relief policy program. The government again got involved through the passage of the National Industrial Recovery Act (NIRA) of 1933.<sup>33</sup> President Roosevelt described this piece of legislation as being a cooperative effort where labor and companies could participate in order to facilitate the recovery of the national economy. The purpose of the Act was to increase the total national purchasing power and to restore jobs to the unemployed. It hoped to accomplish this

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<sup>32</sup>Ibid.

<sup>33</sup>National Industrial Recovery Act, 1933 Public Law 67, 73rd Congress June 16, 1933. National Industrial Recovery Act; Act of June 16, 1933, C.90, 48 Stat. 195, 196; 15 U.S.C. 703. The Supreme Court declared the NIRA unconstitutional in *Schechter Poultry Corp. v. U.S.*, 295 U.S. 495 (1935).

by: (1) reducing working hours with the intention of increasing employment; (2) increasing wages; (3) encouraging collective bargaining through representative of employees own choosing; (4) allowing industries to coordinate, eliminate unfair competition, and introduce some measure of economic planning.<sup>34</sup> In return for the government holding back the Sherman Anti-Trust Act,<sup>35</sup> employers were to increase wages and extend labor the right to organize.

Under the NIRA, each industry, through its trade associations, wrote codes which they presented to the National Recovery Administration for approval. It was assumed that each code would be the product of the given industry, with input from management, labor and the consumer. However, this was not to be the case. It soon became clear that the codes were to be developed by the industry. The provision pertaining to wages was very involved. The industry established rates of pay which varied from district to district. Their reason for these wage differentials were stated in the code as being due to the difference in the cost of living and economic conditions of certain areas. The Administration had been forced to compromise on several

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<sup>34</sup>H.R. Cayton and G.S. Mitchell, Black Workers and the New Unions (Chapel Hill: University of North Carolina Press, 1939), 90. Also see Hill, Black Labor and the American Legal System.

<sup>35</sup>Sherman Act, 26 Stat. 209 (1890), as amended, 15 U.S.C. § § 1 et seq. (1982).

points. When the steel companies expressed their willingness to include Section 7A into their code, the Administration accepted the wage differential.

In May 1935, the courts ruled the NIRA unconstitutional<sup>36</sup> and this was followed one month later by the passage of the National Labor Relations Act,<sup>37</sup> which reformulated Section 7(A) of the NIRA. The NLRA authorized the creation of the National Labor Relations Board, who would:

have the power to certify unions as exclusive bargaining agents; to order elections among competing unions so that workers could choose a collective bargaining agent or "no union"; and to insure that after a union was certified as the exclusive representative, employers legally obliged to recognize the union would engage in collective bargaining.<sup>38</sup>

Black leaders insisted that a clause barring racial discrimination be included in this section of the Act. During this time the closed shop, also known as a union shop, provided that all men employed in a plant had to join a union either at the time of employment or soon after. Blacks feared a new law legalizing a closed shop, would require employers to hire only union members. The closed shop did not interfere

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<sup>36</sup>Schechter Poultry Corp. v. U.S., 295 U.S. 495 (1935).

<sup>37</sup>National Labor Relations Act of 1935 (Wagner Act), 49 Stat. 449 (1935), as amended by 61 Stat. 136 (1947), 65 Stat. 601 (1951), 72 Stat. 945 (1958), 73 Stat. 541 (1959); 29 U.S.C. Sections 151-68 (1970).

<sup>38</sup>Hill, Black Labor and the American Legal System 104.

with an employers right to hire or fire, but blacks felt if an anti-discrimination clause were not included, it would lead to their being denied union membership. This would be the same as denying them employment. In the end the anti-discrimination clause was not included.

In 1936 there were 85,000 black steelworkers, making up 20 percent of the laborers and 6 percent of the operators.<sup>39</sup> This time the National Negro Congress felt the best way to help the black steelworker was by organizing and the Steel Workers Organizing Committee welcomed their support. At their first convention one of the items on their agenda was to agree to organize the steelworker regardless of race, color, creed, nationality or sex.<sup>40</sup> By the end of 1937, the SWOC was bargaining for 550,000 steel workers, in addition to which it now had the largest group of black union workers in the United States.<sup>41</sup> It succeeded in increasing wages, reducing work hours and in some parts of the steel industry, it put an end to Jim Crow practices. Instances such as this would pave the way for the integration of the workforce.

## World War II

World War II brought a boom in industry as defense efforts got underway. The defense industries absorbed all

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<sup>39</sup>Foner, Organized Labor and the Black Worker, 218.

<sup>40</sup>Sweeney, United Steelworkers of America, 40.

<sup>41</sup>Ibid., 224.

available white worker's yet their color ban remained. Many labor unions in the defense industries would not admit blacks. Management with closed-shop agreements<sup>42</sup> would turn down black applicants for being nonunion. A. Phillip Randolph who had been president of the National Negro Congress, created the March On Washington Movement in 1941.<sup>43</sup> By May of that year, March on Washington Committees had been organized in Washington, New York and Chicago. This march was in protest of the discrimination blacks had been encountering in the working environment. The march was eventually called off, but only after President Roosevelt pledged that executive action would be enacted. On June 25, 1941, he issued Executive Order 8802, barring discrimination in the defense industries and also establishing a five-member Fair Employment Practice Committee.<sup>44</sup> On May 27, 1943, Executive Order 9346 reorganized the FEPC and expanded its jurisdiction beyond the defense industries, to include virtually all businesses which in any way affected the national interest.<sup>45</sup>

The Committee had no enforcement powers, it only

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<sup>42</sup>Such agreements are now unlawful. See, for example, Charles J. Morris, ed., The Developing Labor 2d ed., (Washington, D.C.: Bureau of National Affairs, 1983)

<sup>43</sup>Jack M. Bloom, Class, Race, and the Civil Rights Movement (Bloomington & Indianapolis: Indiana University Press, 1987), 78.

<sup>44</sup>Hill, Black Labor and the American Legal System, 179.

<sup>45</sup>Ibid.

investigated complaints against employers and unions. It literally faced defiance from both unions and employers until its demise on June, 1946. Many of the unions ignored the Committee or openly defied it. The end of the war saw the FEPC further weakening, with unions opposing the establishment of a permanent FEPC. Southerners had enough political clout to defeat the legislation creating a permanent committee. In the long run, the FEPC had very little effect on unions. It had no power whatsoever to enforce compliance. Due to the fact it had no authority or support from Congress, it was never accepted by employers, unions or the public.

In 1942 the National War Labor Board was charged with the responsibility of settling all labor disputes which involved a threat to national security.<sup>46</sup> This same year the SWOC became the United Steelworkers of America. The black caucus to the convention sought to elect a black to the international office, but were unsuccessful. The South continued discrimination of blacks, with the local steelworkers CIO union doing little to improve racial equality. The CIO, even though it had taken a stand on discrimination, did very little in overseeing the unions enforcement of the policy. Discrimination in employment, hiring, wages and promotion continued.

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<sup>46</sup>U.S. National War Labor Board, The Termination Report of the National War Labor Board (Washington, D.C.: GPO, 1947), 5. (hereinafter cited as Termination Report).

The government continued to become involved companies and unions. Collective bargaining changed during this time, when industry-wide bargaining began to take place. Up until the beginning of World War II, union and management were the two parties involved in collective bargaining, but now the government comes into the picture as the third party. This comes on the heels of the Little Steel Case.

The Little Steel Case involved Bethlehem Steel, Inland Steel, Republic Steel and Youngstown Sheet and Tube. The SWOC gained bargaining rights in these plants in 1941 and immediately began conducting separate negotiations with each of these companies. Negotiations continued and eventually went before the War Labor Board on July 16, 1942 where the War Labor Board heard the cases as one. One of the major issues was wages. When the War Labor Board handed down their wage formula for the small steel companies, it became known as the "Little Steel" formula, which would set the future wage pattern for the larger steel companies.

#### Steel Industry's Industrial Relations System

In examining the steel industry from the late 1800's up to the mid-1940's, the three factors which Kochan has identified become more pronounced. Their interaction in the environment during certain periods of time begins to present a clearer picture of the evolution of the steel industry's industrial relations system.

The industry, the first factor, went through a number of transformations. Production in the late 1800's increased due to the demand for steel. By the 1920's several steel companies have consolidated and production capacity continuing to expand. Then during the 1930's, during the Depression, production fell until 1940 when demand again increased with the start of World War II. It was in the environment of the 1930's, when people were being laid off and wages were being cut, that unionization in steel began to emerge. In the 1940's the pendulum swayed the other way putting the steel industry back on top.

Another factor is the worker. In the 1800's the steel industry is made up of skilled workers, hired into key positions, in the production process. These are highly skilled individuals desperately needed by the employers. As mechanization and division of labor increased, steel production grew and companies became more powerful. This increase in mechanization meant the need for the skilled worker was not as great as it had been. The introduction of new machinery, a greater number of semi-skilled and unskilled workers, all played a major role in reducing the power of the skilled worker. This new large pool of unskilled workers are what unified the workforce and set the stage for an industrial union. In addition the Depression and the changes Franklin D. Roosevelt made under the New Deal, paved the way for the SWOC.

This momentum in the union movement was a product of the economical, social and political environment of the Depression. This was a time of layoffs, unemployment and those who did continue to work could expect a cut in wages. The black workers, not yet integrated into the workplace or the unions, were the first to be laid off. As workers grew more and more disenchanted, union organizing began to take place.<sup>47</sup>

Due to increasing industrialization there was a shift in black migration from farms to cities.<sup>48</sup> These individuals became the unskilled worker. The SWOC, with the aid of the National Negro Congress, brought blacks to the union. Even though they were now in the unions, they were faced with discrimination. Racial discrimination was at every corner. The government passed laws against discrimination, which unions and businesses were required to follow, and they in

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<sup>47</sup>For reasons as to why employees join unions see for example, P.B. Beaumont, Change in Industrial Relations: The Organization and Environment, (New York: Routledge, 1990). Charles C. Heckscher, The New Unionism: Employee Involvement in the Changing Corporation (New York: Basic Books, 1988). Diane Watson, Managers of Discontent (New York: Routledge, 1988). Donald M. Wells, Empty Promises: Quality of Working Life Programs and the Labor Movement (New York: Monthly Review Press, 1987).

<sup>48</sup>See, for example, James R. Grossman, Land of Hope: Chicago, Black Southerners, and the Great Migration (Chicago: University of Chicago Press, 1989); and for a discussion of the black worker and the problems they faced in employment and with unions see, Robert B. Grant, The Black Man Comes to the City: A Documentary Account from the Great Migration to the Great Depression, 1915-1930 (Chicago: Nelson Hall Co., 1972), 82-124.

turn incorporated these laws into their respective policies. Despite the evolution of legislation many union constitutions proceeded to prohibit black membership.<sup>49</sup>

The government is the third factor that effected the steel industry's industrial relations system. The government went from a hands-off approach, to passing legislation giving it power to intervene and act as an arbitrator. The laws reflect the changing climate. The government has now run the gamut of no involvement to total involvement.<sup>50</sup> This third "factor" acted according to whatever issues needed to be addressed at any given time.

Companies responded to the growing need of steel by increasing their mechanization. This, in turn, affected the labor, prompting the National Labor Relations Act. Kochan's model allows for the interactions of these three factors at each level. The evolution of labor-management relations is better understood and a sketch of the picture of their future course has now been painted.

Kochan's three factors and labor-management relations are at the core of how race relations policies evolved. No policy can be developed or implemented in a vacuum. It takes people,

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<sup>49</sup>Many union constitutions prohibited black members. See, for example, *Steele v. Louisville & Nashville Railroad Co.*, 323 U.S. 192, 65 S. Ct. 226, 89 L. Ed. 173 (1944).

<sup>50</sup>See Termination Report, 6 where William H. Davis, Chair of the National Defense Mediation Board expresses a word of caution regarding government involvement in labor disputes.

interaction and events to be the impetus for any type of change. Kochan's model takes all of this into consideration and leaves room for growth.

1945 to 1969 were years in which many changes occurred in the area of civil rights and the integration of the workforce. At Inland Steel the major factor was new management that was committed to equal rights. The individuals they hired, such Mr. Caples, shared their goals of making Inland a company where all employees would be respected and treated as equals, in every facet of their work.

Unions and their policies of integrating black members also evolved during this time period. In most instances, this was due to the laws which were passed mandating unions and employers to abolish their discriminatory policies. As Kochan has identified, the external environment and the pressures which ensued were the most critical factors in the development of the steel industry's industrial relations system and race relations policies.

## CHAPTER 2

### BACKGROUND OF STEEL INDUSTRY PRIOR TO 1945

#### Overview of Steel Industry

Generally, blacks were used as strikebreakers in all industries, and the steel industry was no exception. Employers imported blacks during strikes. This was an advantage to employers because blacks primary concern was to find work. Because they were not effected by public or unions' opinion regarding unionization, they had no qualms of acting as replacements. The jobs blacks held in the South did not pay as well as working in factories. When the opportunity arose for them to make more money they took advantage of the situation. Another advantage was that employers could adopt lower wage scales because it was difficult for blacks to find employment. Yet with the passage of the National Industrial Recovery Act and the new recognition which unions received, management was forced to view employees in a new light. The two main reasons blacks were affected were: (1) because they were part of the labor force and (2) because they were part of the labor force which was more likely to be taken advantage of by both management and unions.

Prior to employing blacks, the labor supply was mainly drawn from Europe. Blacks had been used in northern steel plants as strike breakers during the period 1875-1914. In the South blacks were always a potential labor force, but were not used until industry, faced with a strike, was forced to do so. The United States experienced an extreme manpower shortage with the coming of World War I, forcing companies to use black workers.

During World War I blacks began to enter all northern industries. Between 1910 and 1920, the black population increased in many of the major cities. In Detroit, the black population increased by 611.3 percent, Cleveland 307.9 percent, Chicago 148.2 percent and in Pittsburgh 47.2 percent.<sup>51</sup> The steel industry in Chicago employed black newcomers comparable to the meat packing industry. In Illinois, the black workforce in the steel industry increased from 35 in 1916 to 1209 in 1919.<sup>52</sup> In Gary, Indiana U.S. Steel's black workforce increased from 407 in 1916 to 1295 by 1918.<sup>53</sup>

In the steel strike of 1919, the use of blacks as strike breakers reached its heights. It is estimated that 30,000 to

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<sup>51</sup>Cayton, Black Workers and the New Union, 6.

<sup>52</sup>Grossman, Land of Hope, 184.

<sup>53</sup>Ibid.

40,000 blacks were recruited as strike breakers.<sup>54</sup> By 1920 the census said that 105,641 or 14.4 percent blacks were in the iron and steel industries.<sup>55</sup>

It is estimated that between the years 1920-1930 over 1,000,000 blacks left their rural southern homes.<sup>56</sup> Some moved to cities in the south, but most migrated to the north. The demand for black workers was mainly in the steel plants. Of all the steel producing states, Illinois received the most migration of blacks.<sup>57</sup>

In 1921, the immigration law put a stop to most of the European labor supply, forcing northern industries to draw upon the south for unskilled labor. Blacks were brought into the lowest paid and most unpleasant jobs in the steel industry. As the length of residency in this country increased, there was a tendency for various nationality groups to rise in the occupational hierarchy and have jobs at the lower levels filled by the most recent immigrant groups. For example, the earliest immigrants, the English and Germans, were from Northern Europe and the first to enter industry.

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<sup>54</sup>William Foster, The Great Steel Strike And Its Lessons (New York: B.W. Huebscsh, 1920), 207.

<sup>55</sup>Department of Research and Investigations of The National Urban League, Negro Membership in American Labor Unions (New York: Alexander Press, 1930; repr., New York: Negro Universities Press, 1969), 14.

<sup>56</sup>Cayton, Black Workers in the New Unions, 6.

<sup>57</sup>Emmett J. Scott, Negro Migration During the War, (New York: Oxford University Press, 1920) 58.

Therefore, they were the first to rise from laborers to highly skilled and sometimes to executive positions. This occupational succession was slow for blacks, in addition to which there were limits to how far the black worker could rise. People rationalized keeping blacks in the most undesirable and unpleasant jobs, such as working in the open hearth, rolling or "hot" mills,<sup>58</sup> because they believed the blacks could stand the heat better than the white men. Blacks faced discrimination at every turn.<sup>59</sup> Not only were they given few promotions, but they also faced displacement and unemployment.<sup>60</sup> Companies segregated blacks in housing, lunchrooms and at work.<sup>61</sup>

### Obstacles Steel Industry Faced in Unionizing

The steel industry faced several major obstacles in attempting to unionize the steel worker: racial and ethnic

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<sup>58</sup>The rolling mills, also known as "hot mills", is the major process involved in steel manufacturing. The mill is hot and in this phase of the process a piece of steel weights from 30 to 3,000 pounds. The temperature during this time frequently exceeds 2000 Fahrenheit. In addition to heat generated by furnaces, equipment and the steel itself, the area is smoky and noisy. Alice Katherine Osborne, An Encyclopedia of the Iron and Steel Industry (New York: Philosophical Library, 1959), 356.

<sup>59</sup>Robert C. Weaver, Negro Labor: A National Problem (New York: Harcourt, Brace & Co., 1946), 297.

<sup>60</sup>Robert H. Ferrell, Woodrow Wilson and World War I, 1917-1921 (New York: Harper & Row, 1985), 13.

<sup>61</sup>Grant, The Black Man Comes to the City, 124.

heterogeneity; wage spread; and company control of workers.<sup>62</sup>

The steel industry had a large number of ethnic groups in their workforce, and when the blacks and Mexicans began to arrive, this added to the already diverse ethnic work group. There soon came to be three and sometimes five major racial and ethnic categories:

- Americans - descendants of the earliest immigrants which were the English, Irish, Scotch, Welsh, Germans and Scandinavians
- Foreigners or "hunkies" - the later immigrants which were the Roumanians, Bulgarians, Hungarians,
- Greeks, Italians and others from Eastern and Southern Europe
- Blacks
- Mexicans, which sometimes were the fifth group.<sup>63</sup>

Mexicans entered the steel industry as unskilled laborers and competed for jobs with blacks in the steel mills of the Pacific Coast, Colorado and the Calumet District in northern Indiana. The mixture of these races in the labor force divided the workforce as such, that it prevented the formation of any type of organization.

The differences in wages were another reason there was no solidarity in the labor force. There were three levels of income among the steel workers:

- Highly skilled were those which were involved in the making and rolling of iron and steel. Some of these jobs included smelters, puddlers, shearman, rollers, heaters, which were paid on a tonnage basis and received the highest wages in the plants.
- Mechanical tradesmen were those in the standard

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<sup>62</sup>Cayton, Black Workers and the New Unions, 43.

<sup>63</sup>Ibid., 44

crafts, such as brick layers, machinists, boilermakers, electrical workers. They received less than the skilled iron and steel workers, but more than the lowest group.

- Semi-skilled operatives, unskilled laborers and maintenance men were considered to be the lowest paid worker.<sup>64</sup>

Whites generally made up the first category and foreigners, blacks and Mexicans were generally the majority of the last category. The skilled workers were able to maintain a higher standard of living and tended to identify themselves with the managerial class because they held the best jobs. For this reason, they were reluctant to become union members.

In 1903, U.S. Steel began a program where employees could purchase company stock. Their purpose was to give the worker a stake in the company. Unskilled workers were not expected to buy stock, which further split the ranks of workers. Bethlehem Steel Corporation, International Harvester Company, Jones and Laughlin Steel Corporation, Youngstown Sheet and Tube Company were among other companies which also began to implement such a program.

The growth of unionism was also stifled by the steel companies' control over their workers. In many instances the workers lived on company owned property further strengthening

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<sup>64</sup>Ibid., 48.

the employer ties to the employees personal lives.<sup>65</sup> Companies also instituted such welfare programs as bowling leagues, visiting nurses, mutual aid societies, stock ownership, accident prevention programs and health and sanitation programs. Pension and group insurance plans also made the worker more dependent on the company. Workers with many years of service were reluctant to join the union for fear of losing their pension. There was also the fear that benefits of group insurance could be lost if employment in their plant were to cease.

Another barrier to unions was the company union. The first large industry to use the Employee's Representative Plan was the Colorado Fuel and Iron Company which was organized by John D. Rockefeller, Jr. after the coal miner's strike in 1913. It was during this post-war period company unions became a way of fighting independent unions. The War Labor Board had established more than 200 shop committees in plants which had been producing items for the war.<sup>66</sup> As soon as the War Labor Board was dissolved, employers proceeded to also dissolve the committees and tried to substitute company unions for the shop committees. This was the time when company unions in the iron and steel industry were introduced.

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<sup>65</sup>For an in-depth study of the extent companies went in creating a forced dependency and dominating employees lives see for example, Walter H. Uphoff, Kohler on Strike: Thirty Years of Conflict (Boston: Beacon Press, 1966).

<sup>66</sup>Cayton, Black Workers and New Unions, 58.

From 1919-1926, these employee representation plans were introduced to large industries, blacks were included. Blacks were familiar with this pattern of a relationship between employer and employee. The company unions wanted them, but the white unions did not.

### Unionization of Steel

Union's attempts to organize the steel industry was significant to the integration of the workforce. In steel, the majority of the jobs were the skilled and unskilled jobs in the mills, which were the main areas of organization. It was not unusual that many of the lower level, or unskilled jobs, were usually held by blacks. In addition to the discrimination faced in employment, blacks also faced discrimination in the unions. However, the history of unionization is important because the issues of the integration of the workforce and the racial policies which were eventually implemented by companies and unions blended together. A checks and balances system was created, whereby the two entities eventually used each other to enforce one or the other's anti-discrimination policies.

### Sons of the Vulcan

In order for one to better understand why the steel industry treatment towards blacks evolved the way it did, one must look at the industry's history. Unionism in the steel industry dates back to 1858, which was when the Sons of Vulcan

was founded in Pittsburgh by a group of iron puddlers.<sup>67</sup> Discrimination in the steel industry had its roots here. When the union formed, it had a constitutional provision which barred blacks from becoming members. In 1862 the Sons of Vulcan formed a national organization called National Forge. On August 3, 1878, the Amalgamated Association of Iron, Steel and Tin Workers was organized when delegates from the National Forge, the United Nailers and two smaller iron unions met in Emerald Hall in Pittsburgh and declared themselves an amalgamated body. Between 1880 and 1890, they succeeded in unionizing most of the iron mills in the Pittsburgh district.

During these early years the Amalgamated was not interested in organizing blacks. The Sons of Vulcan policies had been carried over by its members. The Amalgamated did not go to the lengths the Sons of Vulcan had gone to by officially incorporating a clause barring blacks in their constitution, yet they did not officially favor organizing the black steelworkers. In 1881, blacks were admitted into the union, but not into white lodges. Separate lodges were thus created.

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<sup>67</sup>Puddling was a process used for making wrought iron. As pig iron was removed from the blast furnace it still contained impurities. Before the iron could be rolled into finished products these impurities had to be removed and the iron had to be made soft. This was accomplished in a large ovenlike structure called a puddling furnace. During this step of the iron-making process the iron was boiled, reduced to molten form and stirred constantly by the operator called a puddler. Thomas Southcliffe Ashton, Iron and Steel in the Industrial Revolution (New York: Augustus M. Kelley, 1968), 87-95.

The first black lodge was the Garfield Lodge which was organized in 1887 in Pittsburgh. By 1888, the Amalgamated dominated the whole trade union movement and was the most powerful union in the United States.

The unionization of steel continued to struggle. In 1901 after the organization of the U.S. Steel Corporation, the Association thought it could organize workers in the non-union mills of this new corporation. There were meetings between union and management, but the union thinking it was more powerful, underestimated the operators. A strike, which was lost in two weeks, culminated with the union being forced to accept an agreement. This proved to be undesirable because it covered fewer mills than any of the earlier proposed settlements. The loss of this strike further weakened the union and after 1902, the union was forced out of the mills in the East. By 1909, steel unionism essentially ceased to exist. Attempts to organize steel again gained momentum during World War I. In 1918 at the American Federation of Labor convention plans were developed to begin a campaign to organize the industry, but efforts were not successful.

The membership of the Amalgamated Association was composed largely of the skilled worker. The union became interested in the unskilled black worker only when forced to do so. The skilled white workers in the North feared competition from the skilled black workers which migrated from the South. Even though there were segregated locals the white

worker refused to work, or acknowledge the black worker. As union membership began to decline, the numbers of blacks in the steel industry began to increase. By the time the Association realized they needed the black worker to survive, it was too late.

### Knights of Labor

In 1880 the Knights of Labor, an industrial organization, made attempts to organize all workers, both skilled and unskilled, regardless of race. They were the first to make efforts to organize blacks on a large scale. In 1886, when it was at its most powerful, the Knights claimed they had 60,000 black members.<sup>68</sup> Their goals were twofold: to unite all workers regardless of race, creed, color, sex or national origin and to abolish what they termed "wage slavery."<sup>69</sup> The Knights did not openly wage a campaign to end racism. Segregated locals continued and inequalities remained, but the Knights were the first to develop the principles of labor solidarity and racial equality.

The Knights, spreading themselves too thin, began losing power by trying to deal with too many issues at once. Attempting to establish an eight hour work day, increase wages and involvement in too many strikes, proved to be too much.

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<sup>68</sup>Ibid, 74. As cited in Footnote, Harris & Spero, "Negro Problem," Encyclopedia of the Social Sciences, XI, 339.

<sup>69</sup>Foster Rhea Dulles and Melvyn Dubofsky, Labor in America, 4th ed., (Arlington Heights, IL: Harlan Davidson, 1984), 122.

These factors, along with few full-time paid official without any real managerial experience was their downfall. By 1893 they began losing membership and anti-black members became the majority. The Amalgamated began to pick up where they left off and little by little black representation in the union continued to increase.<sup>70</sup>

### The Steel and Metal Workers Industrial Union

During the latter part of the 1920's and early 30's the Communist party had several industrial unions whose goal was to organize the masses of the unorganized worker, including all minorities. The Steel and Metal Workers Industrial Union was one of these unions. This union differed from the Amalgamated Association in that it tried to organize the unemployed and draw them into the picket lines in case of strikes. Another difference was that their dues and fees were on a sliding scale, therefore individual's paid according to their earnings.

The S.M.W.I.U. regarded organizing blacks as one of their major tasks. The membership book of the union stated it:

...fights for full equality for the Negro workers - both on and off the job. At all times the S.M.W.I.U. strives for the greatest possible unity

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<sup>70</sup>Labor agreements during this time provided for "white jobs" and "colored jobs." See, for example, Lamont E. Stallworth, "The Arbitration of Discrimination Grievances: An Examination Into the Treatment of Sex and Race-Based Discrimination Grievances by Arbitrators Since World War II," (Ph.D. diss., Cornell University, 1980), 173-195.

in the struggles of all of the workers.<sup>71</sup>

The S.M.W.I.U. placed this emphasis on the black worker because according to the Communists, blacks were fighting to be liberated from the "capitalist-imperialist social structure in the United States" and would therefore make the best allies and "best fighters for the revolution." After the passage of the NRA the S.M.W.I.U. grew and did enjoy some success, but it was not to last. Their downfall was the "red scare" which began taking place.<sup>72</sup> Employers and the government began directing campaigns against the S.M.W.I.U. Membership began declining when announcements were made that the "red," Communist unions were "un-American." Employers also refused to deal with the union on the grounds it considered itself a Communist organization. The S.M.W.I.U. was finally defeated. It disbanded with many of its members joining the Amalgamated.

#### The NIRA and the Steel Code

When the NIRA was passed in 1933 its purpose was to restore jobs to the unemployed and to increase the total national purchasing power. One of the provisions was to have

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<sup>71</sup>Bert Cochran, Labor and Communism: The Conflict that Shaped American Unions (Princeton: Princeton University Press, 1977), 156.

<sup>72</sup>In the mid-30's, amidst international aggression, the United States began perceiving anything foreign as a threat. The public became paranoid and took their fears out on aliens and communists. "Reds" were blamed for promoting subversive ideologies, the depression and labor unrest. Bruce J. Dierenfeld, Keeper of the Rules (Charlotte: University Press of Virginia, 1987) 76.

each industry write a code which would then be presented to the National Recovery Administration for approval. The Administration's goal was that these codes were to be written by management, labor and the consumers. However, this was not to be the case. What came to pass, was that the drafting of the codes soon came to rest with the employers.

The Steel Code was approved on August 19, 1933, and included wage differentials between the North and South. Frances Perkins, the Secretary of Labor at that time was firmly opposed to these differentials.<sup>73</sup> At the Steel Code hearings before the National Recovery Administration on July 31, 1933, Secretary Perkins is quoted as saying:

The proposal to divide the country into 21 separate wage districts with differentials of 2 and 3 cents an hour needs to be very carefully examined. It has the appearance of an arbitrary fixing of wages that can hardly be justified by differences in costs of living. If separate wage zones are needed they should be established only after the most careful research; and the number of such zones should be strictly limited to a very few that are dictated by essential and substantial differences, and not by the mere fact that some employers may have been in a position to press the common labor rate down a few cents lower than others. If this is not done, one of the worst forms of unfair competition may be perpetuated, namely, that which is brought about by those who cut labor rates. An Industry that has been given the privilege of preventing unfair price competition must assume the responsibility also of

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<sup>73</sup>For a historical analysis of Frances Perkins life during her term as Secretary of Labor see for example, George Martin, Madam Secretary, Frances Perkins (Boston: Houghton Mifflin Co., 1976). Lilian Holmen Mohr, Frances Perkins, That Woman in FDR's Cabinet (Croton-on-Hudson, NY: North River Press, 1979). Bill Severn, Frances Perkins: A Member of the Cabinet (New York: Hawthorn Books, 1976).

preventing unfair wage competition.<sup>74</sup>

The Administration had compromised on other parts of the code. Thus, despite opposition, the Administration proceeded to accept the code and "overlook" the wage differential.

The steel differentials varied in districts, but the North-South differential was even greater. The lowest wage in the South was twenty-five cents an hour, whereas in the North it was thirty-five cents; the highest wage in the North was forty cents an hour and in the South it was twenty-seven cents.<sup>75</sup>

This North-South differential was directed towards blacks, but pressure from the steel industry and organized southern manufacturers further intensified the situation, and the Administration felt it was forced to make the concession of letting this wage differential stand.

Codes from other industries also included this wage differential, such as the Cotton Textile Code, Petroleum Code. The Codes themselves did not create the wage differential. This wage differential existed because of the unequal bargaining power of labor in various parts of the country and among the different racial groups. Yet the codes did extend to the situation a formal recognition and the sanction of the federal government.

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<sup>74</sup>Cayton, Black Workers and the New Unions, 97. As quoted in the Transcript of the Corrections on the Analysis of the Steel Code by the Secretary of Labor, Frances Perkins, before the National Recovery Administration, July 31, 1933, p. 18.

<sup>75</sup>Ibid.

In doing this the government opened the door to problems which still exist today, mainly because many of the written codes were done so arbitrarily and with the sole purpose of distinguishing the white and black labor force of an industry. An NRA official who was as equally concerned about the wage differential as Secretary of Labor Perkins was of the opinion that these differentials would eventually lead to job competitions between black and white workers. He too, agreed this would perpetuate the problem of exploiting labor, but more specifically it would have a greater negative impact on blacks.<sup>76</sup>

Other NRA staff members at the time felt the Recovery Administration itself was also prejudice to some extent. Despite negative reactions, the problems confronted by black workers were usually ignored by the NRA. Mr. John P. Davis, of the Joint Committee on Recovery wrote that officials of the NRA essentially were not serious about integrating the blacks into the workforce.<sup>77</sup> He also made several important points: the first was that blacks had less than a dozen representatives in six hundred code hearings; in addition, the National Industry Recovery Administration employed approximately 1,000 people, with no black individual above the

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<sup>76</sup>Ibid., 100-101.

<sup>77</sup>John P. Davis, "Blue Eagles and Black Workers," The New Republic, (November 14, 1934), 7.

rank of a messenger.<sup>78</sup>

The Division of Research and Planning employed Mabel Byrd to study the problems of black labor under the NRA. She was denied an office for four weeks at the NRA headquarters. When a spot was finally found for her, she was placed in a corner in which black census workers had been Jim-Crowed.<sup>79</sup> After several months she was notified that the study was being cancelled because it would be "preposterous" to have such a study done by a black. Ms. Byrd was convinced that the reason the study was cancelled was due to the fact that it would have unearthed discrimination against the black under the NRA.

On May 31, 1934, the President signed an amended code for the steel industry. This amended version had virtually no changes on the most important point -- the Southern wage differential remained in force. In 1936 there were 85,000 black steel workers, yet still in the lowest paying jobs.<sup>80</sup> Their salaries still based on this North-South differential,

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<sup>78</sup>Ibid.

<sup>79</sup>The exact date of the origin of the term "Jim-Crow" is unknown. The term was the name of a song which was written by Thomas D. Rice in 1832 and in 1838, it began to be used as an adjective. Writers began using this expression in the 1890's when referring to the segregation of blacks, and the racism they confronted in all aspects of life. The roots of segregation and racial discrimination date back to the Civil War and slavery. Many historians believe that racial separation intensified after the end of slavery and became fully developed after the Reconstruction Act of March 1867. C. Van Woodward, The Strange Career of Jim Crow, 3rd ed., (New York: Oxford University Press, 1974), 1-30.

<sup>80</sup>Foner, Organized Labor and the Black Worker, 218.

averaged between \$16 and \$22 per week.<sup>81</sup>

### Revival of Company Unions

When the first Steel Code was adopted there were three unions seeking to attract the steelworkers: (1) the Amalgamated Association of Iron and Tin Workers; (2) the (Communist) Steel and Metal Workers Industrial Union; and (3) company unions.

Once the NIRA was passed, companies began to aggressively revive the company unions. In November, 1933, 45 percent of the workers (1,164,294 employees) in 3,314 steel plants, were under Employees Representation Plans.<sup>82</sup> This was a 218 percent increase of membership as compared with an increase of 125 percent in the membership of organized labor unions.<sup>83</sup> It is estimated that by December of 1933, there were more than 3,000,000 employees in company unions.<sup>84</sup> Some of the industries with strong company unions were: automobile, iron and steel, foundries, machine shops, electrical manufacturing, metal mining, petroleum refining, rubber products and farm machinery.

The Employee Representation Plans were established to

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<sup>81</sup>Ibid.

<sup>82</sup>Cayton, Black Workers in the New Unions, 104.

<sup>83</sup>Ibid.

<sup>84</sup>Ibid.

meet all of the qualifications of collective bargaining. Representatives were elected and committees established to meet once a month, with management representation on each committee. The plan, which could be amended, also provided for a grievance procedure. In many cases before a grievance could be submitted to an outside arbitrator or an amendment made, a majority vote of the committee had to be obtained. Because employee representation on the committees was 50%, this meant that a management representative would have to vote with the workers in order for there to be a majority vote.

Employees supported these company unions, because they feared for their jobs. Others did not understand the meaning of the plans. Once the SWOC came to power the ERP were the first items they attacked. Charges were filed with the NLRB against some of the larger corporations against this company-union system. Eventually, the NLRB declared them to be illegal, forcing companies to dissolve them.

### The CIO and SWOC

At the 1934 AFL Convention, two resolutions were passed: (1) to conduct an organization campaign in the iron and steel industry and (2) that this industrial form of organization be applied to all basic industries. The Executive Council continued to protect the rights of the existing craft unions and did not wholeheartedly support the idea. The organizing movement thus proved to be unsuccessful.

Led by John L. Lewis, more pressure was exerted from the industrial block to have industrial unionism, at the 1935 Convention. Again, they were defeated by the craft group. The day after the convention the industrial bloc planned a conference for November 9, whereby they organized the Committee for Industrial Organization (CIO). The CIO was composed of the following unions: the United Mine Workers, the Amalgamated Clothing Workers, the International Typographical Union, the International Ladies' Garment Workers, the Oil Field, Gas, Well & Refinery Workers, the United Hatters, Cap, Millinery Workers and the International Mine, Mill and Smelter Workers.

In 1935 Lewis resigned as Vice-President of the AFL, and the CIO began their preparation to organize the workers in the iron and steel industry. To accomplish this goal, they formed the Steel Workers Organizing Committee (SWOC). In February, 1936, Lewis offered the AFL \$500,000 toward a fund of one and a half million, to organize the steel industry, along an industrial line, and not a craft line.<sup>85</sup> The AFL declined the proposal. The same proposal was made to the Amalgamated Association, and they accepted. The Steel Workers Organizing Committee was now organized to do the job Lewis had been wanting.

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<sup>85</sup>Irving Bernstein, Turbulent Years: A History of the American Worker 1933-1941 (Boston: Houghton Mifflin Co., 1969), 441.

The SWOC grew and by the end of 1937 was bargaining for 550,000 steelworkers and had contracts with approximately 450 steel companies.<sup>86</sup> That same year SWOC was successful in organizing the U.S. Steel Corporation. Myron C. Taylor, Chair of the U.S. Steel Corporation and Lewis reached an agreement without a strike, making the CIO union the exclusive bargaining agent for "Big Steel" workers, yet it was a different story with the "little steel companies". This was a group of the smaller independent companies which consisted of: Bethlehem, Republic, Youngstown Sheet and Tube and Inland Steel, which banded together to resist the union. The Little Steel Companies refused to sign a contract and on May 26, 1937 a strike order, covering 75,500 workers in the plants of the independent companies in Chicago, Indiana Harbor, Youngstown, Canton, Massilon, Warren, Niles and Cleveland was issued. The most violent strike ended at Republic Steel's South Chicago Mill, with the Chicago Memorial Day Massacre where ten people were killed.<sup>87</sup> For the time being, the SWOC was defeated. After the strike, Republic, Youngstown Sheet and Tube, and Bethlehem continued fighting against the union. The LaFollette Committee did an expose on the companies' involvement during this time period and the extent they had

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<sup>86</sup>Foner, Organized Labor and the Black Worker, 223.

<sup>87</sup>Sidney Lens, The Labor Wars: From the Molly Maguires to the Sitdown (New York: Doubleday & Co., 1973), 319.

gone to in trying to crush the union."<sup>88</sup> After the report was made public Republic ended up paying \$350,000 in personal damage suits to 208 union members who had been injured.<sup>89</sup> In addition, on August, 1939, the new Labor Relations Board ordered Bethlehem Steel to dissolve its Employee Representation Plan and to stop interfering with the SWOC. Similar findings were also the case with Youngstown Sheet and Tube and Republic, where strikers were reinstated with back pay.

The SWOC held their first convention in 1937 and identified eight objectives of their union:

1. To unite in one organization, regardless of creed, color or nationality, all workmen and working women eligible for membership, employed in and around iron and steel manufacturing, processing, and fabricating mills and factories of the American continent.
2. To increase the wages and improve the conditions of employment of membership by legislation, conciliation, joint agreement or other legitimate means.
3. To endeavor to obtain by joint negotiations or legislative enactment a six-hour day and five-day week.
4. To strive for a minimum wage scale for all members of the organization.

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<sup>88</sup>James J. Matles and James Higgins, Them and Us: Struggles of a Rank-and-File Union (Englewood Cliffs: Prentice-Hall, 1974), 102-116. For an indepth discussion of the Chicago Memorial Day Massacre, also see, U.S. Committee on Education and Labor, The Chicago Memorial Day Massacre (New York: Arno Press & The New York Times, 1971).

<sup>89</sup>Sweeney, The United Steelworkers of America, 39.

5. To provide for the education of the children by lawfully prohibiting their employment until they have at least reached 18 years of age.
6. To secure equitable statutory old age pension, workmen's compensation and unemployment insurance law.
7. To enforce existing just laws and to secure the repeal of those which are unjust.
8. To secure by legislative enactment, laws protecting the limbs, lives and health of our membership; establish our right to organize; prohibiting use of deception to secure strikebreakers; preventing the employment of privately armed guards during labor disputes; and such other legislation as will be beneficial.<sup>90</sup>

The SWOC knew if it were to be successful, then the black worker would have to be organized and it proceeded to do just that because officers of the SWOC were connected in some way to the United Mine Workers Union, which had more black members than any other labor group. Also by 1937, more black people were educated in union campaigns in addition to which at this time the CIO also endorsed by the National Bar Association of Black lawyers and judges and the National Negro Congress.

In 1942, SWOC changed their name to the United Steelworkers of America and they proceeded with their campaign of organizing the black steelworkers. They felt one way to do this was to get black organizers and just importantly to stress the union's nondiscriminatory policy. By the early

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<sup>90</sup>Ibid., 43.

1940's SWOC claimed a black membership of 35,000 and by 1943, 70,000<sup>91</sup>

The SWOC did benefit the black steelworker. It increased their wages, decreased work hours and put an end to some of the Jim Crow practices in some parts of the steel industry. Yet, the "equal and fair treatment" which was needed for solidarity was lacking. Wage differentials and occupational discrimination both further entrenched job segregation. World War II opened up more jobs for blacks, but there were still many sections of the mills which were closed to them, including skilled positions. This segregation also resulted in blacks receiving less seniority<sup>92</sup> and being the first ones to be laid off.

#### Formation of The United Steelworkers of America

At the 1942 convention the S.W.O.C. officially changed its name to the United Steelworkers of America (USWA). The issues concerning race in employment continued to remain unaddressed. The USWA, as other unions before them, also incorporated nondiscriminatory verbiage in their constitution. At this convention they passed a resolution:

to fight to secure the equality of treatment for all

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<sup>91</sup>Clark, Forging A Union Of Steel, 58.

<sup>92</sup>See for example, EEOC v. International Longshoremen's Ass'n., 511 F.2d 273, 10 FEP 545 (5th Cir. 1975); U.S. v. Jacksonville Terminal Co., 451 F. 2d 418, 457-58, 3 FEP 862, Reh. denied en banc, 451 F.2d 461, 4 FEP 2 (5th Cir. 1971), cert. denied sub nom.; Locomotive Engineers v. U.S. 406 U.S. 906, 4 FEP 661 (1971).

workers, Negro and white, and all races and creeds in industrial employment and promotion, in vocational training, in union leadership and service, in government and armed forces.<sup>93</sup>

Race relations policies not only with the USWA, but also with many steel companies, continued to be symbolic. Mechanisms were now in place to begin correcting the gross injustices confronted by blacks. As legislation evolved and corporations' and the USWA's commitment to equal opportunity continued to grow, the integration of blacks in the workplace gradually emerged. It would take many more years before any real progress could be discerned.

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<sup>93</sup>Herbert R. Northrup, Organized Labor and the Negro (New York: Harper & Bros., 1944), 185. As cited in Steel Labor, May 1942.

## CHAPTER 3

### BACKGROUND OF INLAND STEEL PRIOR TO WORLD WAR II

Prior to signing a contract with what was then the Steelworkers Organizing Committee, Inland Steel had typical industry experiences. In the early 1900's the environment was not conducive to any type of union drives. Just as the steel industry resisted unionization - so did Inland. During union drives, the steel industry faced severe criticism by the AFL. One was that the U.S. Steel Corporation was becoming a monopoly and much too powerful, and the other was that the labor conditions in the mills were deplorable.

In 1911 the Charity Organization Society of New York Launched its Pittsburgh Survey regarding working conditions at Bethlehem Steel. This spark touched off a strike with Bethlehem and was what the A.F. of L representatives needed to lead a striker's committee to Washington. Once there they demanded an investigation be made and a response be issued to the Survey. The steel industry was soon receiving scathing criticism, adding fuel to the fire. This same year, John Fitch published an article in the American Magazine entitled "Old Age at Forty," which became a battle cry for reform.

The steel companies worked to counteract this adverse publicity and the first area they addressed was the high accident rate. The Illinois Steel Company coined the slogan "safety first," which soon came to be the steel industry's motto. Inland, like many others, responded by establishing a safety department, and by 1915 had reduced its accident rate by 55 percent.<sup>94</sup> A program was started to educate its employees on the issue of safety. Safety concerned all people in the workforce, many of which were immigrants. To accommodate those employees of different nationalities, it is interesting to note that safety signs in 1911 were printed in English, Croatian, Polish, Rumanian, Hungarian and Slavic.<sup>95</sup>

Companies began to concern themselves with their workers well-being, both in and outside the work environment. In 1914 Inland organized the "Inland Fellowship Club" whereby more than 2,000 (70 percent) of the Indiana Harbor employees donated ten cents each month towards a relief fund for families and unemployed Inland employees.<sup>96</sup> Inland donated all coal necessary for the relief of the employees, in addition to which, they employed a visiting nurse to provide and care for the employees' families. Many of the steel companies did

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<sup>94</sup>Brody, Steelworkers In America, 167.

<sup>95</sup>Inland Steel Public Relations Department, "Inland Steel History," 1981(?), TMs [photocopy], p. 41, Inland Steel Research Library, East Chicago, Indiana.

<sup>96</sup>Wade Grinstead, 50 Years of Inland Steel, 1893-1943 (Chicago: Inland Steel Company, 1943), 42.

this type of welfare work which steel companies to help quiet public criticism. Labor eventually stabilized and the roar of unionization subsided. Thus, going into World War I, working conditions had improved and the threat of organized labor was minimal.

### World War I

But, World War I altered the environment. Inland, as other steel companies during the early days of the war, supplied steel to foreign nations. When the United States entered the war, this changed and all of the steel industry entered into full scale production in the war effort. Along with this full scale production came a labor shortage. As recalled by Frank Cassel:

The Mexican worker who came to Inland Steel came essentially with World War I and by and large they were imports from the American side of the Mexican border. That was the first batch that came. They were Mexicans who had been working in the fields in Southern Texas and they were imported to Inland.<sup>97</sup>

In response to a question as to why Mexicans were recruited, Cassel further stated:

Inland Recruited them for the war - as replacements. That's how the women got started in the mills. Women and Mexicans and to a substantial extent blacks, got started in the mills as a result of the labor shortage of white Anglos in World War I. It changed the complexion of the mills.<sup>98</sup>

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<sup>97</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>98</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

As the demand for labor increased the demands from the workers also increased. War triggered inflation and impacted employee unrest. As prices were driven up, the steel industry found that one way of dealing with the situation was to increase wages. The average hourly wage at Inland doubled between 1915-1918. Total Inland payroll, which was \$4,318,977 in 1915, more than tripled, reaching \$14,559,291 in 1918.<sup>99</sup>

### Post World War I and Renewal of Unionization Efforts

These wage increases were deceptive because as wages increased so did housing and food. Between 1915 and 1918 housing increased ten percent and food prices escalated eighty-two percent.<sup>100</sup> All of these factors revived organized labor. When the war ended the doors to organize steel were opened, yet employers still fought back. Employee representation plans were used by employers as one way of thwarting unionism. After the war, Inland adopted shop committees whereby employees were elected to be on workers committees and councils. These committees dealt with managing grievances, and in some cases also dealt with general questions about hours and wages. Inland saw this employee representation plan as a way of providing "effective communication and means of contact...and to insure justice,

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<sup>99</sup>Inland Steel, The Story of Inland Steel (Chicago: Inland Steel Company, 1971), 9.

<sup>100</sup>U.S. Census Bureau, Statistical Abstract of the United States, 1925, 322.

maintain tranquility and promote the general welfare."<sup>101</sup>

In addition to wage increases and the employee representation plans, companies began other welfare efforts. Inland, along with Carnegie, Bethlehem and Youngstown, announced expanded home building programs and in 1920 began building the Sunnyside Subdivision for its employees.<sup>102</sup> It also implemented a saving and profit sharing pension fund. Other companies formed cooperative clubs to counter the high cost of living and others bought food to sell at wholesale prices to their employees. This welfare capitalism had a soothing influence on the steel industry.

Yet even though the environment was now relatively calm, the problem of finding unskilled labor evolved. The southern black worker had been a chief source of labor to the steel industry, but it was something that did not entirely please some of the steel men. The president of Inland thought "it would be better for the industry and the country at large if the mills could continue to recruit their forces from [Europe]. The negroes should remain in the South."<sup>103</sup>

With unskilled workers in demand, the steel industry looked elsewhere and that elsewhere was the Mexican worker. Mexicans were recruited through employment agencies in San

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<sup>101</sup>Brody, Steelworkers of America, 227.

<sup>102</sup>Inland Steel Public Relations Department, "Inland Steel History", 58.

<sup>103</sup>Ibid., 266.

Antonio, Texas and sent north via trains. The cost of transportation, food and the lodging in company houses were to be repaid out of future wages. Importing Mexicans in this manner became very widespread in the steel industry. This is not to say that blacks were totally excluded, but the minority group representation did change. According to the 1930 census, the percentage of blacks working in the steel industry, did not increase between 1920-1930. Yet 1930 statistics show that in 1924 three of the major steel mills Mexicans made up 12.1 percent of the labor force and blacks 14.3 percent, and in 1928 the situation was reversed, with 14.2 percent Mexicans and 11.1 percent blacks.<sup>104</sup> Thus, between the two minority groups the steel industry now had an adequate unskilled labor supply.

### Inland's Management Style

In the 1930's the government's posture toward labor changed. The passage of the National Industrial Recovery Act of 1933 and the National Labor Relations Act of 1935 reinforced the rights of unions to organize. The environment at Inland Steel during this time was very hostile and ripe for a union.<sup>105</sup> The employees considered the management style to be a very dictatorial one. Workers even thought management

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<sup>104</sup>Paul S. Taylor, Mexican Labor In the U.S.: Chicago And The Calumet Region (Berkeley: University of California Press, 1932), 36.

<sup>105</sup>Whyte, Pattern for Industrial Peace, 1-18.

went out of its way to recruit people with no experience so that this way, they would not be familiar with any type of management style. A black worker at Inland described the company's hiring policy of the late 1930's in the following manner:

If you was colored, you had to be straight from the South or they wouldn't hire you. You couldn't go in looking for work dressed up half way decent, like I am now. You had to go in with an old cap on the back of your head and a torn shirt and pants and carrying a paper bag under your arm. First thing the boss asked was, "How long you been in the city?" You answer, "I just got in," and he tells you you're hired. You tell him, "I been here all my life," and he won't have anything to do with you."<sup>106</sup>

It was also management's belief that discipline and productivity could best be maintained through the employees fear of losing their jobs. Ed Snyder, a foreman during this time recalled one incident:

Joe Smith would just as soon fire you as look at you. Art Thomas (Foreman) was so scared of Joe Smith that if he saw him coming he would dive right under those high bake ovens. The foreman had no security in all those days.

Joe Smith fired one of our best workers on the line one day, and there wasn't anybody else who could do that job. He fired him just because he saw the man wearing a white shirt. The Smiths had an idea that nobody that wore a white shirt could really work.<sup>107</sup>

The management at Inland had no regard for the employees. The company also had separate wage scales for men, women, blacks and whites. In the early 1930's the starting wage for

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<sup>106</sup>Whyte, Pattern For Industrial Peace, 7.

<sup>107</sup>Ibid., 8.

black women was 14½ cents an hour, for black men it was 16½ cents and white men 18½ cents.<sup>108</sup> During this time period there were 246 different pay rates for 600 employees.<sup>109</sup> There were no job classifications and no formal wage structure system. It was in this time period the National Industrial Recovery Act established a forty hour work week, yet there were no provisions as to when these hours should be worked. A foreman at Inland describes the length of some of his days:

Many a time I finished my 40 hours on Monday and Tuesday. Yes, I worked 20 hours a day on those days. When you came in in the morning, you'd meet yourself going home at night.<sup>110</sup>

#### Unionization Efforts Gain Momentum

The unionization effort at Inland began to grow. Employees' salaries and the treatment they experienced in their jobs looked to the union as the primary source to bring about change. Pete Calecci, a retired Inland Steel employee describes his career with the company:

I'm Italian. Came to the U.S. 1930, when I was 17. Started working at Inland in 1936. Retired in 1978.

For a period of time I maintained my service at the plant while I was working for the union. When the union position became permanent I was severed from Inland 1967. In 67 went with the union and retired

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<sup>108</sup>Ibid.

<sup>109</sup>Ibid.

<sup>110</sup>Ibid., 9.

in 78.<sup>111</sup>

Calecci, one of the individuals who supported the union campaign, describes the type of people who were active in organizing the union at Inland:

There were some of the old timers that built the union, that did suffer by discrimination, not being promoted because they did not brown nose with the foreman, but those people had a family. And they were afraid. It was the young punks like me who had nothing to lose. So it was people like me that really fought to establish the union.<sup>112</sup>

Calecci continues describing his position at Inland and his involvement with the SWOC and later the Steelworkers Union:

Of course I was one of the early members of the Steelworkers Organizing Committee. Then I began to be a representative of the department because we had to have some representation in the different departments throughout the plant. So that if a worker had a problem they had some person to go to that represented the Union.

I started working for the company, believe it or not as a gandy dancer. A track laborer. I had worked during the Depression on the railroad sometimes just during the winters. So when I got a job at Inland, I began to - oh, they put me in the transportation department which included track laborers. I was one of the few non-Hispanic speaking persons. Most of the people, I would say 95 percent or 98 percent of the workers, were Hispanic speaking people. Mexican mainly.

And then from there it took me two years to be able to get transferred to one of the rolling mills and I suspected I was what we commonly call "black balled". One of the reasons was that I had been active in the Union. In fact I went further than that. Working as a track laborer I worked on a special shift. They had a gang that was established

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<sup>111</sup>Pete Calecci, Interview on August 2, 1989, East Chicago, IN.

<sup>112</sup>Ibid.

for the purpose of maintaining certain lead flux into specific departments. In the middle shifts, we used to work from 10 in the morning until 6 in the evening. Which normally would be an 8-4 [8:00 A.M. to 4:00 P.M.] system. But we worked 10 to 6 [10:00 A.M. to 6:00 P.M.] so that we would be available in some of the extra hours to keep certain things in working order.

So this particular department that I was transferred into -- the forty inch mill - from the transportation department. So this is how I wound up in the rolling mills. I stayed there until I progressed through the union. Became President for two consecutive terms. I held a lot of different positions. Was on the grievance committee until I left to become President of the local union and following that I resigned my last term as President in order to get on the staff of the international union-- the regular staff of the Steelworkers Union. When I retired I was -- I had a position of Sub-District Director. And I have been retired now since 1978.<sup>113</sup>

In 1937 the Little Steel companies, of which Inland was one, were still fighting against recognizing the union. One of the most violent strikes took place at Republic Steel's South Chicago mill. It became known as the Memorial Day Massacre.<sup>114</sup> Strikes occurred at other steel companies. Calecci recalls his involvement:

Ah, yes. Inland used to pay on the tenth and twenty-fifth of each month. That day was May 25. We got our checks during lunch hour and I had my check with me and the general foreman of the track laborers was talking to each guy individually. And I kind of suspected what he was talking about, because everybody suspected us to strike to seek recognition. That is all we were going to seek, was recognition as a bargaining agent - On Memorial Day.

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<sup>113</sup>Pete Calecci, Interview on August 2, 1989, East Chicago, IN.

<sup>114</sup>Jeremy Brecher, Strike! (San Francisco: Straight Arrow Books, 1972), 215.

And this was the 25th. So uh, when they got to me, the proposition was that we would like to use the workers during the strike. In other words, you would be inside the plant and not go in and out during the strike. And rather than get involved and into an argument with them I said "I got my check today, I got some bills to pay. I live in Chicago Heights. Why don't I leave here early. If I can make it I'll be back. Meanwhile, this will give me a chance to pay some of my bills." So, I got home real early. My mother and father were saying "What are you doing home early?" And I jokingly said to my father, "Well, I'm going to work during the strike." He says "What!" I had no intentions of really going back anyway.

So anyway I did not go back. Those that did stay now if you can visualize what \$4 [\$400] and \$500 meant to a worker in those days. [The individuals which worked during the strike] Earned as much as \$4 [\$400] or \$500 during the period of time that they were going to strike inside the plant. Because they were at the company's disposal and they were not just getting paid for eight hours, they were getting paid for additional hours. They knew about this [my not working during the strike] and figured "uh oh, I'm blackballed" because generally that's what they did to those that supported the union. But I didn't care, I wasn't going to go back to work.

U.S. Steel finally did agree to allow the S.W.O.C. to be the bargaining agent of the worker, and signed a contract with the United Steelworkers Committee in 1937 and we didn't get a contract from Inland until almost 1942 - almost five years.

If you can imagine, the first contract that Inland signed with the Steelworkers was a three page document - triple spaced. And now...<sup>115</sup>

Inland made no attempt to continue production, hence there were few confrontations between the company and workers. The strike lasted thirty-four days and ended with an agreement

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<sup>115</sup>Pete Calecci, Interview on August 2, 1989, East Chicago, IN.

signed by the governor of Indiana and the SWOC, and not directly between the company and the union. In a letter to Governor Townsend of Indiana, the company agreed to the following: (1) to recognize the SWOC as the exclusive bargaining agent; (2) to reinstate those who had taken part in the strike; (3) to model their wages, hours, grievance procedure and overtime rates, after those in the U.S. Steel Agreement.<sup>116</sup>

The company refused to sign a written contract and proceeded to take a hard-line approach. The issue went before the National Labor Relations Board which ruled for the SWOC.<sup>117</sup> The Board ordered that if bargaining resulted in agreement, it should be put in the form of a signed contract. Inland appealed and this continued for several more years before the issue was resolved in favor of the union.

#### New Management in Charge

In 1939 Inland came under new management, but it would take some time before any type of progress to occur. The years before World War II were years filled with management's

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<sup>116</sup>Robert R.R. Brooks, As Steel Goes, ... Unionism In A Basic Industry (New Haven: Yale University Press, 1940), 144.

<sup>117</sup>In re Inland Steel Company and Steelworkers Organizing Committee and Amalgamated Association of Iron, Steel and Tin Workers of North America, Lodge Nos. 64, 1010 and 1101, 3 LRRM 331 (1938), Inland Steel Company v. National Labor Relations Board, 5 LRRM 821 (7th Cir. 1940).

attempts to turn the situation around and create a more stable condition.<sup>118</sup> Between 1939-1944 management turnover was extremely high. The Chicago plant had six managers during this time period, with foremen turning over even more, and in one two year stretch, the plant had ten personnel managers.<sup>119</sup> The times were chaotic and they left their mark on both management and employees. But eventually an understanding and working relationship developed between all concerned.

#### Inland Steel and Application of Kochan's Model

In analyzing Inland's situation during this time period one can see it was responding to the environment. During the times of depression and times of war it reacted by increasing or decreasing its labor force and production. The initial integration of the company's workforce was the result of the labor shortages which were experienced during World War I. In the past, European immigrants had filled the unskilled positions. Initially, they had been paid the lowest wages and worked the most undesirable jobs. Over the years, these individuals assimilated into society and eventually moved up the employment ladder. The issue of race relation policies and the integration of the workforce became more consequential in the late 1800's. Providing equal job and promotional opportunities for minorities remains a major concern.

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<sup>118</sup>Whyte, Pattern for Industrial Peace, 18-65.

<sup>119</sup>Ibid., 18.

Inland also went through periods of welfare capitalism, again adjusting to the environment. This would also be considered a smart business strategy because the purpose of welfare capitalism<sup>120</sup> was to keep individuals working by developing programs and improving work conditions, thereby making it more difficult for unionization. Keeping people working to continue production and increase profits are universal and remain constant over time. During these bouts, important issues such as safety and the length of work hours were addressed, yet in looking back one can see these changes would not have been made unless the company was forced to.

Carrying this through Kochan's model of building an industrial relations system, the external environment is then influenced by history, current structures, values and business strategies. In a corporation this is where its culture evolves. Organizations can be categorized into four cultures: (1) power culture - which is where the organization is lead by a powerful leader who influences all decision making; (2) role culture - is the characteristic of a conservative organization which assigns tasks to specialists; (3) person culture - type of organization which exists for the benefit of its members, e.g. academic institutions.; (4) task culture - which brings the right people and resources together to get

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<sup>120</sup>John A. Fossum, Labor Relations: Development, Structure, Process 3d ed., (Plano: Busniess Publications, 1985), 32

things done. It uses the team approach whereby everyone contributes.<sup>121</sup> Organizations can operate in more than one culture, but there will always be one which is dominant.

Inland went through periods where it placed no value on employees. The company's management was described as being a "dictatorship" and "probably one of the most ruthless managements ever to perform upon the American scene."<sup>122</sup> These are characteristics of a power culture. The events which transpired at Inland are not unique, but had they been different, the evolution of the industrial relations system might not have evolved amidst such conflict.

If an industrial relations system is to be successful, then the organization needs to not only adjust to its environment, but if necessary, begin to change its internal structure and values, in order to bring about change. History is there so that we can learn from it, find out what went right, or wrong, so that alternatives can be identified. Deficiencies need to be addressed, and in some instances it will take new management to facilitate these changes. Many of Inland's problems were due to its old management style, but this would change with the new administration.<sup>123</sup>

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<sup>121</sup>Graham Saunders, The Committed Organization (Great Britain: Gower Publishing Co., 1984), 9-11.

<sup>122</sup>Whyte, Pattern for Industrial Peace, 157.

<sup>123</sup>For more information regarding corporate culture see for example, Daniel R. Denison, Corporate Culture and Organizational Effectiveness (New York: Wiley, 1990).

CHAPTER 4  
POSTWAR STEEL INDUSTRY

Government Intervention 1945-1969

By 1945 the War Labor Board was created, the Little Steel Formula implemented and Executive Order 8802 established the Federal Employment Policy Commission (FEPC).<sup>124</sup> Steel prices held almost constant during World War II, were frozen and new wages decontrolled after World War II. Wage disputes between the United Steelworkers Union and steel industry began again and subsequently wage negotiations followed every year. Along with these wage negotiations, the industry experienced strikes every year between 1946-1952. On March 31, 1945, in anticipation of future deadlocks, the War Labor Board also established the Steel Commission. The Commission was empowered to resolve disputes.

Post World War II also brought industry-wide bargaining. Initially, U.S. Steel was doing its own bargaining, but it was soon joined by other steel companies. The USWA became firmly established in the steel industry. The union's demand of the

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<sup>124</sup>3 C.F.R. 957 (1941).

elimination of geographic wage differentials which first began to appear in the 1930s contract negotiations would be an issue in every contract negotiation until 1956.<sup>125</sup> It was not until 1953 that some companies with geographic wage differentials would finally agree to decrease or eliminate them.<sup>126</sup>

The War Labor Board, offset their controlling wage increases by permitting the expansion of employee benefits. The master contract, opened in 1947, included benefit items for the first time. A review of contracts for the years 1947 through 1959 are as follows:

1. general wage increases
2. reduction in the geographic wage differentials
3. guaranteed annual wage increases
4. changes in the seniority system
5. social insurance program
6. union shop
7. changes in grievance procedure
8. protection against modification of local plant work rule agreements.<sup>127</sup>

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<sup>125</sup>For a discussion on wage negotiations between 1937-1959 see Robert E. Livernash, Collective Bargaining In The Basic Steel Industry: A Study of the Public Interest and the Role of Government (Washington, D.C.: U.S. Dept. of Labor 1961), 237-307; and for a discussion of negotiations between 1946-1959 see William T. Hogan, Economic History of the Iron and Steel Industry in the United States, Volume 4: Part VI, (Lexington, MA: D.C. Heath & Co., 1971), 1611-1637.

<sup>126</sup>Ibid., 286.

<sup>127</sup>Other items for negotiations would be: changes in overtime computation; improved reporting allowance; severance pay; improvement in vacation and premium rates for work on holidays; changes in job scheduling and safety provisions; time and one-half for Saturday work and double time for Sunday work. Livernash, Collective Bargaining in the Basic Steel Industry, 254.

The environment continues to change. The steel industry began to expand again in the 1950's during the Korean War. Steel production in the United States increased from ninety-seven million tons in 1950, to 112 million tons in 1953.<sup>128</sup> Presidential action during the war, seized the steel mills.<sup>129</sup> This was the first and only time it has occurred. The Supreme Court later found the seizure to be unconstitutional,<sup>130</sup> but this action disrupted the collective bargaining process.

Along with government intervention, another factor influenced the environment, technical advancement in steel production. Between 1950 and 1960 the steel industry increased its capacity almost fifty percent, from 99.4 to 148.6 million tons.<sup>131</sup> This effected collective bargaining.

The first steps toward industry-wide bargaining began in 1955 when the union announced David J. McDonald would chair each of the union's negotiating committees, to lend uniformity to the contracts. In 1956 major steel companies formed the Steel Coordinating Committee: Allegheny-Ludlum Steel; Bethlehem Steel; Inland Steel; Jones and Laughlin Steel;

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<sup>128</sup>Eldon S. Hendriksen, Capital Expenditures in the Steel Industry, 1900-1953 (New York: Arno Co., 1978), 69.

<sup>129</sup>John L. Blackman, Jr., Presidential Seizure in Labor Disputes (Cambridge: Harvard University Press, 1981), 73

<sup>130</sup>The Youngstown Sheet and Tube Company, et al., Petitioners v. Charles Sawyer, 343 U.S. 579-710 (1952).

<sup>131</sup>Philip W. Nyden, Steelworkers Rank-And-File: The Political Economy of a Union Reform Movement (New York: Praeger, 1984), 34.

Republic Steel; and Youngstown Sheet and Tube.<sup>132</sup> This committee had four representatives which bargained with the union on major issues. U.S. Steel had two members, Bethlehem Steel had one and Republic one. Industry-wide bargaining was now in place. In 1959 these same representatives wanted to bargain on all contract terms, not just major issues, but the union declined, taking the position that they wanted to leave the less important issues to the individual bargaining units.

On July 15, 1959, 500,000 workers went on strike, closing doors on eighty-five percent of the nation's steel capacity.<sup>133</sup> This strike lasted 116 days. It was the longest in history. The environment leading to this was marked with high economic inflation and over five million people unemployed.<sup>134</sup> The unions anticipated that the technological changes in the steel industry would lead to layoffs. Industry management was concerned about employment costs resulting from the 1956 labor agreement, foreign competition and inflation. Both parties negotiated for ten weeks without reaching an agreement. On

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<sup>132</sup>The remaining members of the Steel Coordinating Committee were: Armco Steel Corporation; The Colorado Fuel and Iron Corporation; Great Lakes Steel Corporation; Kaiser Steel Corporation. National Council of the Church of Christ in the United States of America, In Search of Maturity in Industrial Relations (New York: Office of Publication and Distribution, 1960), 27.

<sup>133</sup>Ibid., 30.

<sup>134</sup>Bureau of Labor Statistics, Statistical Abstract of the United States, 1959 (Washington, D.C.: GPO, 1959), 204.

October 21, 1959 President Eisenhower ended the strike under Taft-Hartley<sup>135</sup> and on November 7, the Supreme Court upheld the injunction.<sup>136</sup> The longest industry-wide strike ended after 116 days. When the strike was settled, the new collective agreement provided for wage and benefit increases, a long-term study on work-practices, and the establishment of a Human Relations Committee to deal with employee problems.

### Status of the Black Worker Post World War II

At the end of World War II, war industries began cutting back in production. In the steel industry the blacks were the first ones to lose their jobs. The FEPC began to lose its importance and by 1946 it was dissolved. Even though the FEPC had no direct enforcement power, it provided the black worker the opportunity litigate against employers and unions. It would be another two decades before legislation against employment discrimination would be enacted.

Unions had their share of problems in integrating their members. Blacks began, after World War II, to try to eliminate racially segregated seniority rosters.<sup>137</sup> These were

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<sup>135</sup>61 Stat. 136 (1947), as amended, 29 U.S.C. § 206 (1982).

<sup>136</sup>United Steelworkers of America v. United States, 361 U.S. 39 (1959).

<sup>137</sup>See for example, Local 53 Heat & Frost Insulators v. Vogler, 407 F.2d 1047 (5th Cir. 1959); Whitfield v. United Steelworkers, 263 F.2d 546, 551 (5th Cir.) cert. denied 360 U.S. 902 (1959); Quarles v. Phillip Morris, 279 F.Supp 505 (E.D. Va. 1968); U.S. v. Sheetmetal Workers Local 36, 416 F.2d 123 (8th Cir. 1969); Local 189, United Paperworkers v. U.S.,

supported by racially segregated unions including the Steelworkers Union.<sup>138</sup>

At the end of World War II, the AFL had established a record of accepting segregated unions. At the 1946 AFL convention, a resolution endorsing Federal Fair Employment Practices legislation passed only after "and labor unions" was deleted from a motion calling for the end of race, color, religion, and national origin discrimination in industry and labor unions.

The CIO's efforts on the other hand, showed more commitment in fighting racism. Their success in organizing the black workers and did more to eliminate racial barriers by bringing them into the realm of union membership. Better wages, benefits and job security were needed economic improvements for the black worker. The CIO also made the issue of union racial policies highly visible. Their first attempt in persuading President Roosevelt to adopt the FEPC proved to be unsuccessful. Yet once the FEPC was created, the CIO proved to be one of its strongest supporters.<sup>139</sup> When the two unions merged the AFL-CIO in 1955, the new federation

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416 F.2d 980 (5th Cir. 1969) cert. denied 397 U.S. 919 (1970).

<sup>138</sup>The issue of segregated seniority rosters was most prominent in the following unions: Oil Workers; Pulp, Sulphite and Paper Mill Worker; Paperworkers; Rubber Workers. Julius Jacobson, ed., The Negro and the American Labor Movement (Gaulen City, NY: Doubleday & Co., 1968), 150.

<sup>139</sup>Ibid., 208.

signed a Merger Agreement statement saying that the new federation

Shall constitutionally recognize the rights of all workers without regard to race, creed, or national origin to share in the full benefits of trade union organizations in the merged federation. The merged federation shall establish appropriate internal machinery to bring about, at the earliest possible date, the effective implementation of this principle of non-discrimination.<sup>140</sup>

After the merger the new federations commitment to civil rights was unknown. Michael J. Quill, a CIO vice-president and president of the Transport Workers Union criticized the statement as "weak and vague."<sup>141</sup> Until the time of the merger the AFL had openly condemned disciplinary policies and practices for some of its affiliates but had not taken any action against them for discrimination. The CIO, with a Committee for Civil Rights failed to take any action against employers practicing discrimination. An inconsistency between published statements and practice continued.

Unions perpetuated employment segregation by maintaining segregated seniority rosters and restricting blacks to certain menial jobs.<sup>142</sup> An example of this inequality was the situation with the United Steelworkers of America (USWA). In 1957 the Homestead, Pennsylvania local of the USWA, received

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<sup>140</sup>Foner, Organized Labor and the Black Worker, 312.

<sup>141</sup>Philip Taft, The A.F. of L. from the Death of Gompers to the Merger (New York: Harper & Row, 1959), 312.

<sup>142</sup>See, for example, Lamont E. Stallworth, "The Arbitration of Discrimination Grievances," 253-267.

a complaint that black members were discriminated against in the local. The union had a policy of keeping black workers in the three lowest of the thirty-two wage classification.

In the same year, a group of black steelworkers in Pittsburgh, formed an organization called the Fair Share Group of Steel Workers. As union members they wanted their "fair share of jobs and benefits." The organization wrote to David McDonald, President of the USWA and George Meany, complaining about treatment of blacks throughout the industry and asked for action. Other locals with black members began establishing similar groups. At the same time black auto workers were beginning to discuss similar grievances to their union through the Trade Union Leadership Council. These activities did not receive much attention outside the unions, but they did gain the attention of the NAACP. The NAACP continued their fight for equality in the unions. In 1961 the NAACP published a report on the first five years of the AFL-CIO, concluding that apart from some changes they had not accomplished as much as people had been led to believe.

. . . the national labor organization has failed to eliminate the broad pattern of racial discrimination and segregation in many important affiliated unions . . . Efforts to eliminate discriminatory practices within trade unions have been piecemeal and inadequate and usually the result of protest by civil rights agencies acting on behalf of negro workers. The national AFL-CIO has repeatedly refused to take action on its own initiative . . . Discriminatory racial practices by trade unions are not simply isolated or occasional expressions of local bias against colored workers, but rather as the record indicates, a continuation of the institutionalized pattern of anti-negro employment

practices that is traditional with large sections of organized labor and individual management.<sup>143</sup>

In 1962, Local 2401 of the USWA was charged by the NAACP with establishing separate job classification and wage scales for black and white workers doing the same work and providing in the collective bargaining agreement for separate lines of promotion and confining blacks to unskilled low paying jobs. Charges such as this continued to be filed.<sup>144</sup>

### Steel Industry Consent Decree

In 1974 the Equal Employment Opportunity Commission and the Secretary of Labor filed a suit against nine major steel companies and the USWA alleging race, sex and national origin discrimination in hiring and job assignments.<sup>145</sup> The legal document charged that minorities and women were restricted to the lowest paying jobs with no room for advancement. The USWA

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<sup>143</sup>Herbert Hill, "Racism Within Organized Labor," Journal of Negro Education, 30 Spring 1961, 109-118.

<sup>144</sup>For a discussion of occupational segregation see, for example, Francine D. Blau, The Economics of Women, Men and Work (Englewood Cliffs: Prentice-Hall, 1986); Herbert R. Northrup and Richard L. Rowan, The Negro and Employment Opportunities: Problems and Practices (Ann Arbor: University of Michigan, 1965), 4-64; Herbert R. Northrup, Negro Employment in Basic Industry: A Study of Racial Policies in Six Industries, Volume I, Studies of Negro Employment (Philadelphia: University of Pennsylvania, 1970), 11-38.

<sup>145</sup>The companies are: Allegheny-Ludlum Industries, Inc., Armco Steel Corporation, Bethlehem Steel Corporation, Jones and Laughlin Steel Corporation, National Steel Corporation, Republic Steel Corporation, United States Steel Corporation, Wheeling-Pittsburgh Steel Corporation and Youngstown Sheet and Tube Company.

was included for formulating a discriminatory collective bargaining agreement which established a seniority system for promotions, layoffs, recall and transfer, which adversely effected minorities and women.

The suit involved approximately 240-250 plants and more than 300,000 employees. The final outcome was the signing of two consent decrees. Consent Decree I covered issues which fell under collective bargaining and called for substantive relief in the following areas:

1. Implementation of broad plantwide seniority, along with transfers and testing reforms, and adoption of ongoing mechanisms to reform seniority, departmental, and line of progression structures, which were to be designed to correct past discriminatory assignments.;
2. Establishment of goals and timetables to increase utilization of minorities and women in occupations and job categories from which they were excluded from the past;
3. Establishment of a back pay fund of \$30,940,000 to be paid to the minorities and women which were discriminated against.<sup>146</sup>

Consent Decree II dealt with employment issues which were controlled by the company and not subject to collective bargaining. It required the companies to initiate affirmative action programs in hiring, promotion, management training, initial assignments and recruitment of minorities

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<sup>146</sup>United States v. Allegheny-Ludlum Industries, Inc., et al., C.A. Ala. 1975, 517 F. 2d 826, cert. denied 96 S. Ct. 1684, 425 U.S. 944, 48 L.Ed.2d 187.

and women.<sup>147</sup>

The Consent Decree addressed the unlawful discriminatory employment practices engaged by the USWA and the steel companies. Such practices negatively effected the integration of black workers into the workforce. Limited job and promotional opportunities and exclusion from training programs, prevented blacks from reaching parity with the white workers.

Inland Steel was one of the major steel companies included in this suit. When the suit was originally filed Inland analyzed their workforce and personnel policies. They discovered their workforce was evenly distributed in most of the job classifications identified by the EEOC. In addition, their human resources policies and programs were fairly applied. The human resources personnel department presented Inland's case to the president and recommended that the company not sign the Consent Decree. After thoroughly examining the information presented to him, he agreed.

### Early EEO Public Policy

Franklin Roosevelt created the first Fair Employment Practice Committee (FEPC) in 1941. The FEPC had the power to

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<sup>147</sup>Ibid. See, for example, *Griggs v. Duke Power*, 401 U.S. 424 (1970); *United Steelworkers of America v. Weber*, 443 U.S. 193 (1979); *LaRiviere v. EEOC*, 682 F.2d 1275 (9th Cir. 1982); *Minnick v. California Department of Corrections*, 95 Cal. App. 3d 506, 157 Cal. Rptr. 260 (1979) cert. dismissed for want of finality, 452 U.S. 105, 101 S.Ct. 2211, 68 L.Ed. 2d 706 (1981).

investigate complaints of discrimination in the defense industries. This first FEPC was overpowered by southern politicians, railroad unions and employers. A second FEPC was created with a new Executive Order in 1943, this time placing it under the Office of Emergency Management, but it too proved to be ineffective.

In 1953 President Eisenhower established the Presidents Committee on Government Contracts (PCGC). The Committee's goal was to establish equal employment opportunity for people employed or seeking employment, in agencies covered by government contracts. One way the Committee sought to achieve this objective was by making it the responsibility of the head of each federal government agency to obtain compliance with the nondiscrimination clause in any contract or subcontract entered into by that agency. Because unions did not have government contracts, the Committee took the position that it did not have any jurisdiction over labor organizations. This was hard to ignore because many aspects of employment were influenced by unions. The PCGC did a study and found that between 1953-1956 unions were directly or indirectly involved in over twenty percent of the cases received by the Committee.<sup>148</sup> In addition the study discovered the following:

1. All complaints, except one which alleged discrimination against Spanish-Americans, by

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<sup>148</sup>Ray Marshall, The Negro And Organized Labor (New York: John Wiley & Sons, 1965), 221.

a railroad and railway brotherhood, were for discrimination against blacks.

2. Charges included denial of membership to blacks, thereby forcing companies to discharge them.
3. Refusal by a company to hire a black because he could not get into a union.
4. Restricting blacks to certain departments and excluding them from apprenticeship training programs.
5. Violation of seniority rights.
6. Providing in the contract for separate lines of progression for blacks and whites.
7. Failure of a union to protest seniority violations.
8. Refusal to file charges against the company for failing to promote or hire blacks in categories other than labor janitors.<sup>149</sup>

Despite its findings, the PCGC had relatively no impact on the unions. Their power was limited. Lack of federal funding an inefficient enforcement structure produced very few results.

In 1961 President Kennedy appointed a Committee on Equal Employment Opportunity (PCEEO) giving it power to require contractors to submit compliance reports which gave information concerning the racial practices of the unions with which they were dealing. The PCEEO now also had the authority to request that contractors:

Provide statements in writing from a labor union together with supporting information, to the effect that it said labor union's . . . practices and polices do not discriminate on the grounds of race, color, creed, or national origin, and that the labor union or representative will affirmatively cooperate, within the limits of his legal and contractual authority, in the implementation of the policy and provisions of this order, or that it consents and agrees that recruitment, employment,

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<sup>149</sup>Ibid.

and the terms and conditions of employment under the proposed contract shall be in accordance with the purpose and provisions of this order.<sup>150</sup>

The PCEEO adopted a program to have unions as well as contractors sign a "Plans for Progress" which was designed to open employment and promotion opportunities to blacks. In June, 1964 eleven steel companies entered into a Plans for Progress: Armco, Bethlehem, Great Lakes Steel, Inland, Colorado Fuel and Iron, Jones and Laughlin, Pittsburgh, Republic, United States Steel, Wheeling, Youngstown Sheet and Tube.<sup>151</sup> That same month these same companies entered into a nondiscrimination agreement with the USWA.

The policy statements of the companies generally read as follows:

It is the policy of the Corporation to seek and employ the best qualified personnel in all its facilities and at all of its working locations; to provide equal opportunities for the advancement of employees including upgrading, promotion, and training; and to conduct these activities in a manner which will not discriminate against any person because of race, color, creed, or national origin.<sup>152</sup>

Along with such a statement the plans included dissemination of the policy, identifying who was going to be responsible for implementation, recruitment, training and placement.

"Plans for Progress" was voluntary and imposed no

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<sup>150</sup>Ibid., 226.

<sup>151</sup>Northrup, Negro Employment in Basic Industry, 320.

<sup>152</sup>Ibid., 321, as cited in U.S. Steel News, July, 1964.

sanctions. It was not until the passage of the Civil Rights Act of 1964,<sup>153</sup> and particularly Title VII,<sup>154</sup> that a legal system would be in place to protect individuals from discrimination and provide the power to enforce<sup>155</sup> and obtain others to comply with the law. The Civil Rights Act prohibited discrimination in education, voting and employment. Title VII, which deals with equal employment opportunity states that labor unions are not:

1. To exclude or to expel from its membership or otherwise to discriminate against any individual because of race, color, religion, sex or national origin.
2. To limit, segregate, or classify its membership or to classify or fail to refuse for employment any individual, in any way which would deprive or tend to deprive any individual of employment opportunities, or would limit such employment opportunities or otherwise adversely affect his/her status as an employee or as an applicant for employment, because of such individual's race, color, religion, sex, or national origin.
3. To cause or attempt to cause an employer to discriminate against an individual in violation of this section.<sup>156</sup>

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<sup>153</sup>42 U.S.C. § 2000e, et seq.

<sup>154</sup>§ 703(a)(1) of Title VII states:

It shall be an unlawful employment practice for an employer to fail or refuse to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual's race, color, religion, sex, or national origin.

<sup>155</sup>See 1972 Amendments to Title VII regarding the EEOC's enforcement powers.

<sup>156</sup>Civil Rights Act of 1964, as amended, sec. 703(c), 42 USC § 2000e-2(c).

The evolution of public policy to eradicate discrimination has gone from "window-dressing" to actually enforcing compliance, by both businesses and unions. Despite the National Labor Relations Act, Civil Rights Act, Title VII and Executive Order 11246, discrimination still exists. Of the nine steel companies involved in the 1974 Steel Consent Decree, Armco Steel Corporation, Bethlehem Steel Corporation, Jones and Laughlin Steel Corporation, Republic Steel Corporation, United States Steel Corporation, Wheeling-Pittsburgh Steel Corporation and Youngstown Sheet and Tube, were part of the eleven companies which had entered into a "Plans for Progress," and signed a nondiscrimination agreement with the USWA in 1964.

Today there is recourse for those who believe that they have been discriminated against in employment. With the passage of the Civil Rights Act of 1964, and particularly Title VII, disenfranchised individuals have a formal recourse to redress their rights.<sup>157</sup> The enactment of Title VII and the Supreme Courts decision in Brown v. Board of Education,<sup>158</sup> combined with a courageous federal court system, created a new employment environment.

As in Kochan's model, the external climate created this

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<sup>157</sup>See Michele M. Hoyman and Lamont E. Stallworth, "Who Files Suit and Why: An Empirical Portrait of the Litigious Worker," University of Illinois Law Review (1981): 115-159.

<sup>158</sup>347 U.S. 483 (1954).

new employment environment. These laws resulted in businesses changing their industrial relations systems. In turn, new employment policies, hiring and promotion practices, also led to modifications in union contracts. The steel industry, unions and the government are the three parties which Kochan identified as needing to be present in an industrial relations system. The external environment proved to be the catalyst in creating more progressive labor-management relations.

## CHAPTER 5

### INLAND STEEL POST WORLD WAR II

#### Workforce

During the period of time between 1945 and 1974 the steel companies experienced a more powerful United Steelworkers Union, the establishment of the Steel Commission and greater numbers of blacks in the workforce. Also during this period, Inland Steel was also subject to environmental factors such as Title VII. Similar to other steel companies, Inland had a more diverse workforce which was required to successfully integrate.

The demand for labor in the steel industry increased in 1941 due to the onset of World War II. As experienced during World War I, the methods of hiring and training were similar. Frank Cassel, retired Director of Industrial Relations recollects:

The great stories, none of which I can confirm, but which I think are fairly true is that the method of hiring in the Depression was to take one of six guys and you would throw six half dollars into the crowd and the six guys who came out with the half dollars were hired. And when you hired a roller or melter, in those days you hired the roller and he brought his own crew and you paid him and his own crew, he's an entrepreneur.

The employment office didn't begin to grow until World War II. World War II created the real personnel function, because what it did, it required manning tables from every company. And you had to tell the government of who the people were on your payroll; and who was going to replace them when they were drafted for the war; and what provisions you had made; and you had to have a plan that was approved by the Federal Manpower Agency in the war so that the company wouldn't shut down if you drafted people; and so you had to have key people. And that really started the companies in some kind of personnel planning. It was the war that started.<sup>159</sup>

### Minority Workforce

Cassel shares his beliefs as to why Inland experienced a labor shortage when World War II began:

Yes, during World War II there was a similar influx of workers as there had been in World War I. We had more women and Mexicans working in the mills again. World War II was the period in which women made the greatest gains in the mills. By that time the military was drafting blacks and Mexicans. The reason they weren't drafting them in World War I is that they couldn't pass the Army intelligence test. The army intelligence test is a pencil and paper test. And most of the blacks and Mexicans were illiterate.<sup>160</sup>

Cassel mentioned that Mexicans were "imported" from the American side of the border. In his conversation he continues to provide a profile of Inland's Hispanic workforce during World War II:

They came here as illegals, and nobody ever did anything about them. In fact, if you look at East Chicago, Indiana very, very closely, you'll find

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<sup>159</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>160</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

three layers of Mexicans. You'll find the real original layer, that came and worked, and that are now the supervisors and managers, in the mills -- now not all of them, but some of them are. It took them all of those years up till the present to get this far.

Another layer that came from Mexico in World War II.<sup>161</sup> But there is a third layer [of Hispanics], who came from New York. And they came to Inland from Puerto Rico, via New York. They couldn't find work in New York.<sup>162</sup>

Bill Dillon, retired Vice-President of Industrial Relations agrees with Cassel's analysis of the Hispanic workforce. Dillon shares his thoughts regarding the hiring of minorities in Inland Steel:

In the war years, they had a lot of Mexican [Hispanic] people coming in - Puerto Rican people. The Mexicans stayed, the Puerto Ricans never really adjusted particularly to that environment. But our numbers were always something like 60-20-20. 60% White, 20% Black, 20% Hispanic. And we now have third and fourth, and fifth generation of mostly the Mexican background people. Mostly the Mexicans stayed, the Puerto Ricans, this is before I got there, but I'm told that they brought them in during the war, but they never really adjusted to that environment. They were there, they made a few bucks and then they took off. The Mexican-Americans, they really made a very solid foundation in terms of a community there in East Chicago and

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<sup>161</sup>For a discussion of Mexican labor in the United States during this era see e.g. Manuel P. Servin, An Awakening Minority: The Mexican-Americans (Beverly Hills: Glencoe Press, 1974); George C. Kiser and Martha Woody Kiser, Mexican Workers in the United States (Albuquerque: University of New Mexico Press, 1979); Richard Craig, The Bracero Program (Austin: University of Texas, 1971).

<sup>162</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

have been very successful.<sup>163</sup>

Inland also had a multi-culturally diverse workforce, some which came from Western Europe. Cassel describes one of their employees:

In fact, in World War II, Inland got a substantial number of refugees from Western Europe. Refugees from Germany. Who had Ph.D.'s and were doctors, and couldn't get hired in American academic institutions or could not practice medicine, who became part of the Inland Steel chemistry department. In fact one of the Union leaders during that time, was a man by the name of Frank Kretz, who was an Austrian. Kretz, had a Ph.D. in chemistry and he was also a doctor, an M.D. He couldn't get a license to practice in this country. And he and his family fled Germany and gone to Argentina and from Argentina to the United States. And ended up in our chemistry department. And then became an active official of the Steelworkers Union.<sup>164</sup>

### Women in the Workforce

Due to the labor shortage created during the war, women were brought into the workforce. Pete Calecci comments on their role at Inland during World War II:

As you can imagine, when men were drafted into the armed services, for World War II a lot of women began to get hired. As the men came back they began to lay off women on the basis on whomever they replaced. This was not proper, because you do this on the basis of service.<sup>165</sup>

Women were hired into nontraditional jobs. The state

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<sup>163</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

<sup>164</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>165</sup>Pete Calecci, Interview on August 2, 1989, East Chicago, IN.

laws which had previously prevented them from working such jobs were relaxed during the war.<sup>166</sup> Dillon reiterates women's roles:

The role of women is funny in the steel industry. During the war - World War II - they brought women into the steel industry. They did just about every job - running crane . . . They did almost every job in the steel industry.<sup>167</sup> Well, the day the war ended the women were just pushed out. All of a sudden there were no women. The war is over now. We don't need you. Basically that is what happened. As soon as the guys got back - the women were out. It wasn't until these later years - when the Civil Rights movement started up - you started getting more women.<sup>168</sup>

### Work Stoppages and Issues

After World War II the War Labor Board removed their wage controls. Between 1946-1959, Inland experienced twelve work stoppages. The sources of these conflicts would be due to wage disputes and social insurance programs. There was one major change in these strikes from those of previous years, and this was that the relationship between industry and the union had evolved from being adversarial to being more cooperative.

Bill Dillon recalls:

1946-1950's there were strikes every two years and that is when coordinated bargaining came into

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<sup>166</sup>Stallworth, "The Arbitration of Discrimination Grievances," 106.

<sup>167</sup>See, for example, Jean T. McKelvey, "Sex and the Single Arbitrator," Proceedings of the Twenty-Fourth Annual Meeting of the National Academy of Arbitrators (Washington, D.C.: Bureau of National Affairs, 1971).

<sup>168</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

being.<sup>169</sup> That is when the industry and the union got together and said "Why don't we try and do this on an industry wide basis." And that is where the coordinated bargaining came in 1956 - I think.<sup>170</sup> When we decided we would bargain on a coordinated basis.<sup>171</sup>

The steel industry would use coordinated bargaining during contract negotiations with the USWA. When asked if any policies that evolved out of these strikes Dillon responded:

The only thing that evolved out of the strikes was the idea that there had to be a better way to do it rather than by individual companies. So that we'll do it as a coordinated group. And of course, the companies wanted that to some degree because you could make a settlement with, for example, U.S. Steel and Bethlehem.

And now here is Inland, and you came to Inland on these local issues. We want more money or you're gonna be on strike and that put a burden on Inland,

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<sup>169</sup>One of the goals of the Steelworkers union was to institute coordinated bargaining, which in the steel industry became industrywide bargaining. The Steelworkers union attempts to institute coordinated bargaining proved unsuccessful until 1956. Prior to this the union was unable to overcome industry opposition. Because U.S. Steel was the largest company, they would sign the initial contract and the remaining steel companies followed suit. By 1956, the environment had significantly changed. At this time, the major steel companies had their representatives bargain with the union on major issues. The ultimate agreement would be with all of the companies represented. The bargaining of the lesser issues would be left to the individual companies and the local unions. Paul A. Tiffany, The Decline of American Steel: How Management, Labor, and Government Went Wrong (New York: Oxford University Press, 1988), 150.

<sup>170</sup>See, for example, National Council of the Church of Christ, In Search of Maturity in Industrial Relations, 27; Livernash, Collective Bargaining in the Basic Steel Industry, 297.

<sup>171</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

because we were a one plant company. Now see at U.S. Steel and Bethlehem they had plants all over the country and they could have strikes on local issues in Birmingham and nothing in Pittsburgh. But Inland, when we had a strike we were out of business. So we were really at risk all of those times. It just so happened that there were strikes going on all over the country.

But in those days there was a philosophy - an economic philosophy - that steel strikes hurt the economy of the U.S. Everybody believed it. And that is when they started to say, o.k. lets do it a different way, lets have a coordinated bargaining and that's where you ended up with the largest companies, U.S. Steel, Republic, and Bethlehem, sitting at the top across the table from the Abels and McDonalds, to negotiate the contract.

And after that you've got the coordinating committee. In theory this is where we were - the Bill Caples - and while they were meeting with the union so were we, and they would come back and tell us what the union said. We had sub-committees too, for example benefits and seniority. They'd come back and in theory discuss what they were going to do and give you some input, but minimal. This is why Inland with the one plant was better off in that system, because if there was a strike, it was a national strike and everybody was out, not just us. So that we benefitted to that extent and then usually after you had a national strike you had a settlement so that was the benefit to us in going along with this, although we did lose some of our economy in negotiating. You had not only the economics, but you also had the basic - other basic contract issues like contracting out and incentives and those were what we called top table items. You had input, but it was not perfect by a long shot. The companies that were not sitting at the top table, were really not satisfied but it was more "What else can you do. They are going to do what they want, they are going to make the deal and when they want to make it, its going to be made."<sup>172</sup>

The steel companies began coordinated bargaining, or

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<sup>172</sup>Bill Dillon, Interview on September 8, 1989, Chicago,

industrywide bargaining, in 1956. During this period the issue of nondiscrimination clauses in the labor contracts was not addressed. Individual companies, such as Inland Steel, would take the lead and include such clauses in their contracts prior to 1964.

### Race Relations

Race relation problems continued to exist both during and after World War II. Cassel shared his views concerning the manner in which minorities were treated in the work environment:

There was a book published about 1958, by the University of Chicago Press.<sup>173</sup> The guy that did the research did it in the '50's. So what I'm telling you about the race relationship in the 50's, will give you some idea of what it might have been like in World War II. Because you may recall that World War II had come, Harry Truman had ordered that on all government contracts, this was an Executive Order, you could not discriminate against people. This was well before the Civil Rights Act of the 1960's.

These are interviews taken around 1954. Negroes and Mexicans comprised about a third of the production force in the mill. None of the Negroes and only one of the Mexicans believed they could ever become a foreman. Negroes asserted that they don't promote colored, whereas Mexicans usually described their lack of opportunity due to poor education and their lack of command of the English language.

What is interesting, in light of the present day, is that one of the Negroes, even argued that discrimination on race, prevented workers from getting promoted.

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<sup>173</sup>Joel Siedman, Jack London, Bernard Karsh and Daisy L. Taglia-Cozzo, The Worker Views His Union (Chicago: University of Chicago Press, 1958).

Some of the workers of Eastern European birth complained that they were discriminated against. One said "I'm a hunky, and a hunky has no chance."

I'll tell you about race relations in the 50's. Some of the workers of Eastern European birth complained that they were discriminated against. And since I worked out there I can tell you fabulous stories about the ladder of discrimination by ethnic group and by race - with everybody in the mill trying to look down on everybody else.

Until the blacks and Hispanics came along, everybody had managed to put the Poles and the Croatians, at the bottom of the ladder. But when the Hispanics and blacks showed up in numbers, the Poles managed to put them in the bottom of the ladder. We had many, many, many, racial disputes in the mill between ethnics and blacks and Hispanics. And one of the problems of that is that it became a management problem, because very often the union was of no help because there was nothing in the contract except to fire them all for fighting. See there was no solution to the problem. We had white guys, who would go around with ascedline torches and stick them in the nose of the locker and burn the clothes up of the newcoming workers whether they were southern whites, or whether they were blacks, or whether they were hispanics. Anybody new coming into the mill.

Now you can say the company won't discriminate, but there was nothing in the labor agreement that covered it. And very often the union guy was caught between his own membership. He was unable to do very much.<sup>174</sup>

Calecci, who worked in the mill agreed that the worker, not the company, discriminated against the employees. When asked if he felt there was any discrimination at work or in the union, he responded:

At Inland it was altogether different. Let me point this out to you. There is no way that I can prove

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<sup>174</sup>Frank Cassel, Interview on October 4; 1989, Evanston, IL.

it to you but --- let's take a company like Youngstown. Youngstown hired more blacks than Latinos and their reason was I believe that blacks knew the English language and could converse with them.

Inland had just the opposite as to what Youngstown had. Youngstown had more blacks and Inland had more Latinos.

I think that Inland has been given - and rightly so - some credit to embracing the Latinos. But there is also this to it and that is that the Latinos lived along the area where Inland's plant was so they could walk to work.

So sure there were some problems at first, because they didn't understand English.

Discrimination had a big role in the unions trying to get to the worker. "Damn fool they are discriminating against you because you're a Latino or Black." And they themselves could see this discrimination. For example, they could see a foreman sneaking around just to see what you were doing.

We in our own ways established Spanish speaking committees. Where the committees would meet with the respective representatives from each department and try to determine what mode of discrimination was being practiced in that department.

One of the departments - the blooming mill - there were two shifts with bus transportation inside the plant from and to the department we worked at. So the 8 [p.m.]-4 [a.m.] nights a bus would be waiting for these people and take them to wash up, get on the bus to take them where they needed to clock out. What was happening was that the Latinos would not be able to enter the locker room and wash up until after the whites were finished.

All of a sudden there are complaints, because the whites had to wait for them to get on the bus. They knew damn well the union was watching the situation and so they could not tell them they had to be there a certain time or the bus would leave them, they had to treat everyone the same. So what happens, is that the white people tell them to go ahead and change clothes, because they did not want to wait any longer than they had too. So then the Latinos

began to share all of the facilities. It wasn't Inland that discriminated - it was the worker.

At Youngstown - while I don't know so much about it because I worked at Inland, they had discrimination too and they even had it worse than at Inland because the opportunity for promotion were even worse at Youngstown. Because unless you were white you were not promoted to the next job.

There were some complaint that arose with the East Chicago Human Relations Commission where the laborers, practically all Mexican - this at Youngstown - Mexicans that used to help as brick mortar laborers - had no chance of promotion - could not even become brick layers.<sup>175</sup>

Calecci believed that between the 1950s and 1960s minorities had better opportunities for advancement at Inland than at other steel companies. Despite the fact white employees displayed such deplorable behavior towards minorities, Calecci knew it was not condoned by management. The fact management took action once they became aware of such incidences, demonstrated their equitable treatment towards all employees.

Inland had some human resources policies in place, yet the environment was such that these policies were considered harsh. Cassel recalls some of these earlier policies:

Oh yes, we had policies that were very strict, we fired them. When we found a guy doing something like that, we fired them on the spot. Very strict with you. We fired quite a few. We caught one guy in a crane chasing a guy with a load of steel trying to kill him because he didn't like him - it was a black guy. The guy would run down one aisle and the guy would run his crane over and try to drop the load on him.

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<sup>175</sup>Pete Calecci, Interview on August 2, 1989, East Chicago, IN.

The company had very strict policies, we just fired them right on the spot. And very frequently we fired both participants. That's where it became quite unfair. But we had no way of dealing with it. Frequently, we had no witnesses to tell us who started the fight. We tried to mediate a dispute, where a white guy beat the hell out of some southern hillbillies and I ended up firing all of them.

So when you say you have policies, what policies do you have? Things were pretty rough in those days.<sup>176</sup>

If any policy is to be successful it must have top management's support. During this era "equal employment" was nonexistent, yet Inland was a company which appeared to be committed to civil rights. When asked if, and why, Inland's upper management wished to eradicate race discrimination, Cassel replied:

Intellectually yes. The very powerful influence in the company were the Block family. Joseph, L.E., [and] Phillip D. Block. They had - their father had - founded the company, and they were German Jews, liberals. You have to understand some differences between German Jewish, Polish Jewish and Russian Jewish, in the immigration. These people were liberals, in the sense that they really believed in democracy. I believe that they believed, that ethnic and racial discrimination was wrong.<sup>177</sup>

Sometimes management support is not enough. If first line supervisors are equally committed then the integration of the workforce would not be successful. Cassel described

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<sup>176</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>177</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

how minority employees were sometimes treated:

We even had discrimination against Jews, as well as blacks and Hispanics in the mill. And some of it violent. These guys didn't play for fun, they played for keeps. In the case of one case we had, we had a Jewish kid who was driving a pick-up truck because he was picking up stuff and another guy in a truck who tried to shove him in front of a train, going through the mill. The mill is full of trains.

We had all these incidents with blacks and with Hispanics. So there was that sort of thing that existed. But what really developed was not the attitude of the people as much as the labor shortage, that began to develop in the late . . .<sup>178</sup>

Minority employees had no legal recourse for this kind of treatment. The company may have had policies and management's commitment, but if first line supervisors were not as equally committed, situations such as this would continue. With the passing of Title VII, this type of blatant discrimination would eventually diminish.

### Company Programs

Many corporations took a proactive approach in dealing with race discrimination, by developing comprehensive minority recruitment programs, and training, or loan-management programs.<sup>179</sup> In further conversation Cassel spoke of some of

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<sup>178</sup>Frank Cassel, Interview on August 2, 1989, Evanston, IL.

<sup>179</sup>For example, companies such as International Harvester Company and Western Electric implemented a recruitment program with black high schools and colleges. Honeywell, Inc. provided summer employment to black faculty so that the company could work with the university to prepare a curriculum to meet the future demand for people in the technical field. Northrup, The Negro and Employment Opportunities, 111-145.

the programs Inland instituted:

They loaned me for six months to the National Anti-Defamation League to study ethnic and racial discrimination, in hotels. It turned out there was substantial anti-semitism against hotel owners refusal to hire Jews.

There was a blatant refusal to hire Jews in the steel industry. I was in a meeting with some executive of Republic Steel and I had some colleagues with me and we were discussing a problem and we disagreed with the other steel companies, and a fellow I knew very well, lost his temper and he said, "That's all you can expect from a goddam Jew company." He represented Republic Steel. But for the Anti-Defamation League, I looked at hotels and I looked at steel and Inland was the only one who had Jews in high executive offices. One of the most remarkable things, but one of the worst discriminators of Jews was a hotel chain, by the name of Sheine. The Sheine family, was Jewish itself. Sheine was one-half of the team of Sheine-Coehn who aided Senator McCarthy in his hearings.

Inland people, the support. - I used to make speeches in those days that you had to have top-management support and I still believe that, but it was very thin. It was among people like the Blocks. I don't think, for instance, it extended to the general managers, for the plant, who had more power than they did, over people's lives.<sup>180</sup>

The conversation revealed the discrimination faced by the Jews. Though some would not consider them to be a minority for equal employment opportunity purposes, Title VII does cover religion. It is also important to remember that color was not always the determining factor in discrimination. History provides many accounts of race discrimination. Due to the external environment, the only change was those who

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<sup>180</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

experienced its manifestation.

In addition to management-loan programs, Inland instituted other programs. Cassel recalls several, one which was a joint program founded by one of his employees and a priest and another with Purdue University.

The steel mills were booming in the 1940's, after World War II, and I came to Inland about 1948. And one of the first things we did was to start a school for Hispanics. We were getting a large number of Hispanics who couldn't pass simple entrance tests to come in and work for us. And the entrance test was essentially the ability to read signs, the ability to read stop and go signals, the ability to take care of yourself safely. The steel mill is a hard place in which to work, and you're always threatened with danger, and we had had too many fatalities. So it fell to me to get something going on that. I had a guy working for me, who came up with an idea - he and a local priest invented something called Dehon College. And between the two of them they got a college started for Hispanic families to teach the father the elements he needed in order to safely survive and promote whatever in and else, and to provide general know-how about the way life is lived in that community to the wives. The husband and wife went to the school together and we couldn't get the public schools to sponsor it and so we footed the bill. That ran for several years.

And then we invented something else with Purdue University called The Technical Institute, and then the people went out of the Dehon College and into the Technical Institute to learn higher skills.<sup>181</sup>

Programs such as this benefited Hispanics and blacks.

Cassel continues to emphasize why he felt companies developed such programs:

Yes, Hispanics [benefitted] mostly, but blacks went to the Purdue program too, as did whites, everybody did. But, I'm emphasizing something a lot of people

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<sup>181</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

wouldn't do. I think there was commitment, but there wasn't strong enough support up and down the line to do anything significant, on a race relations basis, until the labor shortage began to be felt.

After World War II steel business really boomed. There was a pent up demand for steel during the war and we needed labor, and that did more to get people into the mills and get them started. We could use the argument, hey, we're short of people, we've got to do this.

It wasn't done out of anybody's goodness.<sup>182</sup>

### Management Union Relations

Inland's diverse workforce made integration more difficult than if it had only one predominate race. The many ethnic groups, coupled with tenuous union relations, presented a challenge to Inland's management. Cassel spoke about this situation:

See there were about fifty ethnic groups in the plant, and most of them had strong nationalistic tendencies. And they tried to protect their own little turf away from some other ethnic group and frequently you would find foreman who were biased in favor of lets say Poles. And everybody in that department he had were Poles. So with the coming of the union and seniority, we began to get rid of that.

Then you find some other foreman who would hire just Serbs. Serbs and Croations hate each other, even today, with a passion.

Then we have political factions. And we had a blast furnace strike that ended all the wildcats. We had a wildcat going on in the blast furnace because of a guy named Archie Green who was trying to make a reputation for himself. So I went down town to see Randall and took Caples in with me, because he was my boss too. But I was making my own case. And I

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<sup>182</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

said "Look, we're going to keep on having wildcats unless we take these guys on." And this was about '53 or '54, and before I went downtown. And I said "I think I can make it in three days," it would take me three days to do it. The plant will be shut down, because if you shut the blast furnace down, it shuts the supply of iron off from the open hearth, and then that shuts the open hearth down, and that shuts down the supply of steel for all the rolling mills. So you've got a very key operation. So - and I'll never forget the way Randall said it to me - he said "Well o.k., but don't make any mistakes."

Archie Green gave up, fortunately for me, within three days. They haven't had a wildcat since.

They were mad at the bosses. Archie Green was also using it as a platform, to become president of the union.

So that in that case, I meant business, I wasn't even concerned about how Archie felt.<sup>183</sup>

### Integration at the Management Level

Inland was not only concerned with integrating the workforce at the lower level, but equally concerned with achieving better representation at the management level. Cassel recalled an incident regarding people's reactions when he hired an Oriental for their research department:

Bill Caples and I hit upon the idea that we needed a little internal research group in order to see what we were doing. Everything was being done by the seat of the pants. There was no body of knowledge such as you can draw on. So we hired a research director. But then, one of the first applicants that came along was a Japanese. His name was Sam Onoda. The research director said "I want to hire this guy, he's good." So I said "Well lets hire him." But my sixth sense said to me, we're going to have problems, because I knew that mill,

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<sup>183</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

like the back of my hand. I was in charge of industrial relations at the mill, during this time. So I called up Caples and said "Hey we got a Japanese guy." Now to Caples credit, he never failed in these situations. He was always strong supporter. But his power was inadequate. But I asked him "What do you think?" I said, "Would you do me a favor and talk to Clarence Randall, and tell him what I'm gonna do?" Five minutes later he called back and said "Clarence says its o.k."

So I had it lined up. I said, "You know we might have a strike on it." So he said "You can't have a strike on just hiring Japanese." So we put him on the payroll. I would say that within three days I had a delegation in my office of half a dozen of white collar workers from the accounting department. They said, we refuse to work with Sam Onoda because he's Japanese. Now this is after World War II, so there's also racial tensions to it. They said they were going to walk out, they were going to strike. The whole accounting department, several hundred of them, were going to strike because we hired a Sam Onoda.

So I said, "Well look, if you want to walk out, it's o.k. with us, we'll get replacements." And that really stopped them cold. They hadn't anticipated that kind of response, so they never walked out. They kept pestering a little bit. And it all quieted down. About six months later Sally Brown came to my office and said "Can we have lunch?" And she said, "I've gotten acquainted with Sam, and you know he's a pretty nice guy."

This will give you some idea of people's hostility toward's anybody brown, anybody yellow, anybody black. And that is the world in which we lived.

Well, we used to take a personal beating in Industrial Relations from the operating guys. Because they said we were pushing this race stuff. We were pushing these people off on them. You'll find that time after time people felt that the law was bad, that they were being punished by the government.<sup>184</sup>

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<sup>184</sup>Frank Cassel, Interview on October 4, 1989, Evanston,

### Management Supports Efforts

Cassel had the support of Mr. Caples and upper management in making hiring decisions which were considered to be unpopular. Despite the problems people such as Cassel faced, management support was present. When asked if he felt this support was symbolic or real, Cassel responded:

I would have to say, in answer to your question, yes, we did have top management's support. We took a personal beating for adhering to a policy that wasn't formalized in the law. Remember this was before 1962 and 1963. And that's how Inland began to get a reputation in the community, in those years, as a liberal company that was out ahead.

Well, we were out ahead,<sup>185</sup> because we were taking a terrible beating inside. Because Caples and I and a bunch of other guys who supported these policies, were very unpopular in some of those years. They even mistrusted us I think in negotiations - thought we would give something away in negotiations that would harm them. But you have to remember -that the people that felt most threatened in all of this were the low level people, foremen and the people just below, who were by and large first and second generation immigrants from Europe.<sup>185</sup>

In Kochan's industrial relations model all elements react to the environment. As this process is taking place the developing system is taking its form from the individuals in control. In Inland's situation, individuals such as Caples and Cassel were progressive on their views of equal employment. Cassel shared his views on how the environment, and individuals such as Caples affected race relations at

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<sup>185</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

Inland:

It is related to kind of a freakish thing that happened. There were - Caples and I attracted people who were more liberal to the department. We were attracted to the top management, for different reasons perhaps, but I think they thought we could read and write and a few other things. But the fundamental thing was that the company's basic attitude revolved about the liberalism of these German Jews. I wouldn't have survived, nor would Caples.

Going along with this there was a powerful change occurring in the labor management relations at the time he was hired and the time I was hired. Because prior to our time the labor relations at Inland and at Little Steel was nothing short of awful. Inland was in the stage of conflict and containment. And when I went in to interview, Randall told me, "I want to change our policy. We don't want to be just plain anti-union." He said "This is the time for changing policy." He wasn't quite sure what that policy would be. But he had one problem. When I started work there in 1948, they were having a wildcat strike a day. And that was because of the decentralization of administration of justice to the foreman. That provided differential justice. In one department you could get hung for an offense and in another department you could get off scott free.

The thing that the union ultimately brought and that Caples and I capitalized on was that the unions function with us was to help the workers get a modicum of justice. I was never under the illusion that the union would raise wages, but I was clear that they could provide justice to the workers. But the big thing that unions can bring and which continues to surprise me in the present milieu, is a sense of justice, and a reality of justice in the workplace, that they [workers] couldn't get otherwise. Because, without the union the employer is the judge, jury, the prosecutor and the jailor. He's everything. And there is no recourse.

I used to tell my class about the fact that if you, walking down the street and you throw a brick in the window you get hauled off to the police station and they book you and they say "Well, get yourself an attorney." And they read you your rights. You go get an attorney and you appear before a judge whom

you've never seen and he decides whether you're guilty or not.

But if at Inland steel you threw a brick through a window, you come to my department and we would judge you guilty, bam -- and there was no recourse. Well this was the shift. This is the profound shift in industrial relations that was occurring in that time, along with race relations. From what might be called containment and conflict, to what I felt was called arms length accommodation. Not too cozy, but still accommodating legitimate interests of workers and union. That was a profound change for us that we pretty much lead the industry in doing that. But it kind of accompanied the whole race relation things because these were all serious human problems that needed something more significant than rigid rule.

And then the third thing that began to occur - it's about that time that the steel industry oligopoly began to break down. Now Caples never admitted, nor did Randall, admit we had an oligopoly. I say we had one. And I think most scholars will support us. What was interesting was - that the oligopoly had controlled the whole domestic market. The thing that began to break it down in the 50's were imports of steel from other countries. And the minute other players entered the game it began to weaken the oligopoly.

Now the steel industry is still trying to preserve an oligopoly, but its having a terrible time doing it. Because the steel people in general, put their heads in the sand.

But those three forces were occurring simultaneously, so that meant that as this oligopoly began to break down, the union could no longer depend as it had in the past on hooking its wage demands to fixed prices, that we passed along to the consumer.

See, the union and the companies matched, not in so many words, but they were in the ball game together. If the company could pass prices on with no government appropriation or public outcry, or people unwilling to buy steel - the steelworkers were home free. All they had to do was to hook their wage increases to their price increases. That worked pretty much through the 50's but began to break down. What's happened to the breakdown of that oligopoly is that its being broken down by domestic

competition and foreign competition both.

But it's those three elements during those 50's that were very powerful elements that affected the company and everything from there on. That was the race relations thing and the business of . . .

Incidentally Bill Caples and I went to the board of directors toward the end of the 50's and made a pitch to the board of directors that we start bargaining independently. In view of the fact that the oligopoly was no longer real, and that we could make a better bargain for Inland Steel with our union than U.S. Steel could with their union. And our board of directors would not recognize that the oligopoly was on its way out.<sup>186</sup>

### Unions and Race

Unions had different positions regarding race relations policies at this time. A few had mechanisms in place to counteract discrimination, others ignored the situation.<sup>187</sup>

Cassel shared his thoughts as to why this occurred:

In that period of time there were only two or three unions in the U.S. that were taking a lead, and they had terrible problems trying to take the lead. One was the United Autoworkers, under the leadership of Walter Reuther; the other was the International Ladies Garment Workers; and the other union was the Amalgamated Clothing Workers.<sup>188</sup> But most all the

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<sup>186</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>187</sup>For a general discussion of how unions discriminated against the black worker see generally, William B. Gould, Black Workers in White Unions: Job Discrimination in the United States (Ithaca: Cornell University Press, 1977).

<sup>188</sup>Foner, Organized Labor and the Black Worker, 258-259, describes UAW's participation in the fight for integrated housing.; Jacobson, The Negro and the American Labor Movement, 287, agrees that UAW was an exception. This was due to the fact that in the early years UAW already had a large concentration of blacks. Therefore, they were more sensitive to "the Negro question."

other unions felt it was too much of a hot potato to take on by themselves. There was no AFL position. George Meany felt that the only good plumber was a white plumber.

Most of the guys that were in the leadership position of Local 1010 were white guys. There were beginning to be black guys in leadership. And the way they got there was through a very peculiar way, which is why blacks, and hispanics will get power. Segregation has a reverse twist. Blacks were segregated at the dirtiest, lousiest jobs in the mills - the blast furnace and the coke plant. I even interviewed a guy, who had the nerve to tell me that they put black guys in the coke plant because they were black! Coal was black, and they were black! I've had people with the nerve to tell me to put black guys in the blast furnace, because blacks stood heat better than other people!

So the union had terrible internal problems. In fact, Walter Reuther had an internal revolt because he tried to make a woman a vice-president of the United Autoworkers in the 50's. So how energetic were they? They were as energetic as the blacks who had achieved power were.

Now this is how they achieved power. By being segregated in the blast furnace they developed longevity and as they got longevity they developed knowledge and power inside the union. So the dirtiest, lousiest department like the coke plant, and the open-hearth and the blast furnace were tended to black dominated by black leadership. Gradually, they built up their power so that when they came to meetings they were able to be vocal.

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When Walter Reuther, President of the UAW, resigned from the AFL-CIO's Executive Council, he criticized the Federation's failure in developing policies and practices regarding civil rights. He felt Meany was not committed in leading the AFL in this area and stated his leadership as being "the complaisant custodians of the status quo."

Emil Mazey, Secretary-Treasurer of the UAWU, resigned from the Civil Rights Committee of the AFL, saying it too had not done justice in eliminating racist practices in organized labor. (356)

For a discussion as to why the ACWU and UAW were considered to be progressive also see, Richard A. Lester, As Unions Mature (Princeton: Princeton University Press, 1958), 89-95.

They were the ones who were vocal and the ones who began to make the point.<sup>189</sup>

Many of the unions had discriminatory policies. In a study conducted by the Equal Employment Opportunity Commission between July 1, 1965 and June 30, 1968 regarding union practices, four specific discriminatory patterns emerged. They were: (1) no duty of fair representation;<sup>190</sup> (2) discriminatory seniority lists; (3) segregated locals, and; (4) exclusion of blacks from craft unions and apprenticeship programs.<sup>191</sup> Even though this study was not conducted until later years, Cassel spoke about how the unions failed to represent minority employees. When asked whether employees approached the union for representation, he responded:

Yes. And very frequently the local didn't handle them. I can give you two antidotes.

One in case of a woman and one in case of a black who both came to see me when I was downtown, running industrial relations for the corporation. Both with identical stories, that they had taken their grievances against the management to the union and could get no satisfaction and said to me "Will you give us satisfaction?" The case of the woman was a rape case. And I gave her as much help as I could to get legal assistance to bring the charges that she felt she should be bringing. She couldn't even get the attorney, the county attorney to pay attention to her.

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<sup>189</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>190</sup>When a union is the exclusive bargaining representative for employees it is obligated to represent and process grievances on behalf of the members of that bargaining unit.

<sup>191</sup>Benjamin W. Wolkinson, Blacks, Unions, and the EEOC (Lexington, MA: D.C. Heath & Co., 1973) 5.

The black guy had a simple case of being discriminated against on the job. And so I called up the union and asked them to come in and I had the funny situation of being the mediator, between the union and the worker. And I did tell them that they would have lot of trouble in the future if they didn't start handling these cases. But they ignored the cases as much as they could.<sup>192</sup>

Based on this historical evidence Cassel responded to the issue of a slow and gradual turnaround in the use of minorities in union management:

It was very, very gradual. It came around when there were a sufficient number of black guys in the union leadership. And that would have been in the '60's. Then the Hispanic guys would have somebody to go to. But there was nobody in the early years to go to. It was really pretty awful if you stop to think about it.<sup>193</sup>

Inland continued to respond to the government, union and its employees. The environment changed rapidly. White workers hostility towards blacks continued to grow, caused in part, by their fear of job competition. Inland's human resources policies evolved in the midst of this racial tension. The success of these policies was due to individuals such as Caples and upper management's support. Caples, in turn, was able to stand by his people. The programs which were instituted were advanced for their times and were successful because they did receive the needed support from top management.

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<sup>192</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

<sup>193</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

### Corporate Social Policy

In the early 1960's, when the Civil Rights Movement was gaining momentum, some companies voluntarily began taking affirmative steps towards developing policies and programs to assist them in integrating their workforce. Inland, is one of these companies. In order to see how a company got to where it is today, one must take a look at its past.

Inland began taking affirmative action<sup>194</sup> and providing equal employment for minorities for minorities and women long before the Civil Rights Act of 1964 was enacted. Non-discrimination clauses were found in almost all labor agreements beginning in 1962, but at least one was included as early as 1954.<sup>195</sup> Article III, Section 4, of Inland's 1954 labor agreement with Local 1010 and Local 64 stated:

It is the continuing practice of both the Company and the Union that there shall be no discrimination against any employee because of race, color, religious, belief or national origin.<sup>196</sup>

Inland's corporate policies did in fact begin much earlier than the 1960's. In 1964 Inland was one of eleven

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<sup>194</sup>Affirmative action are affirmative steps which are taken beyond compliance to ensure there are remedies to eliminate discrimination. For example: career development programs, training in management skills and recruiting at predominantly minority universities.

<sup>195</sup>Marshall, The Negro and Organized Labor, 187.

<sup>196</sup>"Agreement Between Inland Steel Company and United Steelworkers of America Local Union No. 1010 and Local Union No. 64" Article III, Section 4, (Indiana Harbor, IN and Chicago Heights, IL, July 1, 1954), 4.

steel companies which signed and developed a "Plans for Progress." The company proceeded to develop programs and policies with which to increase the minority representation in the workforce.

In the steel industry, minority representation in the skilled jobs was extremely low. These positions were filled through apprenticeship programs.<sup>197</sup> In order to enter such a program tests had to be passed and certain requirements had to be met. In 1967, Inland became one of seven steel companies which conducted a pilot program to ". . . lift the worker's educational levels to enable them to qualify for training and job opportunities when available."<sup>198</sup> The program was in cooperation with the USWA and the federal government. The program was directed towards:

. . . unemployed persons who might be hired for job openings available in the steel industry, but . . . do not meet the current educational or, perhaps the physical standards for acceptance that have been established by the companies.

The second group are those who are already employed but who appear to be "locked in" at a certain level of educational development. Many of these individuals have voluntarily passed up job promotions when such were offered, or have been promoted to a better job only to find that they could not perform, because they could not read, or write well enough or do required arithmetic. Others have found occupational progression impossible because they speak a language other than English.<sup>199</sup>

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<sup>197</sup>See, for example, *United Steelworkers of America v. Weber* 443 U.S. 193 (1979).

<sup>198</sup>Northrup, Negro Employment In Basic Industry, 328.

<sup>199</sup>Ibid.

In 1971 Inland received a \$1.6 million grant from the government to institute a JOBS Training Program in which hardcore, unemployed people were trained. In addition to this Inland also developed programs for minority engineers and technical students whereby financial assistance was awarded to students going into these areas.

Inland was committed in the affirmative action area, as shared by Bill Dillon:

The Blocks were very socially oriented people. Part of the whole philosophy was that before Civil Rights was popular they had that basic thrust of a management philosophy in which they gave everybody equal opportunity.<sup>200</sup>

Some people are more progressive than others, but the question remains, why and how does this happen. Dillon believed an individual's personal values and ethics could not be separated from their work ethic. In describing the Block family, he stated:

I don't know where it really comes from, but it was just that everyone dealt with - Joe Block, Bill - they all dealt with - they all had that very basic thrust, and they expected way before Civil Rights became popular - they expected their management people to be involved in civic and things. They were always encouraging us to do that sort of thing - to be involved. It was just something that they felt that way and they did it.<sup>201</sup>

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<sup>200</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

<sup>201</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

### Inland's Human Resources Policies

Inland had personnel policies in place for many years, some of which were negotiated with the union. Dillon commented:

What you had with the union like this was that it was all negotiated. Most of those benefits - so you didn't really have a lot of leeway with respect to those benefits. They were negotiated - the insurance package, the pension package, the money package - the incentives - all of that...

What we really had was the non-discrimination in employment aspect of it. Those were solid policies all the way back. And that is why when we got up to the 70's that was probably the most striking one of all. I worked in employment and I knew even in those days it was the bringing in of people. There were plenty of jobs and everything was expanding.<sup>202</sup>

Executive Order 11246<sup>203</sup> was one of the executive orders which was issued during 1965. One of the provisions in this executive order is that all federal contractors with federal contracts greater than \$10,000 must have an affirmative action plan.<sup>204</sup> Dillon commented on Inland's affirmative action program:

It has been a commitment. When I was there we had a very solid affirmative action program. Where every year I was secretary and every year, every department has to come in and give their AAP showing us where they were last year; where they are this year; and if there has been no improvement, why hasn't there been any improvement.

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<sup>202</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

<sup>203</sup>Executive Order 11246, 30 Fed. Reg. 12319, as amended by Executive Order 11375, 32 Fed. Reg. 14303.

<sup>204</sup>Executive Order 11246 § 202

We sat down with the heads of every operation, with the Chief Executive there, and with the top management guys that was part of the annual management review. The EEO numbers were part of that and I'm sure it still is.<sup>205</sup>

Inland was already known to have instituted internal development programs. Cassel talked about a community program which Inland supported during the 1960s:

When I was in Washington from 66-69 I was in charge of the Poverty Program, Youth Corp, Job Corp. We sent a young man, Roger Wilkins, to Chicago to talk to Mayor Daly about starting a Job Corp program here in Chicago. I was told to come up here and help him to try and get in to see the Mayor. Well, we finally did, but the Mayor was barely civil. We left there and went back to the Sherman Bar and said, "You know what we can do? Let's us have a really terrific Job Corp program for people. Why don't we have a really good job program." So I got a hold of Bill Barry who was head of the Urban League and I got a hold of Joe Block and said we need people at this Sunday Morning meeting. We've got to have a Jobs Now Program for the kids. By God, at the Sherman hotel we had a whole room full of people. Joe Block got them there, business men, and Bill Barry got businessmen and other there and we had the first Jobs Now Program started there.

The point of the story is that I got terrific help all the way on this. All the way Inland was interested in these things.<sup>206</sup>

Inland had a long history of civic involvement. The company proved successful in establishing the Job Corp program. Such success dates back to 1955 when Edward Ryerson the Chairman of the Board for Inland was chosen as the first

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<sup>205</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

<sup>206</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

recipient of the annual Community Service award which was instituted by the Chicago Chapter of the Public Relations Society of America.<sup>207</sup> In 1966 Inland was the recipient of the award.<sup>208</sup> This was the first time such an honor was bestowed to a corporation rather than to an individual. Inland continued other programs such as underwriting scholarships for minority students and developing joint programs with other companies to support the community.

#### Inland: The Maverick

For many years Inland has had the reputation of being a "maverick." Fighting for what the management believed in, be it fighting against wage increases or pensions; win or lose, gained the respect of both unions and its peers. David McDonald, United Steelworkers Union President in 1953 described Inland as: ". . . the maverick of the steel industry, an independent company with individual attitudes."<sup>209</sup> Inland developed the reputation of being a "maverick" by not being a follower, but a leader. Bill Dillon shared his views of why Inland was given the name:

In my experience with them - they always used to say "There's plucky old Inland." Abel used to tease us at the end. "Plucky old Inland, finally..."

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<sup>207</sup>Ralph Campbell, "Employing the Disadvantaged: Inland Steel's Experience," Issues in Industrial Society 1 (1969): 35.

<sup>208</sup>Ibid.

<sup>209</sup>McDonald, Union Man, 304.

We were kind of a maverick in the sense that we got that reputation. Because you have U.S. Steel and Bethlehem and Republic. They were the big three and they made most of the major decisions in bargaining. And you would have Allegheny Ludlum, Youngstown, they would go along with what the big three wanted. They didn't fight them. At Inland We were always . . . if we didn't agree with the trend we were always fighting for "You shouldn't do this, you shouldn't do that." So that is where the idea of Inland being the "Maverick" was. Now we didn't have that much of an impact on the big three - U.S. Steel, Bethlehem, Republic - did almost what they wanted, but they had to keep the group together. So you had a certain amount of bargaining power. And what you do in those kind of bargaining stuff, is what you're trying to do is protect yourself. You know U.S. Steel, Bethlehem and those guys, are going to do what they want, but you always gotta know, this is what they're going to do, but how is this going to impact me. So when I talk about this fighting, arguing with them, you were always trying to say, o.k. we do this, this is the impact on Inland. Lets do it a different way so that Inland doesn't get stuck.

Abel always used to say in the end - "Oh geez, we finally got plucky old Inland to sign." But you see we were willing to challenge U.S. Steel and Bethlehem. Bill Caples and my predecessors and everything. And that is really what you are looking at in coordinated bargaining is to say how does this impact Inland differently so that we don't get banged with it. And they would bang us just as easy as they could. If we had some cost advantage over them - they would say what the hell are you talking about you're about to blow us in total employment costs. We're giving you the protection of a no-strike and you're just fighting.

That was always our role. You had to be very careful because just like in the EEOC, they didn't care what it cost Inland.

But I think a lot of those guys at US Steel and Bethlehem admired us. We were mavericks in the sense in the EEO area.

I'll always remember when I was Divisional Supervisor when the new galvanized lines came in. We had the old galvanized lines, which was the hardest job where you had sheet of steel and to dip

them in zinc by hand. A lot of these people were lowly educated minorities, mostly a lot of hispanic and black guys. When the newest stuff started coming in, the continuous stuff, a lot of the guys would say those guys can't do this, we've got to bring in educated people to run these lines. And we said that is a bunch of hooley. These guys have been running galvanized lines and they've got seniority rights for these jobs and we're going to train them to do the job. We never had any trouble.

I remember the open hearth jobs, dirty, tough, heavy, high paying work, but you had a lot of minorities in those jobs, and when the new basic oxygen furnaces came in, we had the Japanese helping us with the technical end, and they couldn't believe that we were going to take the "Old Timers" and put them on these sophisticated equipment. They said it just can't be done. In Japan they would never think of that. So that in a sense that was one of the aspects that I remember. The equal employment type of thing that was to go ahead and push these guys.

So this is why when we looked at those numbers this 60-20-20 [60% white, 20% hispanic, 20% black] came about, because that had been the philosophy long before. This was in the 50's so when you looked at the numbers 20 years later, the numbers were there.<sup>210</sup>

Bill Lowry, who in 1990 was still Director of Personnel and Recruitment, reiterated the fact that management was responsible for Inland achieving such a reputation. William Caples was a part of that team. Lowry remarked:

One year Inland resisted in raising prices, when the industry did. "Plucky old Inland." We gained respect. A lot of that has got to [go to] Bill [Caples]. Bill did a lot in identifying and hiring bright people.

Inland was one of the first to go out and formally do college recruiting back in 1949. Clarence Randall started this. Inland demonstrated that kind

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<sup>210</sup>Bill Dillon, Interview on September 8, 1989, Chicago, IL.

of awareness very early in the game. Their participatory management style was somewhat new. Inland to me seemed to me to be a company with a conscience. And they tried to make their environment healthy, so their company could be healthy.<sup>211</sup>

The participatory management style was but one of the factors which made Inland successful with the community and its employees. Frank Cassel gives an in-depth analysis as to why the labor-management relationship went from being confrontational to becoming more accommodating. He also points out that their race relations policies was one of the reasons the company was considered a maverick. To this he replied:

Lets go back to the three points I made earlier. A maverick partly because of the race relations, the early efforts there. A maverick because it more frequently in the industry tried to induce a different pricing policy on steel.

Was it ever successful? No. You have the appearance of being a maverick, but not the reality.

What people outside of Inland felt, was the high quality of labor-management relationship of accommodation, which was considered maverick. Because so many other employers, were pursuing outright hostility. What I realize, that also in this period, there is a great deal of history here, that tells you how we got where we were.

After World War II we had a large number of strikes in the U.S., and those strikes, they usually occur after the war, because the rules and the relationships are usually suspended during wars. Then after wars, are loosened up. There were also something the during the war called the War Labor Board. And they imposed some conditions on the steel companies that they didn't like, including maintenance of membership, which is a form of union

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<sup>211</sup>Bill Lowry, Interview on July 13, 1989, Chicago, IL.

shop. So the companies were ready for a fight after World War II. Not only in steel, but everywhere. And the unions were on the upswing. The unions basically reached their peak in membership as a percentage of the labor force in 1953-54. And they were very, very aggressive and on the make. The companies on the other hand, were equally obtuse. And it took the Little Steel Firms, like Inland, Republic and Jones and Laughlin and Youngstown Sheet & Tube, it took them by surprise when U.S. Steel Corp. signed a recognition agreement to steelworkers with John L. Lewis, who was head of the Mineworkers, and who had founded the Steelworkers Organizing Committee which succeeded the Amalgamated Iron & Steel & Tin Workers Union. So Little Steel was very, very hostile, and that included Inland. And at that time, the Republic Massacre occurred on the south side of Chicago, and that was between Chicago policeman and workers from Republic Steel. So Inland broke out of that pattern, broke out of the Little Steel pattern.

Industrial Relations were much more rational in the sense than in the other Little Steel companies, were much more like U.S. Steel. By the time we and U.S. Steel began talking about Industrial relations, we were thinking much more alike. In fact, I was a member of a three or four man committee strategy team for the whole industry to determine our strategy. One was U.S. Steel, one was Inland and the other was Republic, and one guy from Bethlehem. And we used to spend our days and weeks, plotting the strategies for each negotiation. But the major of their respect for Inland, was the fact we had membership on the committee that assisted a hundred steel companies. There were a 100 steel companies and twelve big ones. A little later Henry Kaiser dropped out and there became 11 big ones. Now there are only about six.

But, Inland was thought a maverick in the community because it took seriously participation and serious problems. We were very early in inviting people to talk to our executives about how to deal with gang problems in Chicago.

I became a member of the Urban League when the Urban League could have met in a telephone booth, and it was called a Communist organization in those days. So there I was representing Inland Steel at the Urban League. There were no other companies. We had very good rapport with our top guys and the top

guys were Randall and Joe Block.

Inland helped me when I was in Washington, to get a very early version of the Job Corp underway. It was an experimental project here in Chicago and then we got it through Congress. Inland helped me get Roger Bough into my office to make an agreement with U.S. Steel Corporation, with the government to have to hire something 2-3000 or 10,000 - whatever the number was a year, disadvantaged young persons - minorities. Inland helped me get those connections. I couldn't have knocked down the door and gotten Roger Blough to come by myself. And my boss, who was Secretary of Labor, couldn't do it.

We saw the role of the company in a much larger context. I wanted to mention something that's happened in defining what people do. The human resources term came alive in private industry in the 1970's, but it really originated in government back in the 60's. When we were talking about it as a governmental function involving human resources on a very massive scale. And what they did was bastardized the term. And the idea of the human resources function was to cut out the union relationship. It's the mechanism for turning people around, so when they think of the function, they don't think of industrial relations, they think of human resources. Industrial relations includes an interaction of an outer environment or a secondary or tertiary, primary outer impact on the internal environment of the firm. The Inland internal firm, was profoundly affected, more than other firms, by the outer environment. Partly because of the top people; partly because of the people they hired; partly because of interest; partly because the times were changing; and we think we want to change. But there is no denying the fact, that the external environment was a powerful influence on what we were trying to do. The company loaned me to the governor doing the first unemployment report in the country. This loan program I did in 1962 or 63, and companies weren't really doing this then.<sup>212</sup>

Inland, justifiably so, gained the recognition of being a "maverick." The guidance and support which people such as

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<sup>212</sup>Frank Cassel, Interview on October 4, 1989, Evanston, IL.

William Caples, never faltered. The confidence the company displayed in making decisions resulted in admiration from its peers.

The relationship between employees, union and management did not begin to improve until after the arrival of Caples in 1945. Inland's new management knew that it would have to hire people such as Caples to develop the industrial relations department. In order for it to be successful in developing its race relations policies and improving the union relationship, it needed to identify people who were equally committed to their goals. They found it in Caples' leadership, because he in turn hired others who shared that vision.

CHAPTER 6  
CORPORATE CULTURE

A pattern of basic assumptions--invented, discovered, or developed by a given group as it learns to cope with its problems of external adaptation and internal integration--that has worked well enough to be considered valid and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.<sup>213</sup>

In the last several years corporations have been showing a greater interest in the subject of corporate culture. Studying a culture itself is not unique. Anthropologists study people in order to learn more about their values, beliefs and the society in which they live. These values and beliefs form a culture of society and corporations.

In Kochan's model regarding the development of an industrial relations system, the external environment also plays a major role in how a corporate culture is developed. In both instances the external business or social environment is a great influence behind the evolution of either the culture or industrial relations system. Even though the

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<sup>213</sup>Edger H. Schein, Organizational Culture and Leadership (San Francisco: Jossey-Bass Inc., 1984) 9.

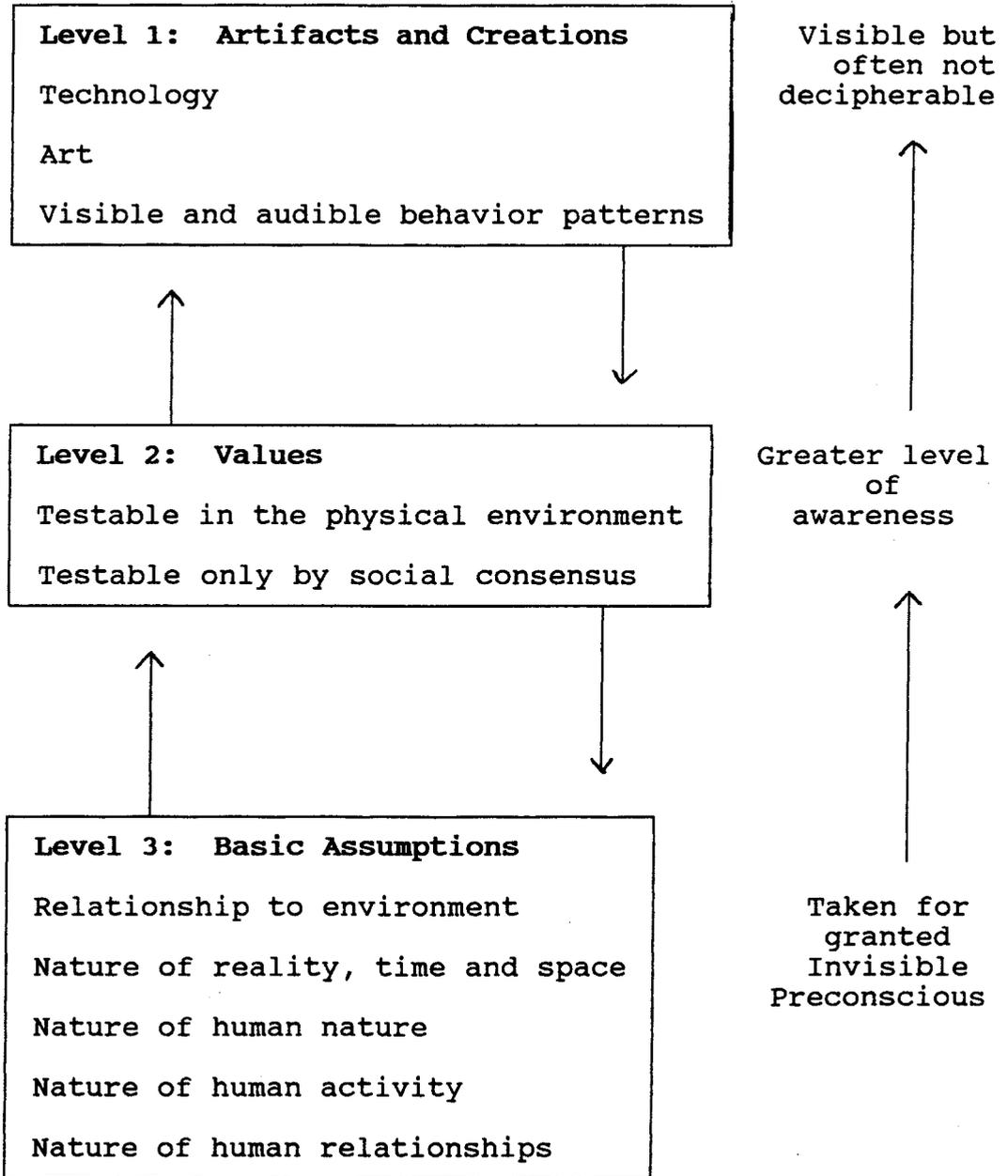
external environment plays a large role in defining what the culture or industrial system will be, the underlying factor is that both of these are shaped by the leader of the corporation. To put this in a better perspective Figure 2 describes Schein's three levels of culture.

Artifacts and creations, Level 1, is the most visible level of culture. This level is the physical and social environment of the corporation. The outside world's opinion of a company's culture, is formed by their perception of what they see at this level.

Culture reflects an individual or groups original values, Level 2. These values are derived not only from an individual's own values, Level 3, but also from the external physical and social environment, Level 1. Individuals are still aware of their values at Level 2, but they will draw from Level 1 and Level 3 when making a decision or leading a group of individuals. As values become more ingrained in an individual, they drop into the subconscious, becoming Level 3, Basic Assumptions. These basic assumptions are derived from our relationships with other people and also from tradition.

Culture reflects the values and assumptions by which decisions are made. In order to have a strong organization, the individuals making these decisions should share the organization's beliefs, values and vision. Upon examining

Figure 2  
Levels of Culture and Their Interactions<sup>214</sup>



<sup>214</sup>Schein, 14.

culture more closely, one finds that leaders play a critical role in shaping the culture. If necessary, a good leader can successfully change the culture of a company so that it can better meet the needs of the external and internal environment. Successful leaders have been found to have certain skills and traits. Figure 3 summarizes characteristics found in a such a leader.

**Figure 3**  
**Traits and Skills Found Most**  
**Frequently to be Characteristic of**  
**Successful Leaders<sup>215</sup>**

TRAITS

Adaptable to solutions  
 Alert to social environment  
 Ambitious and achievement  
   oriented  
 Assertive  
 Cooperative  
 Decisive  
 Dependable  
 Dominant (desire to  
   influence others)  
 Energetic (high activity  
   level)  
 Persistent  
 Self-confident  
 Tolerant of stress  
 Willing to assume responsibility

SKILLS

Clever (intelligent)  
 Conceptually skilled  
 Creative  
 Diplomatic and tactful  
 Fluent in speaking  
 Knowledgeable about  
   group tasks  
 Organized (administrative  
   ability)  
 Persuasive  
 Socially skilled

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<sup>215</sup>David R. Hampton, Charles E. Summer and Ross A. Webber, Organizational Behavior and the Practice of Management (Glenview, IL: Scott, Foresman & Co., 1987), 556.

Inland Steel had strong leaders defining and molding its culture. In describing Clarence Randall, President of Inland Steel from 1949-1953 and then Chairman of the Board from 1953-1959; and Joe Block President from 1953-1959, Cassel recalls:

A great deal of these [trying to develop better union relations and equal employment opportunity] efforts got started under Randall, who preceded Block and as a matter of fact, he selected Joe Block as his successor. And Randall had an important character in this whole thing because of the evolution of his psyche, his personality. He had started out being the strongest anti-union leader in the industry, absolutely opposed to the union shop. He was a - he came to the company originally as a relatively rural lawyer from Ishpeming Michigan. He had been trained in the law at Harvard, was born and raised in Cherry Valley, New York. A man who continuously evolved throughout his life. And I think that two things that influenced him that influenced Inland, one was his service in Washington, with Eisenhower, where he came in contact with the bigger issues and the bigger problems of the world outside of Inland Steel, after all he was his Economic Advisor. And he got to see how important these issues were. Remember, that was from 52-58. And I observed in him an enlarged vision of the world. He wrote three or four books during that period of time. But he was the guy that Bill Caples on board, he brought me on board. But I don't underestimate the influence of the Blocks ethical values. Very high ethical values. You know its interesting, they are very consistent people. We ran into his daughter, and even today, they are involved in all the liberal causes.

But Joe Block couldn't touch Randall for intellectual candle power. Randall had it. And he thought about all of these issues. He's the guy who thought a lot about these issues. He's the guy who thought consciously about changing the industrial relations policy of the firm. From outright hostility to something like accommodation. This is a big jump, because you have to train the whole workforce. Because this involves thousands of people - as a matter of fact I used to go out in the mills and talk to the guys I worked with. After I got downtown I'd go back to the mill and they'd say, "What's wrong with the old man, did he get taken

when he went down to Washington? There's something wrong with this guy. He's got all these left wing views since he came back from Washington." Left wing views from Eisenhower, can you imagine? They would trust me, they knew I wouldn't spill the beans. And he was very far advanced over everybody. In other words, if you talk about a push - pull effect, Randall was the pull effect. Of pulling that organization along into the 20th century, in technology, and in planning, and in race relations. All of those things, he was the pull effect.

I remember he was very stern about having a plank to integrate the workforce. He fired a superintendent in one of the mills because he wouldn't come up with a plan. Randall was the first man to early adopt the ideas on having a planned succession of executives and so forth. Long before anybody else had. This man really had capability.

Block carried out a lot of that, but not with the same flair or enthusiasm. It's an interesting thing, he had more of the feel of what the problems of the human race than Randall. Randall had a better intellectual comprehension of what to do. Block had more feelings. The Block couldn't escape the antecedents of their family and everything that goes into the life of the Jew who had connections with somebody who may have been in the holocaust or something.

Randall was a cold blooded intellect who said, these are things that have got to happen. We have to have free trade, we can't be fooling around with all this goddamn protectionism. Block wouldn't have said that in a 100 years. Block went along with the rest of the guys on protectionism.

We were the guys that were the instruments that were brought along, we were the guys brought in - given the green light. And we were not the guys who dreamed up the policy. The policy was there.

With Randall there was something new everyday. He took on top issues. He took problems. He was willing to work with the rest of the industry up to a point. He even acted as industry spokesman sometimes, but he had his own mind. Randall was a

great orator.<sup>216</sup>

As much as a corporation needs a leader to form a culture it needs people to help it achieve success. Culture will get more deeply embedded and will perpetuate itself, through the individuals that are hired. According to Dillon, Clarence Randall hired quality people:

He was given the credit for what we used to call the "Randall's Rangers." He had an approach that for steel you had to have top level management material, so every year Inland would recruit seven, eight, nine people, from the top schools, Northwestern, etc. - to get young talented guys put into these training programs to feed them into the management development system, so that you would have this top potential talent. And that proved very successful in those days that almost all of the guys came up to the top levels with Inland. So it was a very successful program. As far as getting the caliber of guys you needed for the top management level of the company.

It was a very successful program, a lot of the people came through it. When I was at Inland, they were still bringing in a lot of very good people. They had guys like Barry Sullivan. They got some very good people that way.

This was one of Randall's programs and this is why we called them "Randall's Rangers."<sup>217</sup>

In analyzing leadership thus far, one of the major characteristics is the relationships which arise between the leader, his/her followers, the organization and the internal and external environment. Going one step further, the

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<sup>216</sup>Frank Cassel, Interview, on October 4, 1989, in Evanston, IL.

<sup>217</sup>Bill Dillon, Interview on September 9, 1989, Chicago, IL.

foundation of these relationships all deal with people. A good leader will place a high value on people. Clarence Randall wrote:

If your organization is run "by the book," if the job description is more important than the man, if organization charts take precedence over the realities of personal relationships, your organization is in danger of succumbing to an all too common form of creeping paralysis.<sup>218</sup>

Randall's personal ethics and values did influence his business ethics, from his labor policies to social responsibility. His feeling regarding labor policies were that they should not be formulated by lawyers, but by:

thoughtful management after weighing law, psychology, economics, and human values . . . no individual will be permitted to substitute his own set of prejudices for the institutional philosophy.<sup>219</sup>

Randall firmly believed that the human resources function was important to a corporation, and did take the external environment into account when steering the company's course. The evolution of the labor relations policies reflect his values. The individuals he hired, such as William Caples, shared his beliefs and vision. They were able to move the company from confrontation to cooperation with the USWA, because they had his support.

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<sup>218</sup>Clarence B. Randall, The Folklore of Management, Boston: Little, Brown & Co., 1959), 12.

<sup>219</sup>Ibid., 47.

## CONCLUSION

The history of the steel industry's labor-management relations and race relations policies is characterized by the turbulent period of the late 1800's when strikes were due to economics and quite frequently were violent. By the 1960's the violence remained, but this time it was related to civil rights. The government and steel industry were equally experiencing a metamorphosis during these years. The course of events were consequently due to the changes in working conditions, technology and new legislation.

Legislation which was passed during this time period went from being pro-union to pro-company. The government also went to the extreme of taking a hands-off approach to seizing the steel mills. The New Deal labor policies legitimized the union and the Civil Rights Act of 1964 proved to be the most important anti-discrimination piece of legislation to be enacted. A later chapter between the unions and companies could read that their relationship went from confrontation to cooperation.

The environment created by World War I and II opened the door for the integration of the workforce. The labor shortage

forced companies to hire women and minorities for work in the factories. Unions, needing to increase their membership, were compelled to seek the black worker's support. Once this occurred, unions and companies had to develop new policies to address the inequalities which existed between the white and black worker.

Title VII finally made unions and companies accountable for their race relations policies and the integration of the workforce. The legislation which was passed prior to 1964 did not prove to be effective. The black workers had no recourse with which to seek redress for the racial discrimination they confronted in the employment sector. Unions were equally at fault by allowing segregated locals and discriminatory seniority and promotion provisions in collective bargaining agreements. But once created, policies were only successful when there was someone to support them.

The evolution of Inland Steel's labor-management and race relations policies evolved during these very tumultuous times in the country's history. In 1938 the Chicago Memorial Day Massacre was fresh in everyone's minds and the management at Inland was considered to be "ruthless" and "dictatorial."<sup>220</sup> Later, in 1954, Brown v. Board of Education, effectively declared segregation in public education to be unconstitutional and the Civil Rights era gained momentum.

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<sup>220</sup>Whyte, Pattern for Industrial Peace, 157.

A corporation's management policies are determined by the internal and external pressures created by the environment. Such pressures are often times beyond the control of management. There are many extraneous factors, such as the fluctuating labor market, technological and economic changes which affect the development of policies. None of these factors, particularly governmental pressures, can be easily changed by management. Given these constraints, the fact remains that the top management of many companies was able to alter race employment patterns. Inland Steel was such an example. Individuals such as William Caples and Clarence Randall left this type of legacy behind. The changes which ensued were not only a response to the changing external environment, but were also due to the commitment upper management had to its workforce.

In 1954 Inland Steel introduced major technological modifications in the plants. These changes invariably began to lead to the displacement of senior employees.<sup>221</sup> The president, concerned with how these changes were effecting the older employees, informed his management that he wanted them to develop programs which could provide alternatives which would minimize the displacement. Management decided

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<sup>221</sup>Frank Cassel, "Corporate Manpower Planning and Technical Change at the Plant Level" (Amsterdam: Adjustment of Workers to Technical Change at the Plant Level International Conference, November 15-18, 1966), 4, photocopied.

the best approach was to develop training programs which would upgrade employees skills. The company continues to conduct training programs for their employees both at the plant and in conjunction with Purdue University. In addition, Inland executives and supervisors also receive training in planning, leadership skills, team building, group problem solving and worker participation.<sup>222</sup>

Further proof of Inland's commitment to equal opportunity dates prior to the passage of Title VII. Inland was one of the companies which had voluntarily developed a "Plans for Progress." It was during this period the company instituted training programs for the black worker and began minority recruitment programs. The minority recruitment programs which are conducted at such universities as Howard and Florida A & M, are still in existence. In 1984 thirteen percent of their newly hired college graduates were minorities.<sup>223</sup> Recruitment programs such as this, are the result of Randall's program known as "Randall's Rangers."

In addition to recruitment and training programs, Inland has also continued the legacy of community involvement. In 1984 their foundation contributed \$1,573,905.<sup>224</sup> Of this money forty-five percent was contributed to the United Way Community

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<sup>222</sup>Inland Steel, Inland Steel 1984 Annual Report (Chicago: Inland Steel, 1984), 15.

<sup>223</sup>Ibid.

<sup>224</sup>Ibid., 16.

Funds and thirty-six percent to educational institutions and scholarship programs. The scholarship programs involve scholarships given to minority students majoring in engineering and technology. The remainder of the money goes to community welfare agencies; local and national civic activities, such as the National Association for the Advancement of Colored People and the National Urban League; and cultural organizations and hospitals. Such programs and community involvement were begun under Randall's and Caples regime, and continue today.

Both the labor-management relationship and the integration of the workforce were finally solidified by individuals such as William Caples and Clarence Randall. Randall had the foresight to see the need for an industrial relations department. When he hired William Caples, he hired someone who was committed to fair employment and willing to take risks.

If a company is to survive it cannot close itself off from the world and complacently carry on its affairs. It is inseparable from the events occurring in the world. The corporation experiences what the world is experiencing. The two are intertwined and each must respond to the needs of the other. Inland Steel responded to the events which were taking place.

The "Bill Caples" of Inland began developing race relations policies before it was mandated by law. Inland was

one of the few companies which incorporated the anti-discrimination clause in their labor contracts as early as 1954. The company was also excluded from the Steel Consent Decree which was signed with the Equal Employment Opportunities Commission in 1974.<sup>225</sup> By this time, the policies Inland implemented after 1945 had been in place long enough for the company to have a more representative workforce in nearly all occupations. In 1986 Inland's workforce was thirteen percent women, eighteen percent black and sixteen percent Hispanic.<sup>226</sup> During this same year the steel industry's employment characteristics were: thirteen percent women, ten percent black and eight percent Hispanic.<sup>227</sup>

Inland's company magazine states:

" . . . we believe that growth and profitability must be accomplished by other goals if we are to fulfill our obligations to the society we serve. Foremost among these objectives is providing an environment of equal opportunity in hiring, development and advancement."<sup>228</sup>

These statistics reflect Inland's commitment to this statement. The fact Inland's internal representation is

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<sup>225</sup>For a list of the companies included in the Steel Consent Decree and the provisions of the Decree, see pp. 68-70 below.

<sup>226</sup>Inland Steel, 1986 Inland Steel Fact Book (Chicago: Inland Steel, 1986), 1.

<sup>227</sup>U.S. Bureau of Labor Statistics, Employed Civilians by Detail Industry, Sex, and Race (Washington, D.C.: GPO, January, 1987), Table 28.

<sup>228</sup>Inland Steel, Inland Steel (Chicago: Inland Steel, 1987), 3.

greater than the steel industry's is due to the programs which were instituted between 1949 and 1969 and continue today. The training and development programs have increased the promotional opportunities for minorities. These programs, in addition to the company's hiring practices, have thus resulted in the increase of minority internal representation. None of this would have occurred if there had not been suitable management to initiate the needed changes.

The future progress of equal employment opportunity will continue to depend in part, as it has in the past, upon the managers commitment to equal employment opportunity. Everyone operates within certain constraints which are imposed by the internal and external pressures. In turn, it is these pressures that bear upon the organization and operation of a business. As Kochan's industrial relations model demonstrates, the external environment, coupled with history and the values of a company, create an industrial system.

In 1964 Clarence Randall wrote:

The world moves on passing from one area of turbulence to the next, with the problems of today steadily yielding place to those of tomorrow. . . For this reason there can never be a neat handbook, to be kept in a desk drawer, that will give all the answers . . . success lies in bringing fresh wisdom to new situations.<sup>229</sup>

When Randall hired Caples in 1945, he hired an individual with wisdom and someone who was innovative and willing to take

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<sup>229</sup>Clarence Randall, Making Good in Management (New York: McGraw-Hill, 1964), 151.

risks. Cassel said in his interview that race relations was viewed as a "hot potato" and that not many companies were willing to address it. Inland did address it with the help of people such as Caples and became known as a leader because of the policies which were instituted between 1945 and 1969. Due to Bill Caples and the support of upper management these policies were, and continue to be, successful.

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73 Stat. 541 (1959)

3 C.F.R. 957 (1941)

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The thesis is therefore accepted in partial fulfillment of the requirements for the degree of Master of Science in Industrial Relations.

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