

*Filbert*

Economies

On p. 198 of the minutes, there is an excellent point. The question of building a plate mill at Homestead came up. This was wanted to increase the capacity, to meet a great demand. Gary opposes it on the ground that the demand was probably temporary and it was better to let some business go to somebody else rather than to find themselves with an over capacity which would have to lie dead. (See the minutes)- This is badly dictated, but it is in line with Crawford's claim that it was better to have only the capacity that you could hope in lean years to keep at least partially busy. He believes in stocking up ore that does not deteriorate, pig iron, steel billets. When the last boom came he had supplies to meet it; Buffington had shut down, and built four blast furnaces to meet his orders. Think this might be discussed with Filbert's economies. At an interview with him in April (?) he sets down some of these:

- 1) He denounces the extra moving ~~moving~~ of materials
- 2) 20 independent mills, each running half time in periods of depression are more expensive than one consolidated plant, part of which can be shut down. When mills are not self-contained for raw materials there is much extra movement, which is expensive.
- 3) There is large investment in stock saved.
- 3) A great economy comes in Filbert's mind from the opportunity to place before the managers the practices, operating results of numbers of mills which are in active friendly competition. This makes friendly rivalry, stirs up those that would

be laggards. He believes it has resulted in the saving of millions upon millions.

I asked whether he thinks these savings go to the public, - raised the question of recent high prices. He says the war prices were fixed by the government, that they also arranged by the excess profit tax to take away from the corporation undue earnings. The reports which have just come out show how this was done. He says that in 1916 the earnings of the Corporation were larger than in 1917 and 1918 because when we went into the war they lost many men and so lost efficiency. They took in men that had been retired on pensions - took in women for lighter operations.

We talked a little of women. He says that they cannot be profitably employed in much of the steel work. He remembers that 20 years ago they had Hungarian girls spreading sheets in some plants - "hot, hard work," he characterized it.

3) The third economy that Filbert emphasizes - and I think this is important - comes in connection with ore. They have all kinds of ore. By reason of their aggregation they can mix a low grade and a high grade and make something acceptable. That low grade ore under other conditions would most of it be wasted. This, I think, is true. It is the history of the Birmingham ores waste, I think. He speaks of the saving from the introduction of by-product coke ovens, although he says that would have come anyway. For swing of prices, refers me to the chart in the Iron Age of January, 1925. Should get this number. Filbert promises me to write out a list of these generalizations. I tell Gary this. He says of Filbert,

