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phur dioxide. You don't get all the sulfur out but you get most of it out. The phosphorus will be reduced just the way the iron ore is reduced--it's P_2O_5 --two parts phosphorus to five parts oxygen-- and carbon monoxide acts on it the same way as it does on the iron oxide--takes oxygen away and leaves pure phosphorus, which you don't want. But you can't do a thing about it in the blast furnace. It will melt and go down with the iron, too. To get the silica out, you charge limestone and the limestone will combine with the silica and form slag. And the more silica you've got in the ore, the more limestone you've got to put in. And you've got to heat that all up for no good purpose, no end result other than taking that silica out of it--but you've got to do it. So all that means, if you've got a lot of these impurities, if you've got an iron ore of that type--it means you're going to use a lot more coke per ton of iron produced, because you've got to do all these other things at the same time. When I first came here they were using on the order of 2400 pounds of coke to make a ton of iron. I'm not quite sure what the figure is today, but about half that, I would guess. By breaking the ore down and separating it, we decreased the amount of heat required to do the job. So we dropped the coke consumption down to in the order of 1600 pounds per ton. That's efficiency. (And this is the result of capital investment to improve the plant and modernize it.) Well, I don't like the term modernize. It improved the efficiency. To hell with this modernization. You should never have to modernize your plant, if you looked after it--because that's what you're doing all the time, keeping it modern. (So you're giving me a picture of a steel plant operated in such a way that when money was available, when profit was made, a percentage of that profit was plowed back into the plant to increase its efficiency.) Well, we never paid any dividends, let's put it that way. All the money we made went back into the plants. And it wasn't until '47 that we paid the first dividend from DOWSON--25 cents a share. All the rest of the money went back in the plant. (And did that process continue?) Outside of the 25 cents, which was only a small part of the profit made, it all went back into the plant. And in 1951 or '52, the dividend was increased to 50 cents • and that's where it stayed right up to the end. (By "the end" I take it you mean the purchase of DOWSON by A. V. Roe, later called Hawker-Siddeley. How did that come about?) L. A. Forsythe was president. He became ill and died just before Christmas, 1956. So here we were without a president. And the directors persuaded C. B. Lang to go back in as president, temporarily; he'd been president for just two years, before L. A. Forsythe. He did--but from then on it was a question of what was to become of DOWSON. Do we find a new president, or what? Quite a few angles were looked at. And I am sorry to say that the one that was finally accepted was offer of A. V. Roe to buy it out. (Are you sorry to say that, looking back, or did you feel that at the time?) At the time. I was against it. It was against my desires and a lot more of us too, that had to do with the operations. (At the time, Jodrey and Sobey--they came forward and said...) "Don't do it." (In fact, they actually said that it may mean the end of the steel plant in the Maritimes.) Yeah. Jodrey was very positive about that. He spent a lot



of his own money to try to buck the directors on this. They voted him down eventually. (Were you consulted in this kind of decision?) No. (Even though it meant that control of the steel plant-- all of DOSCO--was now going from Montreal, which is far enough away, to England.) Well, yes, theoretically. See, the government had built a plant during the war to build airplanes in Malton, Ontario. They built a lot of good airplanes there. And A. V. Roe helped them a lot. I don't know the exact details of this, but I think A. V. Roe supplied some of the top personnel to run that. They built one of the two top fighter planes during the war. Then A. V. Roe undertook to operate the plant after the war on a cost-plus basis for the federal government. Anybody can make money on a cost-plus basis. In later years they built the Avro Arrow. They built the Arrow, but they also branched out into a jet passenger plane and flew the first one. And that's when the Korean War broke out, and the government stopped them from all work on this new plane and made them go back into building war planes. Meanwhile, the American plants were not stopped by their government, they were allowed to carry on their jet work--with the result that when the Korean War ended, A. V. Roe, who had kind of been at the head of the parade in jet passenger flight, had dropped behind. Various American manufacturers had come through with different types of passenger planes--the Douglas DC-3, for instance. Anyhow, A. V. Roe lost the lead that they had had, the incentive they had. They were still operating this plant at Malton, but realized that they should get established in other branches of industry. And one of the first things they did was to buy out a railway car-making company in Montreal. I remember them indicating that by the time they got through fixing up that plant in Montreal, the other two railway car companies in Canada would never get another car order--they'd have it in such modern shape. They spent 18 million dollars on it. Shut it down first. Went at it and spent 18 million dollars to modernize it. And they never started it up again. (When does DOSCO come into it?) A. V. Roe had ideas to spread their industrial connections throughout Canada. They also bought, I think, a 10% interest in Algoma Steel Corporation and other things. The DOSCO situation developed in the way I explained it to you--some of the directors (52)