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the TCI - that it is very inerpretative of Judge Gary's ideas, but that what they have done there is not necessarily applicable in every case, they had to take their conditions and work up from that. He insists that they have been allowed the largest latitude in doing this, and that is where Gary's intelligence has been great. He has understood that in every situation the burdens must be fitted to the case. Incidentally there comes in more than one proof of this latitude given the presidents of the Company. For instance, when I spoke of "Pittsburgh plus" he said, "You know, we never applied Pittsburgh plus in the TCI, after the first six months." They had to develop the Southern market. He didn't think that could be done on Pittsburgh plus. The freight at that time was \$12 a ton. He said to his customers "We will waive \$9 of this freight, that is, give you \$9 of geographical advantage." This gave them only \$3 more than the basic Pittsburgh price. A little later he found that they could not afford so great a reduction and he called his chief customers in and told them that if they would give him - I think it was \$5 (?) more that he could continue. He said he expected opposition but they said, "We are glad to do it. Even then we are getting our steel \$7 cheaper than we otherwise could.

Craighel-Johnson
T.C. 22 outline

3/16/25 - TCI Outline based on Birmingham & Washington Visits

Probably the best way to handle this is to bring it in chronologically with the story of the fight of the Corporations against the regulation attempted by Roosevelt. The suit brought against the Standard Oil Company in the fall of 1906 (?) together with signs of a coming economic depression, stirred Wall St. against Roosevelt. There should be here a paragraph on the business conditions. Was a panic due? See article referred to by Rhodes by Noyes.

This disturbance continued all winter it is obvious from the Roosevelt correspondence. (See note book TR, Washington, March 11) So far as the Roosevelt correspondence shows the only business man of importance in the country who backed him up in his efforts to control business was Gary. The letter of March 15, 1907 with Roosevelt's answer is very important.

The disturbance continued all summer, was particularly active in August. And here one should give Roosevelt's reasons for the disturbance - the Franco-Russian war, the San Francisco earthquake, together with a long period of over-production. ⁽¹⁾ If he were talking now he would talk about the business cycle. A depression was due according to the cycle theory. He sticks to his guns. Quote letters to Bonaparte and Higginson particularly.

Material for events of 1907 was all in these notes and the letters which are to come from the MS Department at Washington.

I have been carefully over the Roosevelt correspondence and there is nothing in it in any way to contradict TR's story of the Tennessee Coal & Iron. I think there is no doubt the thing happened exactly as TR, Gary and various witnesses in the trial testified, and as the Supreme Court of New Jersey and later of the United States agreed, that is, the Government presentation of the TCI in the suit against the Steel Corporation was a dishonest piece of work.

There are various points in it that ought to be touched upon, as the intimation - though not the declaration - that the suit was brought largely for the purpose of being able to grab the TCI.

Out of my Birmingham visit I got this. First, the material for the history of the TCI in Miss Ames' book. That shows the story from its organization. Between its organization and the purchase "about 50 years" it seems to have had 20 different presidents, i.e., 20 different sets of people undertook it. Col. Smith, who called upon me at Mr. Crawford's suggestion, to give his impressions of the condition of things in the coal industry around Birmingham before the present management came in, was very amusing in his accounts of the skyrocketing and speculation.

He tells of one president who, he said, kept checks on 27 different banks in the air at the same time. Col. Smith says that they never had^{made} any money in the TCI except out of the company stores, and that these were a scandal of the first degree. They paid by check on the

stores largely and discounted those checks for money at a rate as high as 25%. The goods were poor and the prices extortionate. They made as high on these sometimes as 300%. He said they corrupted the whole of Birmingham, wholesale merchants fighting them for years and paying high commissions to the purchasing agent. The house that would pay the highest commission got the order. He claims that the labor element in the district was exceedingly corrupt, working with an astonishingly corrupt lot of politicians, - that every year they would go down to get a bill through forbidding company stores and the company would pay 25 to 50,000 to buy off the whole lot. In coal mining they were using the convicts.

Smith said he could not be too emphatic about the change in the business ethics which the TCI had wrought in Birmingham.

Some of his points on the early history of Birmingham are very interesting. Col. Smith was born before Birmingham, he says. His people belonged to that section of the country. He said that he once asked his father why they had not used their negroes to develop the coal mines. He said "Do you suppose we were so inhuman as to send men underground to work?" He said there was almost a riot in Birmingham against the Confederate government when, early in the war, they opened the mines. The Confederacy made iron for their uses in the Birmingham district during the war.

The testimony in the suit confirms all that Smith says of the condition in the TCI when the Corporation bought it. Crawford, whose story is in Miss Ames' book,

should be sketched in. He was superintendent at McKeesport. He had gone through the strike and had a job which, I take it, he liked. Corry, who was president, sent for him to come to New York, and said, "The Corporation has brought the TCI and we want you to go there as president." Crawford said, "No, I will not do it. I know what the condition is there. I went there when I first began my steel career and left because I could learn nothing, it was so backward. It has been the graveyard of metallurgical reputations" - this is not his phrase.

Could use here a story that Smith told of Carnegie's visit. The iron and steel interests sent me a note, saying that there were many companies in northern Alabama outside of the TCI, and they thought that Carnegie might save them. They made a lavish banquet, bringing a caterer from New Orleans. Carnegie came, drew a glowing picture of their natural resources, said once cotton was king, now steel is king, you have everything that goes into steel at your door - iron ore, coal, dolomite, etc., but, he said, "You can't make steel." I think, at that moment that Carnegie believed, as did many others, that there was too much phosphorus in their iron ore and that they never would be able to make satisfactory steel rails - and they never had done it up to that time.

Crawford said, "I didn't want to go. You thought it because of the ore and coal, but there is nothing there but disorganization, lack of equipment. You would have to put in \$5,000,000 a year for five years in order to get it into condition." Corry replied, "I know all about that. The operative department feels like a man that has been thrown into a swift current with a mill

stone around his neck and asked to swim up stream."

But it was a Corporation job, they wanted him to take it and so he went in. From the point of view of natural resources, the TCI offered a most extraordinary situation, - ore, coal, dolomite, side by side, - the only plant I ever saw where there was a coal mine in the back yard. And that is literally true at the Endsley Furnaces. (Show from testimony what Crawford found when he arrived there, in equipment, organization, etc.)

In the suit the Government makes much of the fact of a large order of Harriman for rails. Crawford tells me that just after he came in, Harriman refused to take the rest of the order because the rails were not satisfactory, they were in such poor condition, that he coming up to New York for a presidents' meeting was greeted by Gary with the laughing comment that he understood he put too much phosphorus in his rails. Gary said, "If I were in Harriman's place I would do exactly as he did, I would not accept the rails."

Crawford begged for a chance. He said "You give me a little time and we can make them." Gary said, "Well, if I find the food poor at a hotel and resolve never to go back, I wouldn't go back because they told me they had a new manager." "If that manager was Bolt (Gary was always talking about Bolt and his ability) you would not hesitate?" And Gary said, "No, that is so."

What was necessary, as I understand it, was a new treatment of their ore in order to get satisfactory steel. They have accomplished this by what they call the duplex process, that is, all their steel goes not only through the Bessemer process but the open hearth process, and there are certain substances used on the way, which I

don't understand but must find out about.

The Government's insistence on this Harriman order is entirely cast out by the facts. (See testimony 6141)

Crawford has overcome his metallurgical difficulties, but there are still other troubles. He talks about the "spread" being greater with them than North, - also the conversion cost greater. Their market, he says, does not give them the opportunity to classify. Their improvements have been enormous, as anyone can see at the plants. Particularly interesting was the labor saving machines that have been developed. I have never been so impressed with automatic actions in a huge plant as here. Walking through the blast furnaces for half a mile I saw hardly a man. In the open hearth there has been tremendous cutting down. A magnet loads rails on to a car, doing the work of 287 men and saving backs, also giving men for higher grade work. They claim that they have cut down what was called back-breaking processes, heavy unskilled labor, to 5%. In the ore mine one most heartening device is a scraper for gathering up iron ore and loading it on to cars. Abbott, the general superintendent of the ore and coal mine, - a man who came in 1906 from the old management in the Minnesota Ore Co., has developed it and he is very enthusiastic about the labor saving quality. Says that it has taken what they called the "mucker" almost entirely out of the mine, freed men for better work. When you come to whether these freed men have work or not, you get your answer from Mr. Vance in the employment bureau. It is a hard and fast rule of the employment bureau that no man is to be employed from the outside for any process if a man can be found

that can be trained within. During the War they developed a ship building plant. After the War this was converted into a freight car building plant. Only ten men, Vance tells me, were brought in from the outside for this work. They have trained them all. 60% of the men are colored laborers. We are convinced that for practically all of what are known as skilled processes, a man with a will to work can be trained from anywhere from two to six weeks.

Their riveting is especially interesting, practically all done by crew of black men, though once in a while you find a white man in the crew, that is, black and white in the plant work side by side, but you cannot put a black man over a crew where there is a white man. They have to have white superintendents for them, etc.

My impression of the employment department was excellent. Crawford's idea of always finding a man in the organization was worked out here. He took Vance from a job on the railroad because he knew and understood men. He understands men so well himself that however good a man may be theoretically he doesn't want the man unless he knows something of human nature. This seems to me to have worked out in his selection of Miss Collins and Dr. Nolans - eminently human persons, though both have had what might be called the best academic and theoretical training.

Crawford, as a proof that men can be trained tells me of his experience with a small plant in the strike of 1901-02. He was at McKeesport, the plant shut down. After the strike was over about one half of the men came back. This was a small mill, rolling plates.

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This was a skilled operation. I take it that they brought back none of the disorderly strikers. It was up to him to train the rest of the force. He got his men where he could - clerks, grocery keepers, anything - and put them in to roll. He says that the grained men ridiculed the idea - it could not be done. As an actual fact they were so awkward and made so many mistakes at the start that these men, after a 12-hour shift, would stay on in order to enjoy the awkwardness of the lot. This put the greenhorns on their mettle, and at the end of six weeks they turned out a bigger day's work than the trained men, who had their ideas of what a day's work amounted to. This put them on their mettle, and they beat them, and so it went on for some little time - a fierce rivalry between the old and the new until finally the new were recognized and a new standard was set for a day's production, which was accepted by everybody. It is on this experience that he bases his theory that men can be trained, and that if they undertake a new department they will not send outside for those who have had experience but will train them themselves.

I asked him about organizations. He says of course they have many union men, that they never turn away a union man unless they know that he has been violent in a strike. The whole labor story down there seems to be a pretty hard one. They have had various strikes but seem to have held their men fairly well. I take it their organizers are nearly always at work. He tells me of instances where they have taken back union men because they were good men, that they always do it, that is, they simply will not refuse them because they have gone out.

Their chief mine inspector is a rabid union man.

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Their efforts at safety have been from the beginning of the safety movement, intelligent and persistent. Crawford says that he got the idea in the course of the development of the department that superintendents and foremen in the mines were inclined to favor one another. That is, if a safety device was overlooked they were not too insistent about it. He thought it would be well to have a supervisor from the outside. The best supervisor he knew was in the state employ, a rabid union man. He invited him to take the position, but he refused. After two or three years, he came back and said to him, I believe you are doing better work than anybody else and that you are absolutely sincere in it, and if you want me now I will take the position. He is there yet.

They have what they call mutuality committees for handling grievances. This committee is made up of from three to five men, according to the department. They are changed every month so that every man, fit to be on a committee, shall get a chance there. This committee is supposed to canvas the shop to find out if anybody has any kind of a grievance. If so, they take it up with the foreman. If they don't get what they call fair treatment from the foreman, they go to the superintendent. If that is not satisfactory, a hearing is held with witnesses, in trial form. This is held, I take it, before Vance. If the decision is not satisfactory, then they can take it to Crawford, who has the final decision. Vance claims that the men have been so fair in these trials, committees have been so serious about it, that the superintendents have become very careful about refusing anything that is brought

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to them by the Mutuality Committee, and that the effect upon the men themselves has been very good. They feel that they are getting a fair hearing.

Crawford says he reported the way it was working some years ago before the Board and Perkins at once wanted it applied to the whole Steel Corporation. Crawford said, "Don't do it. It doesn't necessarily work with others because it works with me. This is our device. Everybody must work out his own device according to his situation. There are men here that don't think that my plan is as good as theirs. What we want is the spirit of accommodation and settlement and fair play, not the form. If you don't allow each organization to work out its own method, you are going to destroy the spirit." Excellent doctrine.

The sanitation problem was one of the most serious. that they had to cope with. Malaria was everywhere. I take it that neither negroes nor white men worked more than half the time if they did that, and one chief reason was their physical condition. Crawford's success in choosing men is shown in the doctor they got for their health department. He knew that the problem was similar to the problem on the Panama Canal, therefore he went to Gorjes (?) and he recommended Dr. Nolans.

Crawford went down and studied Nolans two weeks before he asked him. Byt the control of the mosquito and the fly they have reduced their fever from 6000 to 150 cases. The war on the mosquito and the fly has penetrated even the most stupid of the men. Dirt and disorder was everywhere - living conditions abominable. The syndicate that preceded the Corporation had considered the improvement of con-

ditions as one of their problems, but little had been done.

The building of the new towns I consider one of the best pieces of housing I have ever seen. The school work should be gone into thoroughly. When Crawford came he found there was school only three to five months of the year - unsanitary school houses, untrained teachers, etc. For the way they worked it out, see report of the U.S. Bureau of Education. Note that the whole effort in Crawford's undertaking has been to cooperate with the school board of the county and to educate the people so that they will gradually take the whole thing over. He knows that the Corporation should not be running schools, but the necessity of showing the people how to run schools and to get them up to the point where they are willing to pay for them, is what he is undertaking.

The social department under Miss Collins is admirable. The schools have been put under her. She has in every town a community house, girls' settlements, I have never seen better chosen young women than hers. I went from town to town and everywhere I saw 6 to 8 most charming girls - the right sort, personality, good sense, trained, too, half and half North and South. I have never seen anything like it in any other settlement or any other social work. This is Crawford's notion, working in an unusual woman, this Miss Collins.

They have pleasant homes so that they get a life of their own which is very attractive, much more attractive, I am convinced, than some of them have come from, better than in most colleges. There is great attention paid to the location of schools, community houses, workers' houses, in all of the towns. The blacks get just as good a show

in all these matters as the whites, though the two are entirely separate.

Much attention is paid to physical training and cleanly habits. An interesting thing to see in the black school was the tooth brush drill - should get a picture of this. Crawford has made his way by a succession of discoveries, I should say. He says that a few years ago he began to wake up to the part that teeth play in health. He talked with Dr. Nolans, said "I think we have missed a trick. We employ a veterinery to take care of the teeth of our mules, and yet we have never paid any attention to the teeth of these people that we are trying to train to health and good physical habits." Dental clinics have been installed, and in order to arouse the children to an interest in caring for their teeth, they have what they call a "Tooth Brush Drill." I saw one of these in a colored schools and certainly I have never seen a more amusing thing. Those lively little black faces, brush in one hand, cup in the other, obeying orders - "upper left side," "lower left side," etc., etc. "rinse."

They are inculcating a love of good sport. Every school has its physical director. They had difficulty in getting first class colored directors. They have to train them for the most part themselves. This is having a good effect, I take it, on the better class of colored schools. I saw the final tournament between 24 schools in basket ball - girls' teams, - tremendously spirited. The pride of these parents who never had any opportunity themselves for learning or for decent living, in these girls of theirs, who are learning so much, is pathetic beyond anything. They come in droves to these contests. Rivalry, while spirited, is controlled. That has been a great advance. Miss Collins tells

me that when she began these contests there was little sense of sportsmanship, that they nearly always ended up in a free fight, rocks being thrown. The other day, although you could see it took control on the side losing for some of the husky big darky boys not to fight over the respective merits of their teams, they succeeded; and everybody seemed happy and shook hands.

Great attention is paid to music, and I never was more impressed by the way the spirit of the race comes out in music than in the singing that I heard at Edgewater.

One splendid exhibit of the way orderliness has improved was the way that the fortnightly paying off was handled. A pay car comes around. There was \$50,000 to be paid out in Edgewater to the miners the day I was there. The pay car runs on to a side track and the men form in line, each with his check, passing in front of the window. There were hundreds of them, black and white, - those just out of the mines, those off duty and cleaned up. They passed in a straight, orderly line, though there was many a one that you would not want to meet on a lonely road at night. The only guard that I saw was a good natured laughing sheriff, leaning on a rifle on the outside, though they say there is an arsenal concealed in the car. I think a hold up was out of the question, the men would have taken care of that. Pay day used to be a sign for endless rioting, the men gambled and drank away their wages frequently before morning, and what didn't go that way, the women who hung on the outskirts got. This has been pretty fairly controlled. The church, the Girl Scouts, the Boy Scouts now are getting their share. A church barbacue was going on, on a village green and the black girl Scouts in uniform were soliciting

contributions. The wagons of sellers of furniture, clothes, nick-nacks, etc., were on the outskirts of the town but I did not see that they were getting in very much trade. This may have come later, but the truth is that the community stores are so attractive and so efficient and so reasonable in their prices that the miners, as a rule, can do better in them than in Birmingham and better than with these wandering salesmen. The stores are admirable in every particular as far as I could judge. They carry a first class stock and the prices that are charged are, as a rule, two or three cents lower than the town prices. It is said that many people from the neighborhood patronize the stores. They carry practically everything that the people can want, even to a very good line of house furnishings. These were put in because Mr. Crawford discovered that the people were buying on the installment plan at ruinous prices, sometimes two or three hundred percent more than a reasonable price.

One of the admirable features of these stores is their strict sanitation inspection. Vegetables and meat are protected, as I have never seen them even in our best city shops. That is, the old store which was one of the scandals of the early years has entirely disappeared.

There is a whole chapter to be written on the housing. The feature which interested me very much is that here there is a real effort to provide accommodations for the unskilled laborer. One of their problems has been to educate these people to desire to live in something better than a shack. They never had had anything of that kind and they were appalled with the idea of paying rent even as low as \$9 a month.

The boll weevil has largely increased the labor supply in Birmingham district, but the negro coming out of the cotton field had never seen much money and the idea of paying \$9 a month a room was appalling. He could not think there was so much money in the world. The practical scheme of Mr. Crawford was to erect on the outskirts of the town two or three-room shacks - like box cars, he told me. They would go into these - they knew that kind of thing, and he trusted to the psychology of the women to persuade them to sooner or later move into town where they could have good decent houses, which, with the wages they were earning they could afford; and this is the way it has worked out. It is the only place where I have come across a really practical effort to meet the housing problem of the unskilled worker and also of those who do not know about or desire to live in a decent house.

Then comes of course the problem of teaching them to live in a decent house, - the problem of water, cleanliness, decent acting. It was something frightful. They are notoriously dirty and slovenly. One of the things that has been insisted upon and used with extraordinary success is absolute order in the practice cottages, in the schools on the playgrounds, everywhere that they can control it. It has been a continual fight but it is having its effect. One need only go to the outskirts of these villages, property not controlled by the TCI to realize what has been done. That is, you can see in the near neighborhood of the towns what the people came from. There is a steady encouragement to buy houses. Take up here Close's scheme for selling houses.

The effort of the Company to loan money for this purpose has been eagerly seized by both blacks and whites. Crawford told me there was no paper he had to sign so often as for the buying of a house. Close's whole scheme should be gone into here. He evidently had a merry time putting it over. He says that the Corporation owns about 30,000 houses and that it has nearly \$90,000,000 invested in them. His idea is that they should not put any more capital into building but to sell as they can and then use the money to build new houses. The point was brought up whether the sale should be a permanent sale. Suppose a man left the Company. Close fought this out. If you own a house in Gary you keep it, no matter what you do. He would like to sell in all the towns where it is practical. Of course in a mining town the employee should not buy, as the property will become valueless with the exhaustion of the mine. However, they encourage their employees to buy in outside districts where there is permanency. Incidentally, Close says that at Homestead the Company owns 400 houses and has 10,000 workmen. These houses rented at a low rent and recently they putd up the rents, to the great joy of the 10,000. There is a feeling that the low rents that the Company has charged

The interest in the work is genuine and I should say that most of the operative heads have been converted. At Edgewater I sat opposite the superintendent of mines, McKeogh and he told me when they first began the work there that he believed it had nothing to do with getting out coal, but, he said, "I am converted. I know that it has. When I go through the mines now, I see the same faces month after month, year after year, they used to be always

different.

A middle aged negro miner at this Edgewater meeting talked for a long time to a group of us, telling his reasons for staying on and not joining the union. He had a girl in the Edgewater Home. Look at what my girl does, see what she is getting, see how she lives, see what kind of a town, of a church and school she has. See how different it was for me and for my wife. We got nothing. That is what I tell the boys. We have steady work, they go up North and perhaps you get 150 days. We don't have nothing to do here but just to work. Comparison between the life in the outlying districts such as this man came from - You have it all over the country. It is so startling that nobody can get away from it. These men come from almost total ignorance, utter lack of any intelligent contacts, under influences and into contacts directed by a highly intelligent, sympathetic, understanding group of people as I ever came in contact with.

There are some dramatic points. One is, What has become of the convict labor? This was one of the things that Judge Gary had inherited. In the mines at ? the work was done by convicts. Among the features at was a huge wooden jail with a guard house and a whipping post. That made up the town. "Think of me - an Abolitionist - running a whipping post!" Judge Gary exclaimed one day when he was talking of the purchase of the TCI. Now, the old jail has been turned into a store house. They tried to make a men's boarding house of it and it is interesting to know that the association was too much, the men did not want to go into it. They have turned the guard house

into an attractive men's club and billiard rooms, card rooms, etc., and a worker lives in it. Across the street is an attractive community house where I saw a clinic for white men's babies in progress. Another day the black babies get the same attention. All over the hillside trim little houses are going up. Planting has begun. The transformation of this town is one of the dramatic spots in the story. ^{That} They have succeeded in getting this class of labor, negro and white, to work 90% of the time, should be gone into. When you come to analyze the TCI I think you can see that they bought a hoodoo, that they have made a gallant and intelligent attack upon it. Up to the taking of the testimony in the suit they had put in many million dollars and they had not yet made any money. I take it that they have made very little yet and they have conquered problem after problem. They have developed the market of the south and have probably a great money-making future before them, but my feeling is that they take more joy in their community building and their hospital, etc., than in any money they will ever make. The change of ^{to many} this feeble, futile, hopeless people into up-standing citizens is a great contribution to the state.

Close will give me the reports of the way they have responded to the stock subscription. The pension system of course applies down here, and I was told of one negro man who had worked in the mines for 22 years - an inheritance from the old system and under the other regime had lost something like 2% of the time that he might work. He has just applied for a paper.

Emphasize the importance of getting them to rely on themselves. This Crawford and all the rest feel is one of their great problems. They throw as much of the support of the various institutions on the people as possible, training them to build up interests.

One of the interesting things that Miss Collins has done is the scholarship prize fund that the schools have established. They raise this money to send to a technical school or college the best pupils graduating from their high schools. I think she said that they had three black students now in college as a result of this. They take great pride in it.

The management insists that as it goes along it feels an obligation to prove that each expenditure is a good business proposition, that it is not a bit of window dressing. The opposition that came from whites in and around Birmingham that all this work would spoil their negroes has died down as they see it is developing their negroes.