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## Broken Glass: The Decline of Corporate Paternalism and Welfare Capitalism, A Critical Analysis of One Company's Systematic Socio-Economic Metamorphosis

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The Cleveland-Cliffs Iron Company, now known as Cliffs Natural Resources, mined large amounts of high to low grade iron ore in the Lake Superior District beginning in the late 19<sup>th</sup> century. CCI, shorthand for Cleveland-Cliffs Iron, grew quickly during the early years of the 20<sup>th</sup> century and became nationally relevant as it mined Lake Superior iron ore in greater amounts. With the stock market crash of 1929, CCI contracted substantially due to the falling demands for iron ore; however, the company did what it could to support its employees as it funded programs intended to maintain the livelihood of the miners and their families throughout the Great Depression.

CCI supported dozens of visiting nurses, five hospitals, three clubhouses, over a thousand community gardens, and annual prizes for well-kept community grounds. The company also donated to local fire departments, Boy and Girl Scout units, other hospitals, and in 1937 it provided welfare to families in need with a total of \$6374.70 given to 50 families.<sup>1</sup> However, after the end of World War Two the three clubhouses in North Lake, Gwinn, and Ishpeming were closed, two during the summer of 1946. Additionally, CCI decreased other social investments such as its welfare donations, which dropped from \$6374.70 in 1937 to \$2367.06 in 1946.<sup>2</sup> The decrease in funding is surprising given that World War Two was largely regarded as beneficial for the American economy.<sup>3</sup> A deeper investigation into the decrease in the company's social spending must be commenced in order to explore the phenomena of political turmoil, economic depression, and social degradation on a national and local level. These three variables

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<sup>1</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 4, 1938, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2008-10, 4-10-16.

<sup>2</sup> Mr. C.J. Stakel to President E.B. Green, annual report, March 4, 1947, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2017-10, 4-26-16.

<sup>3</sup> Lee E. Ohanian, "The Macroeconomic Effects of War Finance in the United States: World War II and the Korean War," *The American Economic Review* 87, no. 1 (March 1997): 24. Ohanian added that Real Gross National Product grew by 40% from 1941 to 1945, constituting an 8.4% annual growth rate.

caused the Cleveland-Cliffs Iron Company to consolidate its financial spending resulting in a reduction of their social welfare programs.

Before investigating the subject, a brief historiography must be conducted; it will survey schools of thought focusing on social programs within the government. The purpose of historiography is to give readers an analysis of how perceptions on specific variables change over time. The present survey follows perspectives on social systems in order to undermine the presupposition of social plurality in the world's history. In other words, there are many ways to view a set of circumstances and consequences. The subject at hand can similarly be perceived in varying ways.

The following historiography will use varying essays on state involvement to display how scholars have understood the role of an entity and its actors. The entity of this investigation is CCI, while its actors consisted of variables that directly and indirectly came in contact with the large iron mogul: employees, government officials, regional and national policies, unions, etc. Scholars of the 1950s and 1960s focused on social structures rather than state functionalism, viewing the state as a means to provide funding to various social groups. Moreover, they felt that the state was antiquated. Graham Allison's *Essence of Decision* and Morton Halperin's *Bureaucratic Politics and Foreign Policy* denote the treatment of government agencies as individual parts of a web of societal needs.<sup>4,5</sup> Theda Skocpol penned a chapter in the book "Bringing the State Back In," which followed the course of various opinions on the state's function.<sup>6</sup> She argued that when "structure-functionalist" scholars applied their theories to

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<sup>4</sup> Morton S. Halperin, *Bureaucratic Politics and Foreign Policy* (Washington, D.C.: The Brookings Institution, 1971).

<sup>5</sup> Graham Allison, *Essence of Decision: Explaining the Cuban Missile Crisis* (Boston: Little, Brown, 1971).

<sup>6</sup> Theda Skocpol, *Bringing the State Back In: Current Research* (Cambridge: Cambridge University Press, 1985).

history, their assumptions faltered due to the political struggles being rooted in conflict over state building rather than societal variations.

After the 1960s, the social-centered perspective of government shifted to a “neo-Marxist” view of the state based upon a socio-economic theory. The neo-Marxists criticized the capitalist state, including its social and economic functions, because of the palpable class struggle that they suggest accompanied modes of capitalism. Therefore, the neo-Marxists asserted that at its core the state is a social vehicle containing no autonomy. Perry Anderson’s *Passages from Antiquity to Feudalism* and John Holloway’s *State and Capital: A Marxist Debate* explained opinions about the identity and use of the state.<sup>7, 8</sup> The neo-Marxists understood the capitalist state differently than their predecessors. They argued that the capitalist state was an inherent socio-political struggle.

Theda Skocpol’s essay tracked the changes in perspectives and opinions on the state from a societal focus to a renewed focus where the state is viewed as a separate entity. The conclusion of Skocpol’s essay argued new and useful facets of the state: rather than focus on the state as only societal, Skocpol argued that scholars should move into an evolved understanding of the state as a more balanced entity. Although she proposed no new large outstanding theory of government, Skocpol encouraged scholars to permit intelligent and mature insights of the state that permeated political, economic, and societal facets. She developed the idea of the state being its own actor and having autonomy within their organizational framework. Consequently, Skocpol further dissected the idea of an autonomic state as she asserted that states could be fully grasped as bodies of societies and cultures that intersect. This conclusion diverges from the norm

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<sup>7</sup> Perry Anderson, *Passages from Antiquity to Feudalism* (London: New Left Books, 1974).

<sup>8</sup> John Holloway and Simon Picciotto, *State and Capital: A Marxist Debate* (London: Arnold, 1978).

of past scholarship applying the findings to pragmatic fields. Skocpol noted that her research was intended to supersede debates; it was proposed to study the state in past rebellions and progressions. Moreover, her research additionally attempted to explain various social and economic forms and how the state affects politics. Rather than viewing the state as a demand or product of society, Skocpol hoped to augment the historicity of the state as central to the development of the world. She ended the essay by spurring scholars to study the regularities of the state instead of the products of the state. The augmentation of scholarship on the state is closely linked to CCI's socio-economic structure. As the government advanced in its social framework, Cleveland-Cliffs did as well. The following inquiry on social programs can be viewed as an actor intersecting with various economic, political, and social variations.

The source base used to conduct research on CCI was duplicitous. The first approach employed Northern Michigan University's digitalized copies of the Cleveland-Cliffs mining records from 1892-1960, which vary year to year in their descriptions. Each year, the general ore manager submitted a report to the president containing subjects such as mine updates, geological surveys, and pension reports. The pension reports were later renamed as the welfare department. The second approach used miner Ernie Ronn's experiences to better understand the issue from an employee's perspective. Ronn described his years working for CCI during the 1940s.<sup>9</sup> He went into great detail about the socio-cultural environment of Negaunee and Ishpeming. Thus, one can study CCI from its own perspective and the perspective of its miners. A secondary source base allowed for greater understanding of externals and context. Historian Terry S. Reynolds

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<sup>9</sup> Ernie Ronn, *52 Steps Underground: An Autobiography of a Miner* (Marquette: Northern Michigan University Center for Upper Peninsula Studies, 2000).

conducted a comprehensive study of CCI from its beginning to present day.<sup>10</sup> Reynolds' chapter on the thirties and forties gave a broader view of the circumstances experienced by CCI and its miners. The remaining sources extend beyond the UP and into American economic history, particularly of the steel industry. With a solid base of primary and secondary sources, one can understand CCI's transformation in greater depth. A holistic, systematic approach will be employed in reconsidering the current subject of CCI's transformation. Economic, political, and social variables can fit into the schema of "national" and "local."

Itemization, or categorization, is one archetypal method used for this study that requires clarification. First, the framework of economics, sociology, and politics are considered singularly and bilaterally, and though they can develop autonomously, they do not always do so. Economics, or the movement of goods and services, might shift the political landscape for example. The broader theme is social science: Skocpol's intersection of variables, or in this case relationships. Secondly, these intersections are dissected nationally and locally. A simple example consists of the social developments of the commonwealth of the United States versus the social developments of the community.<sup>11</sup> Using these methods, the investigation of CCI's transformation can be better understood.

CCI supported two clubhouses during the late thirties and early forties: North Lake and Gwinn. The North Lake clubhouse served many functions in the local community. Members paid annual fees for the services provided by the clubhouse, but the company used its own funds to cover certain costs. The center served as a recreation area offering bowling alleys, a pool, and

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<sup>10</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011).

<sup>11</sup> Community indicates a social group enveloping one specific geographical locality.

classes for various subjects. The general manager of the department of ore for CCI during the thirties and early forties, S.R. Elliot, claimed that “the clubhouse serves as a community center for practically all of the activities in the North Lake district as well as in Ishpeming Township.”<sup>12</sup> The North Lake clubhouse was undoubtedly a principal component of the community. In 1939 Cleveland-Cliffs, using funds from its Lloyd Mine, spent over \$2000 on the North Lake clubhouse.<sup>11</sup> CCI shared a small percent of the load with another mine; however, the company burdened the majority of the balance.

CCI supported the Gwinn clubhouse as well; it was larger and contained a more varied recreation program. A portion of the center was funded and controlled by CCI. In its earlier days, the Gwinn clubhouse contained a motion picture room and buffet.<sup>13</sup> However, with the advent of private cinemas and restaurants, such amenities became antiquated. Yet the Gwinn club continued to stay relevant throughout the Great Depression and into World War Two. First, it was an athletic center for the entire school district of Gwinn. Second, it served as a prolific recreational facility for the community. Mr. S.R. Elliot noted that “the Gwinn clubhouse is a very active place and serves a real need in the community since it is the only place in the whole district which is available for social and community activities.”<sup>13</sup> The center’s essential role in the community denoted its diversity. The Gwinn clubhouse hosted a myriad of various activities

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<sup>12</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 4, 1938, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2008-10, 4-10-16.

<sup>11</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 13, 1940, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2010-11, 4-10-16.

<sup>13</sup> Vice President to President William G. Mather, annual report, January 1, 1922, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 1992-31, 4-26-2016.

<sup>13</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 4, 1938, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2008-10, 4-10-16.

and meetings, such as committees, clubs, game leagues, organizations, clinics, weddings, lectures, dances, classes, parties, and religious groups.

The Gwinn clubhouse housed assorted facilities. A popular library held hundreds of books, magazines, and newspapers for public use. The club also had a recreation room that offered table tennis, three pool tables, and a checkers table. A bowling alley served as another outlet for the community: two leagues and a local high school used the facility. Seventeen bowling teams formed within the clubhouse. The center had a gymnasium and an outdoor recreation area as well. The local high school used the gymnasium for high school gym classes, basketball games, and dancing practices. The club sponsored two softball leagues, maintained a tennis and horseshoe court, and had a playground for miscellaneous games. CCI equipped teams with equipment as well as hosting the events.

CCI provided the community with a cottage on Bass Lake for the purpose of recreation and relaxation. The camp hosted numerous groups throughout its season: families, girl scouts, boy scouts, schools, and churches stayed on the grounds at different times. In addition to the clubhouse and camp, CCI sponsored three Gwinn scout troops in 1939 with a total of 128 scout meetings.<sup>14</sup> Mr. S.R. Elliot displayed general confidence in both clubhouses' ability to reach the community and provide it with a social center.

The Cleveland-Cliffs Iron Company did not merely provide the community with social centers. CCI also distributed donations to families in need. In 1939, the company paid out \$5037.53 to 50 families in the region. Families qualified if they experienced illness, death or

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<sup>14</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 13, 1940, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2010-11, 4-10-16.

<sup>15</sup> Mr. S.R. Elliot to President E.B. Green, annual report, February 13, 1940, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2010-11, 4-10-16.



some other disability.<sup>15</sup> CCI also provided extensive medical care. Beginning in the early 20<sup>th</sup> century, Cleveland-Cliffs paid three nurses to visit employees and their families in times of illness. Moreover, CCI supported several hospitals and doctors in the region. The hospitals were located in towns such as Ishpeming, Munising and Iron River. An evolution in the company's health system occurred during the Great Depression. CCI carried a health insurance plan through the Aenta Life Insurance Company of Hartford, Connecticut. Inaugurated in 1936, the insurance plan provided life insurance, weekly disability benefits, and a monthly premium. Employees were charged a percentage of their salary for the services provided.

CCI's extensive social influence on the Upper Peninsula, particularly the Iron Range of Lake Superior, declined invariably during the 1940s. By 1946, both the Gwinn and North Lake clubhouses had been given over to other parties. One may find it odd that only seven years earlier, Mr. Elliot considered the clubhouses to be serving a "real need in the community." However, in 1946 he claimed that the North Lake clubhouse "was not measuring up to what a good community program should be."<sup>15</sup> Moreover, CCI's social welfare decreased substantially during the forties. The aforementioned \$5037.53 sent to 50 families in 1939 dropped to \$2367.06 sent to 23 families in 1946.<sup>16</sup> In 1947, the numbers fell to \$944 and a discontinuation of the program followed thereafter.

Cleveland-Cliff's health insurance plan changed as well in 1947. The new plan was more complex with additional provisions such as daily hospital benefits, surgical maximums, daily hospital maximums and the inclusion of dependents on the plan. Although certain rates

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<sup>15</sup> Mr. C.J. Stakel to President E.B. Green, annual report, February 12, 1948 , Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2018-18, 4-26-16.

<sup>16</sup> Mr. C.J. Stakel to President E.B. Green, annual report, March 4, 1947 , Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2017-10, 4-26-16.

decreased and dependents were linked to the plan, CCI's consolidation arose palpably. The new "self-administering" plan meant that the Cleveland-Cliffs welfare department became responsible for all insurance transactions, which amounted to CCI controlling the issuance and cancellation of policies, the amount of coverage, beneficiary designations, and monthly evaluations of the overall plan to the company.<sup>17</sup> Cleveland-Cliffs acquired further control of its own healthcare spending with these calculated moves. Due to its consolidation, CCI required the ability to reduce its various healthcare spending if necessary.

The hospitals that Cleveland-Cliffs maintained declined as well. The Ishpeming hospital and Negaunee dispensary staff regressed from 8 in 1932 to 5 in 1946.<sup>19</sup> In regard to the hospitals that CCI controlled, the ore manager, C.J. Stakel, claimed that "the people of this community and surrounding communities do not fully appreciate the real value of the Ishpeming hospital as a community asset. The hospital is owned, operated and maintained entirely by the Cleveland-Cliffs iron company."<sup>20</sup> Although the hospital continued to be a vital asset to the area, Stakel's discourse on community attitudes identified potential contention in company community relations. Moreover, his comment displayed the company's tense sentiment during the period, which may explain certain changes.

Why did CCI consolidate its social programs during the forties, particularly from 1946-47? One must ask whether the programs truly lost their potency or if extenuating circumstances impacted the shift. The political, economic, and social implications of the thirties and forties

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<sup>17</sup> Mr. C.J. Stakel to President E.B. Green, annual report, February 12, 1948 , Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2018-18, 4-26-16.

<sup>19</sup> Mr. S.R. Elliot to President William G. Mather, annual report, March 9, 1933, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2003-10, 4-10-16.

<sup>20</sup> Mr. C.J. Stakel to President E.B. Green, annual report, March 4, 1947 , Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2017-10, 4-26-16.

affected CCI; this key context allows historians to understand why the company consolidated its welfare spending.

The political developments of the Great Depression significantly influenced the future of CCI. The stock market crash of October 1929 plunged the world into economic calamity. The stock market had seen rapid growth during the mid-twenties; millions of Americans invested their money in the stock market. They believed that the market would rise perpetually. Ordinary Americans were able to buy stock with only ten to twenty percent of the cash needed due to the fact that stockbrokers acted as lenders.<sup>18</sup> Buyers provided one tenth of the cost of a stock, while the broker covered the other nine-tenths. When the market dipped in the fall of 1929, stockbrokers were forced to recall the loans from their borrowers. The original buyers struggled to find the money to pay their margins selling anything possible to subvert the debt, which paved the way for national crisis.

Franklin Delano Roosevelt succeeded President Herbert Hoover in 1932 with a powerful message. During his acceptance speech Roosevelt stated: "I pledge you, I pledge myself, to a new deal for the American people."<sup>22</sup> Roosevelt's New Deal rolled out an entirely new system for combatting the calamitous depression. As part of the deal, FDR enacted the National Labor Relations Act which protected unions, encouraged collective bargaining between unions and businesses, and limited various private sector methods.<sup>19</sup> Later known as the Wagner Act, this piece of legislation had a veritable effect on industrial companies. Unions proliferated, and large industrial corporations vied for control. National unions such as the United Steelworkers Union,

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<sup>18</sup> Kimberly Amadeo, "Stock Market Crash of 1929: Causes, Effects and Facts." *About.com*, April 13, 2016.

<sup>22</sup> Alex Kingsbury, "Franklin D. Roosevelt's 'New Deal' Sealed the Deal in 1932: Mark Twain and Henry James both used it, but it was FDR who etched it into the history books," US news.

<sup>19</sup> National Labor Relations Board, *National Labor Relations Act*, 2016.

known as the USW, began to seek unity with local unions. These developments etched a new landscape in the American socio-economic atmosphere.

The nation fully emerged from the depression following the commencement of World War Two. As the war waged on, FDR created the Office of Price Administration to fight inflation and combat war profiteering by American companies. The OPA set prices for steel, iron and other commodities that were highly valuable during the war. In 1946, after FDR's death, President Harry Truman continued the government's campaign to halt inflation. However, a trifecta of problems produced dissidence. Firstly, the unions sought wage increases. The popular arguments focused on the rising cost of living, increased risks on the job, and general welfare of employees. Secondly, the companies sought price increases. The OPA limited the corporations' ability to earn profits, which affected the availability of such a wage hike. However, Truman became determined to fight the inflation. Raising both prices and wages would have undoubtedly devalued the dollar. The unions desired to return to their prewar reputation and power. The companies also wished to regain the standard levels of efficiency and profit that had been held before the war. The conflict between the unions and companies culminated in 1946 on January 20<sup>th</sup> when 750,000 steelworkers walked off their jobs constituting the largest single strike in United States history.<sup>20</sup> The President called for negotiations between the unions and the companies. After several bitter months of negotiations, a compromise arose in May; however, collective bargaining had successfully altered the American economy.

The local effects of the 1946 political climate on CCI were undeniable. Cleveland-Cliffs did its best to subvert the national unionism with local organization. The company organized

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<sup>20</sup> Paul A. Tiffany, *The Decline of American Steel: How Management, Labor, And Government Went Wrong* (New York: Oxford University Press, 1988), 46.

employees into local unions and encouraged a strict regional system. However, its efforts did not withstand federal involvement. In 1937 a federal court ruled that CCI's employee packages and representation plans did not allow for collective bargaining as stated in the Wagner Act.<sup>21</sup> The USW moved into the region within several years and the conflict that plagued the nation found its way into Michigan's Upper Peninsula. Due to the OPA's price regulations, CCI experienced financial and social toils just as the steel corporations did. On January 21<sup>st</sup> of 1946, employees went on strike for 104 days with the rest of the nation's steel workers.<sup>22</sup> The strike lasted several months due to the nature of CCI and its partners being underground mining operations.<sup>23</sup> According to Historian Terry S. Reynolds, "they could not raise wages that much and remain profitable with existing government price controls on the price of ore and the higher labor costs of their enterprises."<sup>24</sup> The political circumstances of CCI's mines in 1946 produced a woeful conflict.

The economic turmoil of the 1930s and 1940s slashed industrial profits across the nation. The effects of the Great Depression on industry were undeniable. Workdays were reduced, employees were laid-off, and businesses sputtered through the thirties. World War Two lifted production drastically; however, the OPA limited profits. Financial success varied from company to company. One fact remained: the nation's industrial sector was not yet out of its slump.

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<sup>21</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 149.

<sup>22</sup> Ernie Ronn, *52 Steps Underground: An Autobiography of a Miner* (Marquette: Northern Michigan University Center for Upper Peninsula Studies, 2000), 136.

<sup>23</sup> Underground mining was considered more dangerous than above ground mining or factor work.

<sup>24</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 157.

Cleveland-Cliffs Iron Company deflated as a business during World War Two. The Great Depression left the corporation with a surplus of iron ore and little compensation for goods compared to the pre-depression rates. The war increased production and demand; however, the price of iron was regulated. Moreover, the union demands cost the company even further. The President of CCI during the forties, Edward Greene, noted that “Cleveland-Cliffs would have made no profit at all in the war years if it had not been for earnings from the company’s non-mining operations (shipping, railroading, and timber) and its stockholdings in steel companies.”<sup>25</sup> One possible reason for such a fiscal stagnation could be found in the inequity of wage to price. The unions fought for amenities such as shift differentials, premium rate wages, increased paid vacations and severance pay allowances.<sup>26</sup> Reynolds noted that between 1940 and 1945, the price of iron rose by 20 cents a ton while the War Labor Board mandated a 62 cent increase in wages for underground mines.<sup>27</sup> Although this might seem disproportionate, one must consider whether or not the wage to price index had been balanced before 1940; the companies might not have necessarily been on the losing end of the deal. Either way, the company had to adapt to the stark difference. The financial iniquity of CCI during the depression and World War Two further affected company wellbeing.

World War Two influenced CCI’s future through the birth of the OPA and the growing strength of the unions, but it also played a role in over-production. The company had a copious surplus before the war due to low demand during the depression, but the war elevated demand

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<sup>25</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 153.

<sup>26</sup> William T. Hogan, *Economic History of the Iron and Steel Industry in the United States, vol III* (Lexington: D.C Heath and Company, 1971), 1186.

<sup>27</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 153.

significantly; iron became an invaluable resource during wartime. CCI, in response to this voracious demand for iron, increased their production to exorbitant rates.<sup>28</sup> The high rate of production had two effects. First, the over-production exhausted the mines. Charles Stakel, the general manager of the ore department in 1943, noted that “every mine and facility in the company’s operations suffered from labor shortages, absenteeism, poor housekeeping, and dropping morale as heavy operating schedules entered their third year.”<sup>29</sup> The effects of over-production took a toll on the mines and the miners. Secondly, the increased production depleted the company’s high grade iron ore. The high demand for ore caused the company to consume the majority of its true ore. Thus, its future remained uncertain with the lack of high-grade ore. However, the over-production sputtered in 1946 when, due to labor disputes, the steel industry’s capacity-utilization rate fell to 72.5%.<sup>30</sup> The 1946 decline in the utilization of steel was directly linked to CCI’s ability to sell iron ore. By the end of World War Two, the company’s economic outlook remained lackluster.

The social developments during the World War Two era greatly impacted the future of CCI as well. The growing national unionism fragmented the local organization that Cleveland-Cliffs had established. Company leadership had hoped to safeguard against national unions, such as the USW, in an attempts to protect interests of oversight and stability. Once the USW gained influence in the region, the corporation lost a significant portion of their control.

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<sup>28</sup> Ernie Ronn, *52 Steps Underground: An Autobiography of a Miner* (Marquette: Northern Michigan University Center for Upper Peninsula Studies, 2000), 140.

<sup>29</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 153.

<sup>30</sup> Paul A. Tiffany, *The Decline of American Steel: How Management, Labor, And Government Went Wrong* (New York: Oxford University Press, 1988), 50.

1946 was a year of intense derision in the Lake Superior iron range. The 104 day strike crippled the company not only economically, but also socially. The previous union system in the region had been maintained with relative concurrence and cohesion. However, the strike contained such conflict that violence erupted. Reynolds noted that “Union officials claimed roofing nails over the lot where picketers parked, causing at least 100 flat tires; company officials accused the union of importing goons from out of state to intimidate employees who wished to return to work.”<sup>31</sup> Furthermore, the demolition of relationships between company leadership and employees took its toll. The discord produced by the strike lasted for decades.<sup>32</sup> Strikes such as the aforementioned CCI conflict constituted a problem for President Harry Truman. He argued that the strikes created a “bulge” of inflation due to the loss of goods and the federal government’s decreased ability to hold off devaluation.<sup>33</sup> The socio-economic implications of the bargaining contention affected the company’s cohesion in the region, decreasing both unity and accord.

The social ingredients of World War Two damaged CCI terribly. First, the company lost many skilled laborers to the draft. Losing such assets decreased efficiency. Additionally, CCI could not replace the number of men lost to the draft. In 1944, CCI’s mines dropped from three shifts a day to two shifts a day due to the lack of men.<sup>34</sup> Even after replenishing its workforce,

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<sup>31</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 158.

<sup>32</sup> Ernie Ronn, *52 Steps Underground: An Autobiography of a Miner* (Marquette: Northern Michigan University Center for Upper Peninsula Studies, 2000), 136.

<sup>33</sup> Paul A. Tiffany, *The Decline of American Steel: How Management, Labor, And Government Went Wrong* (New York: Oxford University Press, 1988), 46.

<sup>34</sup> Terry S. Reynolds and Virginia P. Dawson, *Iron Will: Cleveland-Cliffs and the Mining of Iron Ore, 1847-2006* (Detroit: Wayne State University Press, 2011), 153.



the company failed to find enough skilled labor. World War Two's effects on the Lake Superior iron industry had elevated.

The decline of CCI's social welfare spending was not mono-causal. From the wage-price inequity to the social contention, the consolidation of the company's social programs occurred in response to local and national circumstances. To remain profitable, the company contracted; it reshaped its spending operations to envelop more of a purely economic corporation rather than a social one. By 1957 the company spent a mere \$108 in relief, supported no visiting nurses, and it did not fund any clubhouses.<sup>35</sup> Economist Charles Heckscher of Rutgers University argued that the decline of American corporate paternalism was caused by market shifts and new technology.<sup>36</sup> Although CCI did not consolidate entirely because of new technologies and market shifts, Heckscher's argument pinpointed a palpable socio-economic evolution. New organizations, regulations, and economic trends affected such corporations. The social landscape of business in today's world is starkly different from 100 years earlier; yet CCI's social program maturation was the beginning of a broader evolution.

The present issue of CCI's consolidation is not produced for methods of antiquarianism. The transformation of Cleveland-Cliff's social output can be used to make certain conclusions about the past and present. Just as political, economic, and social changes on a national and local level affected a small iron company mining ore on the shores of Lake Superior, today's shifts will be recorded in history as similarly transformative. The strike of 1946 enveloped a larger movement of blue collar progressivism, just as the inaugural riots of early 2017 display a

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<sup>35</sup> Manager's Annual Report, 1957, Ore Department, Central Upper Peninsula and Northern Michigan University Archives, Northern Michigan University, 2028-09, 4-28-16.

<sup>36</sup> Charles Heckscher, "White-Collar Blues: Management Loyalties in an Age of Corporate Restructuring" (New York: Basic Books, 1995).

movement of socio-political unrest. The hammers may have only shattered the windows of the nation's capital, but the glass remains scattered across the country. Cleveland-Cliffs picked up the pieces by rearranging their corporate paternalism: now an ostensible piece of history. Next time a protest, wage hike, or global conflict occurs, the effects might be more local than one thinks.

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