But two centuries of development were undone in 25 short years.

The effect of the first phase of the American Davignon Plan can be appreciated by comparing America's obsolete steel industry with the Japanese. This illustration also demolishes the argument that Japanese dumping causes American steel production to drop.

The owners of the U.S. steel industry follow the dictum of former U.S. Steel President Speer, who announced in the mid-1970s that "the objective of U.S. Steel is making money, not making steel." If that comment seems to reflect the warped thinking of a banker, look no further: U.S. Steel is not a company, but a corporate fiction. It is actually a branch of the House of Morgan, which set up U.S. Steel in 1901 after buying out the Carnegie Works and merging them with the Moore Works. Five members of U.S. Steel's current board are members of Morgan or a Morgan company, including former Morgan Guaranty Trust chairman Walter Hines Paige III. The Mellons, the Harrimans (National Steel), and other junior oligarchs of the East Coast Establishment run the steel industry as a plaything. Under the whip of President Roosevelt during World War II, the steel companies were ordered to produce and add 11 million tons of capacity—which they did.

But since 1950, the steel barons maneuvered to allow only two greenfield integrated steel plants (plants encompassing the entire production process from coke facilities and limestone to iron and steel blast furnaces and rolling or extruding mills) to be built in the United States: U.S. Steel's Fairless Works in eastern Pennsylvania and Bethlehem Steel's Burns Harbor plant on Lake Michigan. U.S. Steel shelved its plans to build a 4-million-ton facility in Conneault, Ohio in the mid-1970s.

America's record on new technologies shows that the steel barons left the United States technologically backward and at a disadvantage even to the rest of the world's declining industry. In 1969, the United States had 2.9% of its steel continuously cast, while Japan had 4.0%, and Italy had 3.1%. Continuous steel casters produce semi-finished steel shapes from hot liquid steel, eliminating the time, energy, and raw steel wasted in producing ingots and then reheating the metal and rolling it into the desired shapes.

According to American Iron and Steel Institute information, today Japan has put continuous casting into four-fifths of its plants; Italy three-fifths; but America does not have continuous casting in even two-fifths of its plants.

Further, 43.0% of America's open hearth furnaces are more than 30 years old; 40.8% of its plate mills are more than

Who's shutting down the steel industry?

by Warren J. Hamerman

It is by no means accidental that the new "industries" slated for former steel towns such as Pittsburgh and Buffalo are casinos. Organized crime is intending to move into "post-industrial" areas in a very big way.

Cui Bono? 1) The old family oligarchs of Europe and America's Eastern Establishment who wish to impose their "post-industrial society" program upon the West; 2) the Soviets and their allies who oppose Reagan's Strategic Defense Initiative; 3) the organized-crime and Dope, Inc. profiteers themselves.

In short, the enemies of American national security are the forces behind dynamiting the blast furnaces.

A U.S. Department of Commerce official with oversight of the steel industry recently admitted: "We will see a net contraction of the steel business, a net shutdown of another 10 million tons, probably within the next few years through the end of the decade. . . . In any case, there is significant *overcapacity* of steel, in terms of *need* for steel. The world economic situation is stunted. . . . You have to start from the premise now that there is too much damned steel-making around."

The London magazine *The Economist,* associated with the **Rothschilds** and the notorious asset-stripping bankers **Lazard Frères,** ran a major policy story the week of Feb. 18 headlined: "Should steel be helped? Answer: No." The article announced: "The only lasting remedy for Europe's state-owned dinosaurs and America's private-sector disasters is more surgery and innovation, not more protection from reality."

The Economist, traditional mouthpiece for the British oligarchy, argues that "the steelmakers of Europe and America can start by recognizing reality." The magazine praises as "showing the way" Luxembourg's Arbed and the Republic Steel-Jones & Laughlin merger which was recently arranged by the notorious **Crédit Suisse**-connected **First Boston Corporation,** a New York-based investment bank associated with the Weld family fortune. Corrupt U.S. Attorney William Weld of Boston is the son of the chief executive at White Weld who, before his death 14 years ago, arranged a merger with Crédit Suisse in London.

According to a senior First Boston official, "We were the first ones to get this reduction-capacity going. . . .

30 years old; and 54.1% of its cold strip mills are more than 20 years old.

The technological obsolesence is nowhere more evident than in the fact that between 1957 and 1976, the United States and Japan spent an equivalent amount of funds on steel investment, but the Japanese added 100 million tons of new greenfield capacity, while the United States added only 11 million tons, spending most of its money on squeezing the last ounce of usefulness out of old mills which should have been modernized from top to bottom. The result: In 1964, an American worker produced 81 tons of steel per hour; a Japanese worker produced 39 tons. In 1980, the American worker produced 97 tons of steel per hour, while the Japanese worker produced 136 tons.

And please don't blame wages: When corrected for the real Consumer Price Index, as adjusted by *EIR* and put in 1979 real dollars, the 1981 take-home pay of a Japanese steelworker was $5.65 per hour, while that of an American is $6.85. Since that time, American steelworkers have taken 5 to 10% cuts in pay.

Phase II: Destroy markets

In 1979, Phase II of the plan began. The Trilateral Commission put Paul Volcker into office as Federal Reserve Board chairman. Volcker had gone on record the year before, endorsing the Council on Foreign Relations' concept of "controlled disintegration"—the destruction of economies through hikes in the oil price, interest rates, and other manipulated "shocks."

In October 1979, Volcker sent interest rates into the stratosphere, never to come down below double-digit levels since. The international and domestic market for American steel and steel-products collapsed. The destruction that was wrought throughout the steel belt can be seen in the following figures:

The American steel workforce collapsed. From 339,000 hourly production workers in 1978, the workforce plunged, by June 1982, to 226,704. Through further mass layoffs, today the steel workforce is only 170,694, a halving of the workforce in a little over six years.

Raw steel capacity collapsed. In 1975, the United States had 157.4 million tons of raw steel-making capacity. Today, the American Iron and Steel Institute claims that there is 135.3 million of "usable capacity." Were all the announced blowing up of blast furnaces to occur, capacity would shrink below 110 million, and effective, real capacity would be much less.

Finished steel output collapsed. In 1979, the United States produced 100 million tons of finished steel-products. In 1984, the year of the supposed recovery, finished steel-products still totaled only 73 million tons, down by more than

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There will be capacity shutdowns, we'll lose another 20 million tons of iron-making capacity, more blast furnaces will be demolished. The steel industry is being restructured, and we've been in the middle of it since the beginning, because we advise many steel companies."

Asked whether this amounted to an American version of the Davignon Plan whereby European steel capacity is being curtailed, he said, "Look, the Davignon Plan has to hustle quite a bit to get as far as *we're* getting in the U.S. We have less political constraints, we're moving faster than they are!"

Lazard Frères, in fact, has a hands-on approach to the destruction of the steel industry since it has been involved in the financial reorganizations of various steel plants (brought in, ironically, by the steelworkers' union, USWA)—such as the National Plant in Weirton, U.S. Steel's Duquesne Works, and Wheeling-Pittsburgh Steel Company's plants in West Virginia. The particular trademark of Lazard is to include "planned shrinkage" and destruction of production facilities.

The attorney involved with Lazard in arranging the package at the Weirton Plant was none other than **Kenneth Bialkin,** the head of the organized-crime linked Anti-Defamation League of B'nai B'rith. Bialkin was fined $35 million for helping organized-crime kingpin **Robert Vesco** loot a bank in New York. Bialkin is also the attorney considered to be the leading expert in the United States for foreign takeovers of U.S. corporations.

The fact that organized-crime-linked laundering experts such as Bialkin and First Boston are involved in gutting steel is by no means tangential. According to U.S. Steel headquarters in Pittsburgh, none other than **George Stevens Moore,** the international adviser to the **Cisneros** financial empire, is a key individual in the steel picture. The powerful Cisneros banking family of Venezuela is tied into financing and facilitating Swiss, Soviet, and Cuban drug-running activities. The Cisneros international financial empire or Organization Diego Cisneros (ODC) holding company is *headed by* the same George S. Moore.

Moore was appointed an adviser to U.S. Steel on May 4, 1964, by stockholder vote, and stayed on until "retirement" on May 2, 1977. A U.S. Steel official revealed to an anti-drug investigator that Moore has "stayed on as director of one of our subsidiaries in Spain; he's a director to this day."

In 1964, Moore had been the chairman and chief executive officer of First National City Bank, later to be Citibank, at the time Laurance Stillman Rockefeller was president of the bank. Moore played a key role in building up Citibank-Citicorp into a major international lending operation in new (laundering) spheres, a shift from earlier policy.