

THE ECONOMIC DEVELOPMENT OF PUEBLO, COLORADO
WITH SPECIAL ATTENTION TO THE COMMUNITY'S
RELIANCE UPON THE C F & I STEEL CORPORATION

Phillip M. Sarver
University of Nebraska

My paper, which represents only a portion of my total thesis, will attempt to illustrate the effects of a very strong reliance by Pueblo, Colorado, on a single industry, the Colorado Fuel and Iron Steel Corporation.

In 1870 Pueblo was a small settlement of 666 persons in the southern portion of the state. Just before the C F & I Steel mill was built, the population had increased to 3,217. Today Pueblo's population is 97,453 with an additional 20,785 living outside the city limits but within Pueblo County.

Prior to the development of the C F & I Steel Corporation, Pueblo was an agricultural and trading center for nearby southern Colorado counties and was a fairly prosperous community.

The Steel mill was formed as the Colorado Coal and Iron Company in December, 1879. From that time until 1903 the mill was locally owned. At the present time the Crane Corporation owns the firm.

Concurrent with the mill's development in the 1880's, Pueblo became a smelting center for the mines in the nearby mountains. There were four smelters in the Pueblo area producing silver, gold, lead, and copper.

After the turn of the century mining began to decline; by 1923 the last smelter in the area was closed. From this time forward, a heavy reliance on the steel mill became evident. This reliance has caused Pueblo to become stigmatized as a working-man's town, unattractive, with cultural deficiencies, negative attitudes, and largely incapable of generating economic growth.

Since the beginning of the smelters and the steel mill, only one industry of some significance (an aluminum auto parts manufacturer) has been attracted to the Pueblo area, although manufacturing remains a significant component of the area's

economy. In 1968, manufacturing, including the steel mill, accounted for 21.7 percent of total employment in the county.

The dominance of the steel mill over the community has been a mixed blessing. While it is the major employer with a little over 6,000 workers, certain strike periods have had very hard repercussions upon the local community. Also, from the 1930's until recently the management had an aloof attitude with regard to the community, thereby resigning citizens to a situation where they expected little community involvement by the firm.

More important than the mill's direct effects on the city are the indirect effects, which it appears provides more of an answer as to why the city has been slow in generating economic growth. There are problem areas in the city which appear to be symptoms of the city's slow growth rate and over time have become, in themselves, obstacles to growth. These problem areas are associated with the heavy dependence on the mill for too long a period. Not enough business or other industry has been attracted to the area to stimulate Pueblo and help reverse problems created at an earlier date.

Pueblo suffers from a long-term, continuous unemployment rate of more than four percent. In addition, as of November, 1971, Pueblo County had 17,000 persons, or over 14% of the county population, on the welfare rolls. Employment in the manufacturing sector has been declining for several years, including employment at the C F & I Steel Corporation. The mill's employment fell from a high of 8,189 in 1957 to less than 7,000 presently. There are too few other business concerns to absorb any unemployed manufacturing workers.

Within the trade sector, retail establishments are small, unattractive, and carry little inventory. The inadequate size and limited inventories are shown by the fact that retail sales per establishment in Pueblo County, as compared to the state average, declined from 100.4 percent in 1948 to 62.8 percent in 1967. In one recent survey, 47 percent of the respondents indicated they shopped in other cities because of lack of variety in Pueblo; one-third of the respondents were actually hostile to the downtown area.

This and other surveys indicated that other services also were inadequately provided within the city. For example, the retail and service sectors are currently losing several million dollars annually to Colorado Springs and Denver. The

merchants within these sectors, while aware of the situation, have taken no action to correct this problem. Also, in spite of Pueblo being within a heavy tourist area of the country, there are practically no local businesses within or near the city oriented toward tourists.

City officials over the years, with the aid of a negatively-voting population, have cumulatively added to existing problems; and these problems currently act to repel prospective business and industry.

The city has been notable for its lack of services. The city currently meets minimum standards for neighborhood recreation parks through the use of school playground areas. Furthermore, until the last three or four years the city planted no grass or bushes along freeway areas within the city.

The unattractive appearance of the city has acted to retard growth. In 1960, 23 percent of the housing within the city and 38 percent outside of the city was either dilapidated or deteriorating.

These problems or situations illustrate a community which is growing at a slower rate than its possibilities would suggest.

The problems stem from the time of the early 1920's. A disastrous flood occurred in 1921 which necessitated a lengthy rebuilding period, particularly of the downtown section. In the same decade the last of the smelting businesses closed. These two events, plus with the lengthy depression years of the 1930's, combined to alter growth rates downward and change attitudes of businessmen and citizens from optimism to ingrained pessimism.

As a result of this pessimism, businessmen became very conservative. Records indicated that the banking community in Pueblo granted only about five percent of their deposits as loans in 1947 and about ten percent as loans in 1950. Policies changed to a more liberal attitude toward loans after 1952.

While the prosperous postwar years have generated income within the community, conservatism by businessmen and citizens during the 1921-1941 period prevails and has adversely affected business methods and attitudes, even the physical appearance of the city. Businessmen have been overly hesitant about remodeling, enlarging, and making new investments. This has been the

case in spite of lost business to other trade and service centers. The lost trade is also an indication that the public has not been entirely satisfied with the methods of business practiced by local businessmen. In spite of rising incomes and profits in postwar years, the pessimism established in the citizens and businessmen caused little investment within Pueblo and an unwillingness to improve the physical appearance of the city.

From the 1920's to 1942 the steel mill was Pueblo's only hope. In 1942 a U.S. Army Ordnance Depot was established east of the city. While increasing its employment roles to 7,481 in 1952, employment declined to 2,960 in 1970. The Colorado State Mental Hospital is located in the city and is the last of the community's three largest employers. Properly classed, however, the steel mill is the only manufacturing or industrial concern of a large size and remains the area's major employer.

The possibilities of expanding job opportunities through the steel mill are very slight. Where expansion has occurred at the mill, it has been related to automated facilities designed to replace outdated and manned facilities. Furthermore, the steel mill does not produce the form of basic material necessary for certain types of production work. For example, the mill does not produce sheet steel which may be used in many types of other products.

Employment at the Pueblo plant of Perfect Circle Division of the Dana Corporation, which produces aluminum pistons, was about 450 at the beginning of 1972. However, this plant's expansion possibilities are limited because, first, today's improved pistons have largely eliminated the replacement market, and, second, auto manufacturers are purchasing or building piston plants to manufacture their own pistons which will likely eliminate some business for the firm.

Certain obstacles exist which Pueblo must overcome to enlarge its industrial and business base. The first consideration is that of water; the present supply of water is inadequate to handle several major industries. Smaller fabrication industries could be established in the Pueblo area provided they require little water in manufacture. The Pueblo Water Board is presently acquiring additional water rights, but this natural limitation will always remain.

Land availability will need to be changed. The various organizations interested in attracting firms will find it advisable to develop a pool of available land and warehouses and be certain that sale prices quoted will be reasonable and remain firm.

Housing remains inadequate since the population expansion of the 1940's with the establishment of the Pueblo Army Depot east of the city. Expensive and medium-priced housing is inadequate to attract industry. Dilapidated and deteriorated housing can be eliminated only with Federal Aid and with more stringent enforcement of housing codes.

The tremendous shortage of recreation facilities and services should be attacked aggressively, although this will require increased taxes.

The community's negative attitude, though immeasurable, seems to have caused prospective business firms to turn their attention elsewhere. Some positive action by city and business leaders will be required to help change attitudes and project a better image.

It appears that within the retail, service, and housing sectors a lack of competition, while enriching the merchants and builders, has created a stagnant situation with regard to innovation and incentive. The merchants and builders are able to perpetuate this situation because of lax regulation of builders and lower expectational levels on the part of citizens who have become accustomed to less variety, lower quality, and lower supplies of goods and services.

All these problem areas are cumulative in character. They have been compounded by a past lack of incentive and interest by citizens, businessmen, and city officials concerning the challenge of economic growth. There has been a sense of contentment with the steel mill. Unfortunately, Pueblo placed its future in the success and growth of the steel mill. There were practically no efforts toward attracting other business and diversifying the manufacturing base between 1921 and 1958 when a Regional Planning Commission was created by the City and County to engage in research, promote long-range planning, and attract industry. Pueblo failed to consider the opportunity costs associated with dependence on one industry and, for lack of will to break this strong bond, created problems which retarded economic growth.

Since 1965, the Pueblo area has hosted two governmental projects. One is the Fryingpan-Arkansas water conservation and power generation project which is constructing a large water reservoir west of the city; the other is the Department of Transportation test track to develop high-speed "tracked" mass transportation vehicles for the nation. The projects, to this point, have not become large employers, but that possibility does exist. They have been factors in helping to change attitudes toward a more favorable climate for growth. Yet even if Pueblo is successful in attracting employment-creating firms, any growth the city does achieve will be less than that which might take place as long as the previously discussed obstacles to growth are not removed.