

# Analyzing the rise and fall of Midwest steel



**Jeff Manuel.**

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This week on Segue, Greg Budzban, PhD and dean of the Southern Illinois University Edwardsville College of Arts and Sciences, hosts Jeff Manuel, PhD and associate professor in the Department of Historical Studies, to discuss Manuel's recently authored book, "Taconite Dreams: The Struggle to Sustain Mining on Minnesota's Iron Range, 1915-2000." The text received a 2016 Hamlin Garland Prize, an annual award presented by the Midwestern History Association to two historians whose projects represent the best in popular history writing concerning the American Midwest.

A historian specializing in the deindustrialization of resource industries in the Midwest, Manuel's text focuses on the history of the Minnesota Iron Range, a region of Minnesota's northern arrowhead made globally famous for its rich iron ore mining district. Situated near the shores of Lake Superior, the Range was developed in the late 19th century upon discovery of an incredible body of high-grade hematite iron ore – a soft, red gravel substance used as a raw material for steelmaking. It is because of the Range, the coal fields of Appalachia, and the industrial capacity of the Great Lakes region that the American steel industry was able to thrive in the early- and middle-20th century throughout the Midwest.

However, as the U.S. transitions as a post-industrial society, intense deindustrialization has occurred among steel manufacturers and other manufacturing industries.

"It's particularly pronounced in resource extraction industries, like mining or forestry," Manuel shares. "Historians have found that this transition process started happening much earlier than we originally perceived. For the Minnesota Iron Range, I've found evidence of this transition in the 1910s and 1920s."

As a result, many American manufacturing operations have been forced out of business, creating high unemployment and fleeing populations in several municipalities.

"Coal mining, for example, is a non-renewable resource," Manuel says. "As you dig ore out of the ground, it's clear that it's a finite substance that's going to go away. A model for mining regions in the 19th Century was to show up and create a 'boom town,' have a bonanza to dig up as much ore as possible, and move on to the next place, creating a 'ghost town.'"

“What makes the Minnesota Iron Range unique versus other mining regions is the commitment and collaboration of decision-makers to making the Range a long-term, stable place – doing whatever is necessary to allow its industry to continue into the future.”

“Taconite Dreams: The Struggle to Sustain Mining on Minnesota’s Iron Range, 1915-2000” explains the vast efforts made to prolong the Range’s success throughout the 20th Century, detailing technological changes, fundamental changes in the mining processes, revisions in tax laws and state constitutions, developments in workforce training, changes to the very substance being extracted from the ground, and more.

Among those changes were to more heavily mine taconite, an iron ore that demanded more processing to be converted to steel, but also boasted rich deposits in the Range. Manuel argues that through these measures, the Range accomplished impressive successes to prolong the industry’s life beyond expectations, despite significant deindustrialization, job loss, industry shrinkage and other tough operational circumstances.

The book further discusses the heightened tax rates that originally characterized the Range, and how the region’s mindset evolved over time to lower industrial taxes. Manuel credited a change that established an amendment to the State of Minnesota Constitution as a major turning point toward the Range’s sustainability.

“In the late 19th Century, it was essentially a punitive tax enforced by the local governments on what they felt were giant, distant monopoly corporations,” Manuel explains. “They rationalized it as, ‘Rockefeller is here – he owns these mines. We should tax him as much as we can to get what we can, because he’s just going to take the ore out of the ground and leave us with nothing.’”

“By the 1950s and 1960s, a 180-degree reversal occurred. The communities, labor unions and state politicians were all working together to lower tax rates and ensure lowered, ongoing tax rates to guarantee continued business investment. In 1964, the state added a constitutional amendment to guarantee stable and low taxation on taconite plants. I argue that this amendment signaled the first wave of nationwide change in resource industries – a new, deep commitment to pro-growth, low tax regimes for business industries. We know today of the different ways state and local governments commit to relatively low business tax rates, in the name of worthy, valuable investment.”

Following the amendment, the Range taconite operations immediately began building and expanding facilities to create jobs and seek further profits through new tax reductions. This expansion occurred from 1964 through the 1970s, until a significant recession struck the American steel industry in the early 1980s and undermined much of the advances made in the Range. Being recessed as a result of heightened international competition and resource availability, the Range now finds itself in a constant battle for operating success in the face of intense global stressors.

“The U.S. steel industry had been largely protected by the fluke of geographic location, being efficient in moving things through the Great Lakes,” Manuel shares. “By the 1980s, foreign

competition allowed access to very cheap, foreign ore fields and transportation innovations that allowed ore to travel to the U.S. much more quickly. Coupled with new blast furnace technologies and other domestic business issues, global factors began putting heavy pressure on industries in the U.S. In the 1980s, many iron ore mines and mills on the Range shut down. So, that facility expansion held up for only about 15 years before the region found itself right back where it started, before the tax cuts and innovations happened.”

As a result of this rapid deindustrialization in the Range and while many of the taconite facilities continue to operate, the processes have been automated to the point of providing few human labor jobs. Now, many municipalities in northern Minnesota are similar to those of southern Illinois, yielding above average unemployment figures and significant reductions in population as American industries continue to dissipate.

Because many American populations are interrelated to the successes of remaining American manufacturing operations, Budzban and Manuel express the tremendous potential of “Taconite Dreams: The Struggle to Sustain Mining on Minnesota’s Iron Range, 1915-2000” to provide insight to those regions and municipalities seeking support as they evolve alongside such operations.

“In a number of other industries, we’re seeing this same narrative play out,” shares Budzban. “Politics, the narrative surrounding deindustrialization, those folks who feel disassociated with the political and economic forces in our country, having the technology to make resources economically feasible, environmental sensitivity in operations – those have all played an enormous role in manufacturing. This same narrative is playing out again in other industries, with the same sort of forces in effect. It’s striking that what you’ve captured in this book, in general, can be applied to several industries that are going through many of the same questions right now.”

Budzban and Manuel conclude the discussion by providing long-term suggestions for industrial decision-making as global factors continue to provide harsh threats to the success of American manufacturing operations. Tune in to WSIE 88.7 FM every Sunday at 9 a.m. as weekly guests discuss issues on SIUE’s campus.

*By Logan Cameron, SIUE Marketing & Communications*