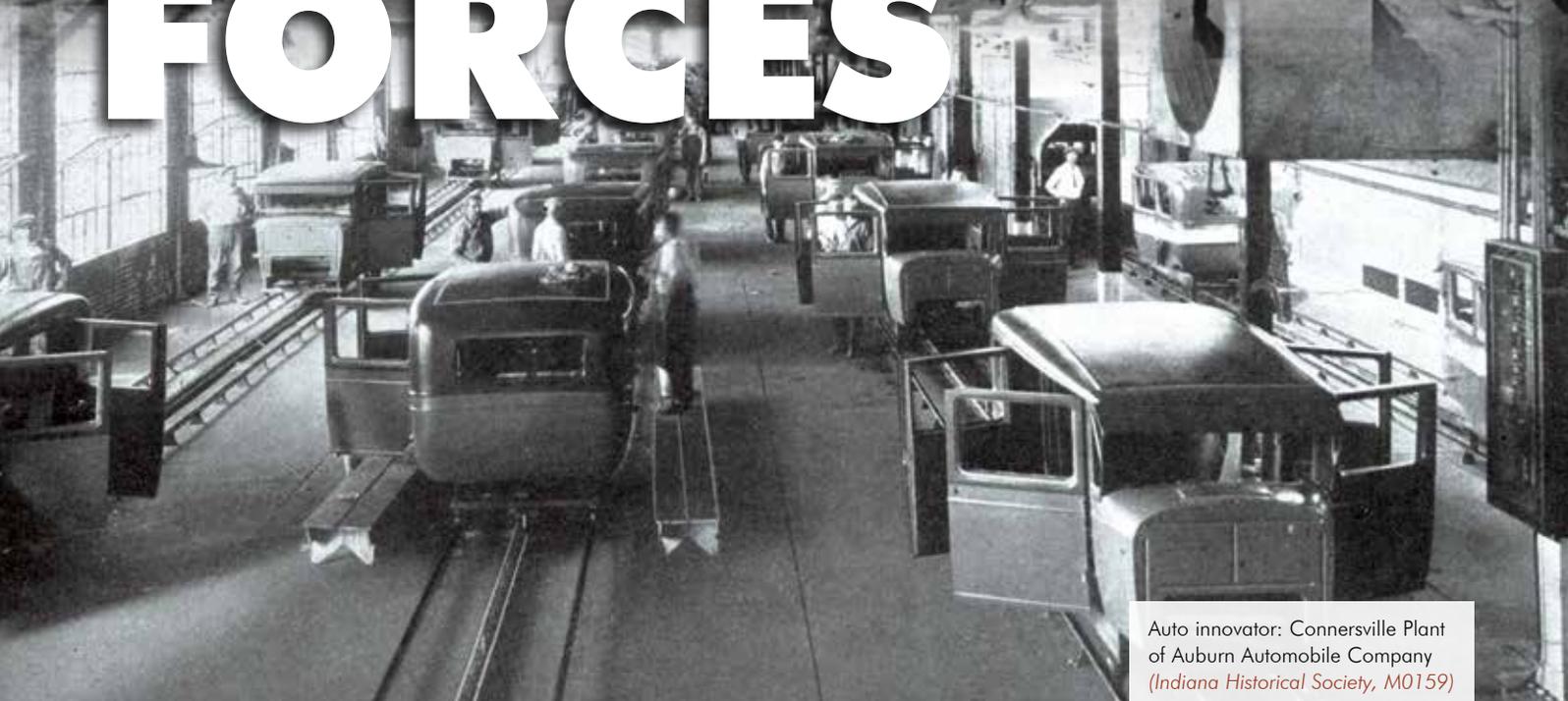


Steel giant: Construction of foundation for Hearth Building at U.S. Steel, Gary Works (*Indiana Historical Society, P0411*)

POWERFUL FORCES



Auto innovator: Connersville Plant of Auburn Automobile Company (*Indiana Historical Society, M0159*)

Auto, Steel Deliver Lasting Legacies

By **Symone C. Skrzycki**

Where have we been, where are we and where do we want to go?

It's a philosophical and practical set of questions. Today, it applies to a figurative road trip of sorts during a *BizVoice*® roundtable discussion about the history of Indiana's auto and steel industries, which were greatly elevated during the first decade of the 1900s.

A few tidbits on their origins.

In 1894, Hoosier Elwood Haynes invented (by most accounts) the first gasoline-powered automobile. He worked with Elmer and Edgar Apperson in Kokomo to bring his vision to life. Haynes later founded Haynes International in 1912. The business is one of the world's largest developer, manufacturer and distributor of high-performance nickel- and cobalt-based alloys for use in high-temperature and corrosion applications.



“So many of the more famous Indiana cars were very expensive – far beyond the reach of most people and that’s why most of them went out of business in the 1930s. (It was) the competing forces of innovation and outstanding design, but (also) not really adapting to the affordable automobile that we now associate with Detroit.”

– Marsh Davis, *Indiana Landmarks*

Over the years, Indiana has housed approximately 400 auto manufacturers. In 1919 alone, 172 businesses produced cars or automotive parts in 40-plus cities and towns. The majority were headquartered in northern Indiana.

Steel also helped transform the state into a manufacturing giant. Indiana has led the nation in steel production for 43 consecutive years. Companies are primarily located in northwest Indiana (Lake and Porter counties).

Indiana’s auto and steel journey has taken innovative turns, some discouraging twists and included legendary visionaries along the way. Sharing their perspectives are four Hoosier history experts and enthusiasts:

- Jim Madison, historian, author and history professor, Indiana University Bloomington (www.indiana.edu)
- John Bry, DeKalb County historian (www.co.dekalb.in.us)
- Micah Pollak, associate professor of economics, Indiana University Northwest (www.iun.edu)
- Marsh Davis, president, Indiana Landmarks (www.indianalandmarks.org)

Carriages and cars

Five German American brothers launched the Studebaker Company as a blacksmith business in 1852. The South Bend-based operation adapted to become the world’s

largest wagon maker and – ultimately – one of Indiana’s most prominent automakers.

“The transition from one technology to another – from one form of production or output to another – is a very important feature of economic change,” Madison asserts. “It doesn’t often happen because (a lot of) the buggy whip makers go out of business and they fail. But those who adjusted to the changing economy and changing times include the Studebaker brothers. They built a large, sophisticated manufacturing operation in South Bend. They also persisted longer than any other Indiana automobile manufacturer down to the early 1960s.”

Another northern city, Auburn, attracted several automakers. In 1900, Auburn Automobile Company was founded. It eventually encompassed three producers under one brand: Auburn, Cord (Indianapolis) and Duesenberg (Connersville).

The traditional Big Three – General Motors (GM), Ford and Chrysler – emerged in the 1920s. All were headquartered in Detroit.

“By the late 1920s – and certainly by the 1940s and 1950s – the Big Three need workers. They need technology. They need location,” Madison explains. “Indiana provides all of that in abundance. Central and northern Indiana, in particular, become locations for branch plants of the Big Three and (their) parts suppliers because Detroit is close nearby.

“It’s accessible by railroad, but especially once the highways are built – in particular the interstate highway – you have (cars) connecting Detroit to Anderson and Kokomo and Marion and South Bend. The Big Three manufacturing operations are huge in Indiana.”

He elaborates on the Anderson connection.

“Anderson is almost entirely a General Motors town by the 1930s, employing hundreds – and by the 1950s – thousands of workers. It’s almost the only game in town in Anderson in the 1950s. And it’s a very good game because in Anderson, you don’t even need to finish high school in 1955. You just go down to the factory and get a job.”

Steel: Heating up

Whereas competition among numerous businesses ignited the auto industry, steel had entirely different beginnings.

“It (the industry) was kind of born in 1901 when JP Morgan decided that he wanted to be a steel magnate. He bought Carnegie Steel and combined it with Gary Federal and some other smaller companies,” Pollak discloses. “It was the first billion-dollar corporation I believe in the United States and

in the world even.

“Northwest Indiana was ‘at the right place at the right time.’ You have access to Lake Michigan. You have a growing workforce. It’s fascinating because the industry essentially gets created in 1901 here and then it’s built up. We’ve witnessed the entire industry growth and the cities it’s supported. The city of Gary is created to house the workers.

“From the beginning, you have big companies. Very oligopolistic,” he continues. “You don’t have a lot of competition directly – and again, building a town for an industry is an example of how much control the company (U.S. Steel) has. You don’t have to worry about other manufacturing in your area competing with you.

“You’ve built everything from the ground up for yourself and you pretty much run the show. That gets us in trouble down the line a little bit because you are so used to being in charge and doing what you want to do that you might be less aware of changing tides and how the economy is evolving.”

Attracting auto workers

At the forefront and behind the scenes, who are the workers building the industries?

Bry, an Auburn native, says, “In our northern part of the state, there was such a heavy influx of a German immigrant population. And with them came the knowledge or the skill set that went into the wagon making and the carriage making. You think



“We ought to do a more diligent job about (knowing) what it means to remain competitive in the (auto) industry and recognizing it’s going to change. It’s going to adapt. And if we don’t adapt and change, we’re going to be left behind again.”

– John Bry, *DeKalb County historian*



"It's (steel) still a very, very important factor up here in northwest Indiana. But it's certainly not what it once was. Had we had more diversification, more other industries, we might have been able to weather the '70s and the '80s a little bit better, be a little bit stronger today."

– Micah Pollak
Indiana University Northwest

about the roots of those companies that eventually gave rise to the auto companies that were born out of them. That had an influence in those companies being established, at least across the northern part of the state."

Davis mentions some of the lesser-known auto producers.

"One of the fascinating things about Indiana's automotive story is that so many of these manufacturers – and of course, sometimes these were one-off deals – they popped up in rather unexpected places throughout the state," he remarks. "Not just in the north, but particularly in central and east central Indiana."

Madison suggests that "tinkerers" – men mostly, who could fix just about anything and make just about anything – also played a role at the turn of the century. Along with that group, he cites engineers, entrepreneurs and another segment: unskilled workers.

"Men with strong backs from Europe and from the South. African Americans from Alabama and Mississippi and other places who moved north to Indiana seeking jobs. They end up in South Bend and in Indianapolis. They end up in the Calumet region and are a very important part of the automobile industry."

Steel: Manufacturing "myths"

Today, the steel industry employs 6% of workers in northwest Indiana. The region produces more steel than it did 25 years ago, but with 30% fewer workers.

But don't be confused, Pollak declares.

"There's this impression that there's this decline of American manufacturing," he begins. "If you look at the numbers, we produce more than we ever have, historically – even adjusting for inflation. The thing that I think people are reacting to is that we do it with a lot fewer workers. So, we don't really have a *manufacturing crisis* in the United States, we really have a *manufacturing employment crisis* in the United States.

"It's a story of automation and technology activity. As our economy has evolved and as our nation becomes more modern and develops, you suddenly can produce more with less workers."

Increasingly, those individuals are vying for higher-skill, higher-education level jobs.

"In the '60s, you might be able to – without any college degree – go into a steel mill and have a fantastic career," Pollak observes. "Have excellent retirement benefits. That could be your life achievement. Today, in order to go into steel mills, you would need to have more education. More training. More skills."

Embracing – or rejecting – change

Even flourishing businesses fade when they avoid adapting to new realities.

Madison candidly reveals one reason why many Indiana businesses have struggled in that area.

"Indiana has a reputation for Hoosier hospitality that's not always deserved," he contends. "When we talk about white, native-born American Protestant Hoosiers, they have not always been welcoming – quite the contrary – to those who come from other places and those of different races. Or to other kinds of ideas and technologies."

Bry concurs, imparting a story that highlights disparities between prevailing mindsets in Auburn and Detroit.

"Even when E.L. Cord (founder of the Cord Corporation) had proposed to city leaders in Auburn an idea of constructing affordable housing for more workers, the local leaders rejected it. That's one of the reasons why a big part of the Cord manufacturing line was moved down to Connersville (in 1927) away from Auburn.

"And then you have cities in the Detroit area like Pontiac and Flint with General Motors that embrace the idea where the company was starving for adequate housing for the growing workforce that would be coming from all over the world and around the country. They essentially built their own housing subdivisions to house those workers."

Madison identifies a failure to adapt as a driving force of several early Indiana automakers.

"They never transitioned fully to mass

production, to interchangeable parts, to low-cost labor," he stresses. "To all the other features that make Ford in particular – but also General Motors and Chrysler – blow everyone else out of the water by the late 1920s, even before the Great Depression."

Bry interjects with an observation about Indiana adapting into more of a supplier chain role.

"We lost some of our talent when companies like Auburn Cord Duesenberg folded," he acknowledges. "Some of the talent left and went toward the Detroit area in terms of engineers and designers, but the workforce was left behind largely. They had to find ways to adapt either in other industries like the steel industry that was rising and starting to cross beyond the state and beyond the Gary area and other areas. The whole automotive chain sort of had to adapt across the state to maybe go more in a supplier mode."

1970s: Gas crisis

In the 1960s/1970s, the Big Three started to decline as Japanese manufacturers offered an innovative (and less expensive) alternative.

"The big Detroit cars – once the gas crisis hits and other considerations – no longer attract buyers," Madison recalls. "Detroit doesn't have the answer, but Japan does. The early Datsuns and other cars were fantastic cars."

Bry agrees. "A lot of folks couldn't



"Once those transcontinental railroads came through – and most of them were going to Chicago, some to St. Louis – to get from the East Coast to those locations and further west, they have to go through Indiana. They go through central and northern Indiana. It's no accident that those places are where the steel and automobile industries are located."

– Jim Madison
Indiana University Bloomington

afford the bigger gas guzzler type of automobiles. Then, with the rising gas prices and energy prices, here come the Japanese with these different types of cars. Smaller, lighter, more efficient. That started to have an effect too – in terms of that interest from the consumer standpoint.”

In the 1980s, Indiana Gov. Robert Orr and Lt. Gov. John Mutz attracted Subaru to Lafayette. It was a turning point.

“That is a major step away from traditional ways of doing business and (approaching) government in Indiana,” Madison emphasizes. “That was very controversial at the time. It may not look controversial now, but in the 1980s and 1990s, it was exceedingly controversial. (There was opposition by some groups) to Japanese auto manufacturers coming to Indiana. But come they did, and that Subaru deal was the first of many others.”

The steel industry’s historic dominance in northwest Indiana – while bringing high-paying jobs and other benefits for decades – posed challenges in the 1970s.

“The drawback is kind of putting all your eggs in one basket. If something happens to the steel industry, then you’re going to be hurting – and that’s what happened,” according to Pollak. “We discouraged competition in alternative sources of manufacturing and other types of jobs. That really drove the economy up here, which was great when the industry was booming and successful. But when we started entering the ’70s crisis, we had a collapse in the steel industry.”

“We had people moving out and all sorts of consequences as a result of having focused so much – and solely on – steel manufacturing.”

Celebrating, reinventing the past

Although many legendary automakers have closed their doors,

their buildings stand tall.

Communities are finding ways to reuse those facilities, such as the former Stutz Motor Car Company building in Indianapolis. It produced high-end luxury cars.

“It’s now a thriving business and arts center,” Davis comments. “It was vacant and unused for many years and deemed fodder for the wrecking ball. But thanks to a creative adaptive use, it’s a thriving place.”

Another example is the former Ford manufacturing plant in Indianapolis, one of several assembly plants it had established across the country.

“A lot of people don’t realize how many Fords came out of Indianapolis,” Davis notes. “The building that stood for many years in a state of disuse and disrepair . . . is now being fully rehabilitated and will be mixed market rate and affordable housing as well as commercial. The building was manufacturing Model T’s and Model A’s from 1914 or 1915 through 1931 or 1932. Tens of thousands of Fords rolled out of Indianapolis.”

Pollak reflects on how people’s recollections of the steel industry’s early days help keep it alive.

“They remember the golden days when downtown Gary was a shopping destination for northwest Indiana and a desirable place to live and it was at its peak,” he conveys. “As long as we have those people around, it’s easier to keep that memory going. But over the next 20 to 30 years, as there’s fewer and fewer of those people, it’s going to be more important to remind ourselves of that history. And to make sure we continue teaching the next generation what it was like, so we don’t forget that we need to be proud of our accomplishments going forward.”



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