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They Paved Paradise and Put up a Casino??

The Story of Bethlehem Steel



By Jim Stavis

This is a story about change and one that proves nothing is forever. Bethlehem Steel to the steel industry was once considered as General Motors is to the automotive industry. Back in 1857, the company was founded as the Saucona Iron Company. Construction of the first blast furnace began in 1861 and it went into

(continued inside)

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They Paved Paradise and Put up a Casino?? *(continued from front)*



operation on January 4, 1863. This is back in the day when Abraham Lincoln had recently freed the slaves—shortly after the Civil War. The first railroads were rolled out later that year. This gives you an idea of how significant Bethlehem Steel was in American history.

Years later, Bethlehem produced the first wide flange beams, which were largely responsible for ushering in the age of skyscrapers that forever changed the construction industry. In 1913, they began a shipbuilding division and became the preeminent provider of ships for the U.S. Navy. They were also instrumental in providing armor plate for battleships that served in WWI and WWII. Perhaps we could not have protected our country had it not been for the efforts of Bethlehem Steel. During WWII, Bethlehem produced as much as 70 percent of airplane forgings, one-quarter of armor plate for warships and one-third of big cannon forgings for the armed forces.

After the war, the company continued to flourish. In the 1950s, steel production was at an all-time high (23 million tons per year). In 1958, the company's president, Arthur Homer, was the highest paid U.S. business executive. The company was one of the most profitable companies on earth.

And then by the end of the century, the company disappeared. Back at the mid point of the century, it would have been impossible to imagine. It would be like imagining a world without Microsoft today. What happened? The world simply caught up to Bethlehem. Inexpensive steel imports combined with management's failure to innovate and embrace technology and to improve labor conditions—all of which contributed to the demise of Bethlehem. And as they say, "The bigger they are, the harder they fall."

Bethlehem had hoped the government would protect them from foreign competition with quotas, voluntary export restraints, antidumping and countervailing duty measures—but it only forestalled the inevitable. In 2001, Bethlehem Steel filed for bankruptcy. A few years later, International Steel Group acquired the company's remnants, including its six massive plants. Bethlehem, the city in Pennsylvania that the company was named after, fell into decay as another industrial giant bit the dust.

Still, this story doesn't quite end here. Amidst the ruin, decay and dust, a new idea emerged. The Las Vegas Sands, creator of the Venetian Hotel, had the vision and \$743 million to invest and create the Bethlehem Casino on the site of the failed steel factory. Instead of simply tearing down the old steel works, Sands decided to celebrate the history of Bethlehem Steel by integrating the old steel mill into the casino itself. Sands' vision was to create a casino with 3,000 slot machines, a 300-room hotel and a 50,000-square-foot convention center. The casino opened this June and so far has been deemed a grand success. The slot machines are set on the factory floor with exposed ceilings and brick walls to give an industrial feel. The windows are shaded with orange flames to make it seem like steel is still being made there. The area has been transformed from a home to 300,000 laborers at its peak to a modern day tourist attraction. Perhaps therein lies a message in this transformation from a place where so many worked so hard into a place where so many could play just as hard. Is this a sign of the times or a statement of the new American Dream? You decide...



THREE RIVERS

MUST-SEE TV

Most readers of this newsletter know that I am an organ recipient (three times over) and have been blessed with an amazing health odyssey. On Sunday, October 4th, CBS will premier a new television medical drama at 9 p.m. called Three Rivers that is working closely with the Donate Life organization to accurately chronicle the organ donation and transplantation process. It is set in Pittsburg and features doctors, donors and recipients telling the wonderful stories associated with organ donation. I recently saw the pilot and the show is something to see. It brought tears to my eyes. I urge all of you to give a watch. Let me know what you think at jstavis@paragonsteel.com.