
Paul Tiffany’s book joins a library-shelf of recent volumes that apportion blame for the decline of the American steel industry among managers, workers, and government officials. His book stands out in scope and methodology, the ascribed beginning of the decline, and the recommendations for public policy. This compact volume will please industrial policy debaters; historians will desire an analysis that probes more systematically behind the interminable public posturing.

Tiffany writes as a business historian and economist. While he treats government and labor even-handedly, he deals most sympathetically with management, especially that of much-maligned U.S. Steel. His economic analyses combat those politicians and academics who have faulted the industry’s administered prices, vertical oligopoly, and managerial incompetence. Yet his argument is neither a economist’s nor an apologia for industry. Tiffany emphasizes that ever since U. S. Steel’s formation in 1901 mistrust poisoned management’s relations with government and labor, and an agenda of conflict militated against constructive relations between these actors. His narrative relies on published materials, while the papers of presidents Truman and Eisenhower and U. S. Steel director T. W. Lamont illuminate certain sections. His sources, along with his focus on events national and international, distinguish Tiffany’s study from other steel-in-decline studies based on interviews or economic data.

The core of Tiffany’s account details the worsening relations between steel executives and government officials from 1945 to 1960. Whereas analysts typically situate the industry’s decline in the late 1970s, noting solid earnings through the 1960s, Tiffany points to 1959. That year, in consequence of a four-month strike, steel imports first exceeded steel exports, and the imbalance has since grown ever larger. This strike reflected management’s long-standing conflict with labor and government. From the fractious public debate on postwar domestic steel demand, to Truman’s aborted effort to nationalize steel in 1952, to Eisenhower’s genial neglect and Congress’s determined scrutiny of Big Steel, Tiffany charts the triumph of conflict. Only Truman and labor enjoyed close relations. Nor did American steel executives articulate a clear case on their behalf. They were among the leading backers of reindustrializing rather than pastoralizing postwar Germany, of the Marshall Plan that implemented this goal, and of federal subsidies to Japan’s new oxygen steel plants (in return American steelmakers secured steel scrap to feed outmoded open hearth furnaces). Government-guided steel prices, so the industry argued, failed to generate profits sufficient to modernize American steel plants. Such were the roots of decline.

In the 1950s America had two industrial policies, activism abroad for geopolitical ends and torpidity at home. While the American government invested $1.4 billion to reconstruct Europe’s and Japan’s steel industry, America’s faced a rising tide of foreign imports by itself. Tiffany finds little cooperation between industry leaders and government officials, notwithstanding Eisenhower’s Treasury Secretary having been a steelman. His message
counters those who believe a constructive industrial policy is feasible, and would restore the steel industry to competitiveness. Devising a rational political economy still seems an elusive goal. The problem was and remains (p. 62) “the incredibly barren arsenal of public tools to fashion national competitive policies.”

Tiffany’s determination to construct rational explanations for the decisions of steel executives leads to several problems. His account of their failure to adopt oxygen steelmaking technology is damnation by faint praise. Another problem is “strategy.” Tiffany repeatedly asserts Big Steel had one, but the evidence is meager. Steelmakers’ alleged strategic concern with international competitiveness throughout the 1950s is his explanation for their persistent bids for higher prices in the face of record profits. But students of rhetoric will watch this global “strategy” be transformed from author’s conjecture to decisive fact (pp. 66, 105, 168, 177). Tiffany’s evidence suggests only by the late 1950s were steel executives concerned about international competitiveness, leaving their earlier actions unexplained by such a “strategy.” His focus on management misses that the 1959 strike centered on labor-saving technology (union pickets read “Man versus Machine”) as much as wages; in settlement, the union gained rigid work rules which suggest an alternate explanation for steel’s decline. For this argument readers should consult Strohmeyer’s *Crisis in Bethlehem* (1986), which rounds out Tiffany’s finely-drawn portrait of the political economy of Big Steel in the postwar era.

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