Chapter 28

Attaining vertical integration

The Anaconda Company, a major and diversified producer of metals and metal products on a global scale, became an aluminum producer in 1955 with its smelter in Columbia Falls. Anaconda's vast holdings could be found throughout the U.S. and in Cananea, Mexico, and at Chuquicamata and Potrerillos, Chile. By the 1950s, the company had expanded beyond its traditional base in copper and zinc production to manganese, uranium and aluminum with mines, smelters and fabricating plants linked in a complex interacting network. [1] In 1958, Anaconda acquired a sheet and extrusion plant in Terre Haute, Ind., and acquired the Cochran Foil Co. of Louisville, Ky. The company consolidated its aluminum operations under the name Anaconda Aluminum Co. in 1959. AAC acquired a building products fabricator in 1963 and operated under the name Amarlite Anaconda. AAC acquired two more building products fabricators in the early 1970s – Alsco in 1971 and Russell in 1972, the latter becoming Extruded Products in 1982. AAC was operating a new smelter at Sebree, Ky., by 1973, which was expanded to 180,000 tons per year in 1979. AAC had a 25% interest in Alumina Partners of Jamaica (Alpart), which began operating an alumina refinery in 1969 as a joint venture with Kaiser and Reynolds, and a 25% interest in the Aughinish alumina refinery in Ireland beginning in 1976. AAC also operated extrusion plants in Miami, Fla., Atlanta, Ga., Meridian, Mich., and Gnadenhutten, Ohio, by 1980. [2]

The Anaconda Company achieved a significant level of vertical integration, from mining to refining to smelting to fabricating, within 25 years. Its subsidiary AAC had its headquarters in Louisville; mined bauxite in Jamaica with Alpart; refined bauxite into alumina in Jamaica and Ireland; produced aluminum with reduction plants at Columbia Falls and Sebree; operated rolling mills in Louisville and Terre Haute; ran two foil plants in Louisville; operated two fabricating plants under the name Alsco at Gnadenhutten and Sugarcreek, Ohio; and ran four fabricating plants under the name Russell Anaconda at Miami, Fla., Meridian, Mass., Opa Locka, Fla., and San Juan, Puerto Rico. [3]

Amarlite's history traced back to 1944 when the American Metal Arts. Co. began fabricating aluminum building products in Atlanta. In 1959, the company moved to a new factory in Fulton County, Ga. AAC acquired the company in 1962 and retained the trade name Amarlite. At the time, the plant had about 500 workers making architectural products, window and door frames, storefronts and curtain walls for large buildings by extruding large aluminum ingots through dies into shaped products, then cutting and anodizing the shapes. [4] According to the terms of the deal, Amarlite Corporation

shareholders received one share of Anaconda stock for every three and one-eighth shares of Amarlite stocks. [5] In May 1971, AAC announced it was paying cash to acquire the Alsco Division of Harvard Industries Inc., a producer of aluminum siding and other house building products. The company acquired fabricating plants in Gnaddenhutten and Sugar Creek as well as warehouses and distribution locations in various other states. The acquisition marked the beginning of AAC's activities in house siding. [6] AAC acquired Alsco Division for $9.4 million. [7]

Jamaican alumina

On July 28, 1966, a joint press release was issued by the Anaconda Company, the Reynolds Metals Co. and the Kaiser Aluminum & Chemical Co. announcing plans to build a $175 million 875,000 ton-per-year alumina refinery at Port Kaiser in Jamaica. Included in the deal were bauxite deposits held in Jamaica by Reynolds and Kaiser and facilities held in Jamaica by Kaiser. Plans called for operating the refinery starting in 1969 with the ability to expand capacity to 950,000 tons per year. The refinery would be the largest in the world outside of the U.S. Ownership would be split with 40% to Reynolds, 31.4% to Anaconda and 28.6% to Kaiser. Kaiser would manage the new refinery for the next 12 years under the agreement. The plant could be expanded to 1.3 million tons per year in the future, but the ownership share would change. Reynolds began mining in Jamaica in 1944 and made the first ore shipments from the island, according to the press release. Kaiser Bauxite Co. had first begun operating in Jamaica in 1950, shipping out bauxite by 1953. [8]

This was Anaconda's first move into bauxite and alumina as a producer, and its equity and share in the output neatly matched its primary capacity. The joint venture was not completely in character with the Reynolds philosophy. "Some of our people had their pride hurt a little and wanted us to expand on our own, which we could have done," Reynolds Chairman Richard S. Reynolds later said. "But we looked over the figures of the three-way deal, and the costs were so much better, that we decided not to let our pride get the better of us… The size of the plant makes it considerably more efficient to operate." When the Alpart refinery came online in 1970, none of the three companies could have utilized all the alumina it produced on their own. Each would have had to expand primary aluminum capacity by about 45% to absorb that much alumina. The Anaconda Company had been vertically integrated in copper and other metals for a very long time – mining and smelting copper and fabricating the metal into wire, brass and other products. Summing up their position in aluminum, the company said, "Thus the traditional Anaconda role of integrated production and mining, 'from mine to consumer,' will apply in our aluminum operations as well as in copper and other metals." [9]

In August 1969, Anaconda Chairman Jay Parkinson announced that by September, AAC would operate as a vertically-integrated aluminum producer. The Jamaican alumina would be shipped to a new AAC facility on Puget Sound in Port Everett, Wash., and from there by rail to the smelter in Columbia Falls. Until then, the AAC plant in Columbia Falls would continue to purchase alumina from a Kaiser refinery near New Orleans and ship the alumina 2,600 miles by freight train. The new $3.3 million port facility in Everett was financed by the Port of Everett with a 20-year lease from AAC. Each month, a 30,000-ton bulk carrier would offload alumina at the facility. Parkinson also announced healthy financial news. Anaconda reported earnings of $32.6 million for the second quarter of 1969, more than double the $14.7 million earned during the previous strike-crippled year. Parkinson pointed to increased efficiency at the mines and mills in Butte and Anaconda, along with exploratory drilling taking place in the Heddleston District north of Helena, Mont., and the Stillwater District southwest of Columbus, Mont. [10] On Aug. 1, 1985, ARCO, which by then had acquired Anaconda, sold its stake in the Jamaican alumina refinery, which was still jointly owned by ARCO-AAC, Kaiser and Reynolds. [11]

AAC's relationship with the Everett port facility began in 1967 when AAC and the Port of Everett executed a lease agreement which allowed the aluminum company to use dock facilities owned by the port. The Port of Everett issued revenue bonds to pay for building the port facilities. The lease agreement required AAC to pay sufficient rent to enable the port to repay the principal and interest on the bonds. AAC paid additional rent to cover operational costs of the port. [12] On Feb. 1, 1968, AAC announced that an agreement had been reached with the Port of Everett for construction of a $3.3 million alumina unloading and storage facility. The project was to be financed by a 20-year lease agreement with AAC and was scheduled for completion by July 1969. The unloading facility's design would allow it to unload other types of bulk cargo besides alumina. AAC's plan was to ship 350,000 tons of alumina per year from Jamaica to Everett, where it would be transferred to rail car and then shipped to the newly expanded AAC plant in Columbia Falls. The company expected to save money by reducing the distance raw materials needed to be transported by rail car. [13]

In June 1968, the port commissioners of Everett awarded construction contracts for the unloading facility to Schuchart Industrial Contractors of Seattle, which bid $1.7 million to build the bulk alumina storage facilities and the railcar unloading equipment. Star Iron and Steel Co. of Tacoma bid $1.2 million to build the 575-ton crane. The commissioners expected that the facility would be completed by July 1969. New off-loading facilities under construction by Alpart in Jamaica would be completed at about the same time. The offloading facility took up a site previously occupied by the Everett Yacht Club. [14] The $3.6 million alumina unloading facility was dedicated on Oct. 13, 1969. With construction of the alumina refinery in Jamaica completed, the first alumina from

Jamaica was scheduled to arrive in Everett by Oct. 20, 1969, after a 13 to 14 day trip via the Panama Canal. [15] The alumina was stored inside a dome measuring 100 feet high above a 10-foot concrete base and 266 feet in diameter capable of holding 55,000 tons of alumina, a little more than one-seventh of the Columbia Falls plant's annual needs. The dock's unloading crane measured 228 feet high and was capable of lifting 900 tons per hour with a 20 cubic-yard bucket. A 1,300-foot long 48-inch wide conveyor belt traveling at 527 feet per minute carried 1,200 tons of alumina per hour from the dock to the top of the dome. The Great Northern Railway mainline ran alongside the facility. [16]

AAC turned to the state for tax relief about a year later. In 1970, Washington State courts ruled on a tax appeal made by another company involving a pier in the Seattle area. The state legislature followed up by passing a new law governing the value of leaseholds on tax-exempt public land. With these two changes in mind, AAC appealed its tax payments on the Port of Everett facilities. AAC, however, lost in superior court and on appeal to the Washington Supreme Court. [17] On Feb. 17, 1972, news that a longshoreman's strike in Everett might prevent alumina unloading at AAC's facility sent unsettling rumors through Columbia Falls that the smelter might be forced to shut down. To keep the plant operating, AAC purchased 12,000 tons of alumina from Kaiser's plant in Tacoma. [18] Ownership of the Everett port facility was transferred to the smelter's new owners in 1985. On July 26, 1996, Columbia Falls Aluminum Co. General Manager Larry Tate announced efforts to keep the CFAC aluminum plant competitive and efficient, including making $400,000 in repairs to the alumina storage facility in Everett. By then, the facility was unloading alumina from Australia. [19]

In February 2001, after CFAC had completely shut down its smelter as a result of the West Coast Energy Crisis and laid off about 600 workers, about 18 longshoremen in Everett also found themselves out of work. As many as 15 ships offloaded alumina at the port facility each year. Other Everett workers whose jobs were at risk included several CFAC employees at the site, three Port of Everett employees, half a dozen foremen and clerks, and two weigh-masters. The port director said CFAC had told him not to expect any more ships in 2001 at the five-acre site. Although the shipments accounted for a large portion of the port's tonnage, they did not account for a large portion of its revenue. The storage dome was about half filled with alumina. [20] By the early 2000s, with alumina shipments dramatically falling, CFAC found itself facing a June 2004 deadline to tell the Port of Everett if they wanted to continue the lease until it expired in 2011. CFAC managers asked the Port to extend the deadline to Dec. 31, 2004, saying they needed more time to make a financial analysis. "The Port has had a strong business relationship with CFAC for over 35 years, and has seen a high payoff in the generation of jobs in both Washington and Montana," the Port said on its website. "The Port would like to see that working relationship continue into the future." [21]

The Port of Everett approved CFAC's request for a deadline extension in mid-July. The short-term lease would cost CFAC $41,000 per month, and it was the fourth extension given the aluminum company since the leasing began in 1968. The Port director said short-term leases were a sign of tenuous times in the aluminum industry, and the Port commissioners were concerned about CFAC's misfortunes impacting the Port's finances. CFAC was the only company that had leased the big dome. At one time, CFAC imported 325,000 tons of alumina per year, but alumina shipments had dropped from 318,719 tons in 2000 to 40,093 tons in 2001. The dome and related equipment were jointly financed by CFAC and the Port of Everett with bonds that had since been retired. According to the Port of Everett's legal counsel, the terms of the lease indicated that the Port would be responsible for demolition of the dome if CFAC gave up the lease. The Port executive director didn't think there would be significant environmental impacts from demolition. [22]

In 2007, the Port of Everett converted the alumina dome to bulk cement storage through a long-term lease with Lehigh Cement. [23] Loss of the dome created difficulties when CFAC later tried to get its smelter operating after the plant closed in 2009. On Aug. 1, 2011, during an open house meeting in Columbia Falls for a Bonneville Power Administration proposal to sell power to CFAC for a restart, CFAC officials noted they would need to find enough skilled workers to put the aging plant into operation. But Glencore also faced transportation problems with raw materials because the unloading facilities in Everett and Vancouver, which Glencore had acquired in 2002, were no longer available. [24] On April 25, 2013, three Glencore representatives met with city officials and members of the public in Columbia Falls to discuss restarting the smelter. With the alumina off-loading facilities in Everett and Vancouver no longer available, Glencore representative Matt Lucke said Glencore had been looking at shipping facilities in Portland, Ore., and Longview, Wash. "Finding ways to move commodities, that's what Glencore is good at," he said. [25]

The Sebree smelter

Constructing a second aluminum reduction plant in the U.S. was a major decision for the Anaconda Company, and there were impacts on the company's first smelter in Columbia Falls. On July 24, 1970, the Anaconda Aluminum Co. announced plans to spend more than $100 million building a 120,000 ton-per-year aluminum smelter at Sebree, Ky. The plant would be designed to later increase in capacity to 240,000 tons per year. The new plant would be designed and built by Alcoa, with prebake anodes and an advanced air emissions control system. Located on the Green River about 30 miles south of Evansville, Ind., the plant would employ more than 800 workers and be operating by 1973. AAC at the time was the fourth largest aluminum producer in the U.S. [26] One of

the first impacts of the Sebree project on Columbia Falls was the loss of key personnel. In late July 1970, Ralph Sneddon, the Columbia Falls plant's assistant manager and one of Flathead County's most active civic workers, was sent to Kentucky to become the manager of the new plant. Kenneth Fraser, the electrical superintendent at the Columbia Falls plant, was sent to become Sebree's engineering manager. Some observers compared sending key personnel to Sebree to how key staff members were transferred from Anaconda's Great Falls plant to Columbia Falls to assist in construction of the new aluminum smelter in 1953. Among those transferred from Great Falls to Columbia Falls in 1953 was H.G. Satterthwaite – the Columbia Falls plant's first manager. [27]

Two more key employees were sent to Sebree in February 1971 – James Yeager, a chemist in the lab, and James Martin, an electrical engineer involved in the potlines. [28] In January 1972, AAC announced that E.O. Woster would be returning to his former job as plant manager at the plant in Columbia Falls. Woster had moved to AAC's headquarters in Louisville in January 1970 to assist in getting the Sebree plant operational. With the Sebree plant scheduled to begin operating in 1973, AAC was concerned that the 17-year-old plant in Columbia Falls needed to be upgraded in technical and operational levels in order to compete with more modern smelters. [29] In November 1972, the exodus of management personnel to Sebree and Louisville continued with five more who received promotions as part of their transfers. [30] The Columbia Falls plant also provided staff in emergencies. In November 1979, thirty-seven salaried employees at the Columbia Falls plant were sent to work at Sebree until a labor strike was settled there. The Sebree plant continued to operate through the strike. [31]

Another concern by Columbia Falls residents was that the Sebree plant's modern and efficient equipment foreshadowed the eventual demise of the Montana smelter. The Hungry Horse News published a long editorial voicing these concerns on July 31, 1970. The Sebree smelter was the first smelter engineered by Alcoa since World War II that it would not own or operate for itself. Alcoa was also the general contractor for construction of the Sebree plant. The new smelter would incorporate the latest improvements in aluminum-smelting technology, including prebake anodes and new pollution control systems that worked with prebake systems. The AAC plant in Columbia Falls, on the other hand, was built in the early 1950s and used vertical-pin Soderberg-type anodes – technology that was considered the best during the early 1950s, but not by the mid-1960s. "Mystery is why did Anaconda install the same process in its fourth and fifth potlines in 1967-68 and thus invite the pollution controversy of today," the editorial asked. With more stringent air pollution regulations in Montana than in Kentucky, the editorial suggested that AAC's future lay in Sebree, not in Columbia Falls.

In fact, many AAC employees were already being sent from Columbia Falls to work at the new Sebree smelter, the editorial noted. [32]

AAC President Joseph B. Woodlief responded to these concerns several weeks later. The strength of the AAC plant in Columbia Falls was improved by construction of a new smelter in Sebree, he said. The second smelter gave AAC more primary aluminum to use in its fabricating facilities, including a new plant in Henderson, Ky., near the Sebree smelter. The overall effect would be to strengthen the company, and this would help the Columbia Falls plant as well, Woodlief said. The Sebree plant was being engineered by Alcoa to be the most pollution-free aluminum smelter in the nation. Located on the Green River, a navigable tributary of the Ohio River, the plant would be accessible by barge traffic, and electrical power would come from coal-fired generators. Sebree, the closest town, had 1,150 residents while Henderson, the next closest town, had 17,000 residents. [33]

The Sebree smelter began operating in 1973. The plant cost more than $100 million to build and was designed to be increased in capacity over the years in 60,000 ton-per-year increments to a maximum of 240,000 tons. [34] Ownership of the smelter was transferred to ARCO when the oil company acquired the Anaconda Company, then to Alcan in 1985, then to Rio Tinto when the giant mining company acquired Alcan in 2007, and then in 2013 to Century Aluminum, which originated as an aluminum holding company for Glencore. By 2015, the Sebree plant ran 24 hours a day with 525 workers on a 2,800-acre site in Webster County. Barges hauling 1,400 to 1,600 tons of alumina arrived each week. By 2015, the plant had produced 5.5 million tons of aluminum metal since it started operating in 1973. The plant's capacity was 205,000 tons per year of aluminum metal using three potlines. The carbon plant produced 1,700-pound electrodes. Spent anode blocks were ground up and reused. A new $37 million prebake furnace was built in 2011. [35]

Irish alumina

The Anaconda Company's stake in the Aughinish alumina refinery in Ireland grew out of a dispute over an alumina-supply contract with Reynolds, according to John A. Stuckey's 1983 account in "Vertical Integration and Joint Ventures in the Aluminum Industry." In 1972, Reynolds signed a contract with Anaconda in which Reynolds agreed to supply Anaconda with 327,000 tons of alumina from 1977 to 1978 at $77 to $84 per ton. The actual price would depend upon market conditions at the time. In late 1974, Anaconda notified Reynolds that it intended to purchase 109,000 tons in 1977 and 218,000 tons in 1978, but in April 1975, Reynolds informed Anaconda that it would not deliver the alumina at the prices specified in the 1972 contract. Reynolds argued that the prices needed to be renegotiated since the cost of alumina refining had increased significantly.

Shortly afterwards, Anaconda filed a lawsuit in federal court demanding that Reynolds uphold its commitment to the 1972 contract. By that time, alumina production costs were running from $110 to $130 per ton, and spot prices in the U.S. for alumina ran from $150 to $165 per ton, more than double the price agreed upon in the 1972 contract. According to Stuckey, the original contract was poorly written and had left out cost contingencies, leaving both parties open to unnecessary business risks and even litigation costs. [36]

The fact that Anaconda went to court was surprising because Anaconda was part of a joint venture with Reynolds and Kaiser in Alumina Partners of Jamaica, known as Alpart. Stuckey suggested that Anaconda initially threatened to sue and then followed up by actually filing a lawsuit when Reynolds didn't respond. An excess of alumina existed in the marketplace in 1975, and Anaconda would have had no difficulty finding a supply elsewhere. There was also an historical precedent – Anaconda had dropped an earlier alumina-supply contract with Reynolds. When the Columbia Falls smelter began operating in 1955, Anaconda secured a supply of alumina from Reynolds for 1956 through 1960. Anaconda then cancelled the contract in 1958 in favor of a contract with Kaiser with better terms. Stuckey suggested bad feelings between Reynolds and Anaconda continued from that early time period. The two parties reached an out-of-court settlement for the latest case in November 1976, which canceled the 1972 contract and required Reynolds to pay Anaconda $4 million. The cash amounted to about $11.11 per ton, far short of the actual price difference between the original contract price and market prices in 1976. At the same time, it was announced that Anaconda would swap its share of alumina from Alpart for an equal amount of alumina from Reynolds' refinery in Corpus Christi, Texas. To Stuckey, it appeared that Anaconda was withdrawing from operations in Jamaica, a change that coincided with Reynolds' assumption of management responsibilities at Alpart, and a further sign of declining cooperation between the two companies. [37]

Overall, Anaconda appeared to have been the loser in the two-year litigation, Stuckey said, but it may not have mattered at all because Anaconda soon merged with ARCO, acquired a stake in an alumina refinery in Ireland from Alcan and became independent in alumina production. In late 1976, the Anaconda Company announced it had found a new supply of alumina – 360,000 tons through 1990 at competitive prices from a source outside of Jamaica. At the same time, Anaconda announced that it would pay Alcan $140 million for a 25% stake in the 800,000 ton-per-year Aughinish alumina refinery in Ireland. Alcan had tried to interest other companies in the refinery as a joint venture for several years. Anaconda's share of alumina from the Irish refinery would be 200,000 tons per year. When combined with other new source, Anaconda would no longer be dependent on Reynolds for alumina from either Jamaica or Corpus Christi. The third

partner in the Irish refinery with Anaconda and Alcan was the Dutch metals firm Billiton, a wholly-owned subsidiary of Royal Dutch Shell. By the time the merger of Anaconda and ARCO was being finalized, some analysts believed the two big oil companies, ARCO and Shell, had created a "well-oiled" joint venture in Ireland, Stuckey concluded. [38]

In February 1978, the Anaconda Company provided more details on its joint venture with Alcan Ireland Ltd. and Billiton Aluminium Ireland Ltd. to build a $500 million alumina refinery in Ireland. The refinery would be capable of producing 800,000 tons of alumina per year and Anaconda would take 25% of the plant's production, enough to satisfy the company's concerns about future shortages. [39] Between 1978 and 1983, the Aughinish alumina refinery was the largest construction project in Europe, employing up to 6,500 workers. By June 2000, the plant took up 360 acres of the 1,100-acre Aughinish Island on the south side of the Shannon estuary between Askeaton and Foynes, about 20 miles downstream from Limerick City, Ireland. The plant employed about 450 workers and produced more than 1.4 million tons of alumina per year using the Bayer process. [40] Ownership of the plant went to ARCO when the oil company acquired Anaconda, then to Alcan in 1985, then to Glencore in 1999, and finally to Rusal in 2007. [41]

Labor relations

The workforce at the AAC plant in Columbia Falls established a good reputation for low absenteeism, safety, productivity and, in the smelter's final years, the ability to keep a Model T running like an Indy car, as one manager put it. Labor-management relations were likewise productive, and labor disputes were usually connected with construction workers, including a 10-week strike during construction of the plant in 1954. That pattern continued on July 6, 1961, when the Kalispell Building Trades Council established what they called a "recognition" picket line at the entrance to the AAC plant. Union men who crossed the line would not be considered in violation of their union. The council was protesting that AAC would not recognize and bargain with them for jobs relating to new construction. The situation had been brewing since spring 1961 when the plant began construction on new casting facilities. AAC management maintained that the company had a labor contract with the Aluminum Workers Trades Council, but the building council argued that workers on new construction should be paid construction wages – not operating wages. Minimum wage at the AAC plant was $2.33 per hour compared with $3.00 per hour for construction. [42]

Kalispell Building Trades Council President Joe Crosswhite explained the council's position on the picket line in the Hungry Horse News on July 14, 1961. The National Labor Relations Board had long ago established a bargaining unit at the plant for production and maintenance workers, but no such bargaining unit existed for

construction workers. Crosswhite pointed out that when AAC embarked on new construction at its casting building, the building council tried to meet with AAC management without success. Crosswhite noted that leaders of the production and maintenance unions agreed that their workers were not represented for construction work. AAC had hired some outside workers, and these workers were being paid more than the AAC employees who were doing much of the new construction, Crosswhite said. [43]

On Aug. 18 and 19, 1961, a meeting was held by the National Labor Relations Board to settle differences between AAC management and the Kalispell Building Trades Council. The council had petitioned the board to hold an election to determine whether the plant's workers wanted to be represented by a construction union. AAC management contended that the expansion in the casting building was not new construction. [44] Negotiations for a new labor contract at the AAC plant were scheduled to begin on Sept. 26. The existing contract was set to expire on Oct. 31. [45] In late October, the National Labor Relations Board dismissed the building council's petition to represent construction workers at the AAC plant. The board found that the workers were not assigned strictly to new construction but remained under the supervision of their maintenance foremen and continued to perform maintenance work. The council said it would appeal the decision. [46]

On Sept. 22, 1965, negotiations started for a new labor contract at the plant. The current two-year contract was set to expire on Oct. 15, and it was known that hourly workers were requesting higher wages and a broader vacation policy. The current contract provided a base wage of $2.47 per hour with hospitalization coverage. [47] After two days, Aluminum Workers Trades Council President Max Deaton described the meetings with management as a "wholesome atmosphere," and management shared the opinion. [48] But on Oct. 13, hourly workers overwhelmingly voted down the contract proposed by the company by 364 to 10. Negotiations resumed the next day, but the existing contract was scheduled to expire at midnight. [49] Four days later, the hourly workers voted down another company proposal by 264 to 144. Following more negotiations, another contract proposal was submitted for a vote on Oct. 21. The newest proposal was for a three-year contract that offered an increase in the base wage by 4 cents, 6 cents and 8 cents per hour for the years 1965, 1966 and 1967, as well as increased medical benefits and a new grade level for potmen and tappers. [50] This time the company proposal passed, with the hourly workers approving the contract by 273 to 129. Aluminum Workers Trades Council representatives signed the contract on Oct. 25. [51] Two years later, the base wage increased by 8 cents to $2.65 per hour as established by the October 1965 labor contract. The smelter employed 690 people, of which 521

were hourly workers. Maintenance electricians and mechanics were paid Grade 9 wages of $3.49 per hour. [52]

Local media reported on another labor action in October 1967, as 1,243 construction workers continued building Potrooms 7 through 10. Most of the 205 electrical workers had not been on the job since Sept. 19. Although no pickets were to be seen, a disagreement existed between the contractor, Fischbach & Moore, and the electrical workers over hiring and firing practices. [53] Then on Nov. 15 and 16, a wildcat strike stopped construction on the new potrooms. The strike began when a lone man set up a picket line near the plant gate protesting the way the Parsons Construction Co. paid its workers. The picketer did not have the endorsement of the International Laborers Union, but his picket line eventually stopped 1,100 workers. Wildcat strikes had taken place by members of the pipefitters, electricians and painters unions since construction at the plant began, but generally the prevalence of wildcat strikes was something new to the Flathead Valley, the Hungry Horse News reported. [54] On Nov. 28, the Northwest Montana Building and Construction Trades Council met in Kalispell to discuss the wildcat strike at the smelter. A resolution was adopted in opposition to such wildcat strikes, saying they were unauthorized and created ill-will between the company and the craft workers. [55]

Another wildcat strike by construction workers took place on April 10, 1968, when electricians working on the four new potrooms walked off their jobs. They were still not at work one week later. This was the eighth walkout by the International Brotherhood of Electrical Workers electricians since construction began on the new potrooms. The walkout idled 550 construction crew personnel, leaving Potrooms 7 through 10 and the rod casting mill only 86% complete. Journeymen electricians on the construction crew earned $4.83 per hour along with $5 per day for travel time. The walkout began when a shop steward was fired after he cussed a supervisor, but trouble was brewing as electricians were transferred from the rod casting mill to the potrooms. [56]

On Sept. 27, 1968, with 700 of the plant's 943 smelter employees working under the Aluminum Workers Trades Council labor contract, negotiations for a new contract were recessed until Oct. 7 – one week before the expiration date of the existing three-year contract. [57] By Oct. 11, as negotiations continued, the hourly workers showed their support for the council with a 436 to 20 vote authorizing the executive board to call a strike. [58] On Oct. 17 and 18, hourly workers voted on a proposed contract that included a 39-cent raise over three years for the base wage, a 65-cent raise over three years for craftsmen, an eighth paid holiday and increased funding by the company for medical and pension benefits. [59] In the early morning hours of Oct. 18, it was determined that the contract proposal had been turned down by 376 to 239, and the executive board

directed that a picket line be established at the plant. By 2 o'clock in the afternoon, however, an agreement was made between the council leaders and plant management to continue negotiations. Some hourly workers disagreed with the legitimacy of the agreement and set up a picket line on their own at the plant gate. At times, as many as 50 workers picketed the plant. The action was not officially considered a wildcat strike, but it resulted in some workers not returning to work. In anticipation of a union-sanctioned strike, AAC management was in the process of shutting down 85 of the plant's 360 pots when an agreement was made with union leaders to resume negotiations. The 85 pots were restarted right away, but a shortage of workers posed difficulties. The next day, 450 hourly workers met with Aluminum Workers Trades Council President W.E. Levitt and voted 4 to 1 in support of union leadership and returning to work while negotiations continued. By Oct. 25, production at the plant was not back to normal, and the company estimated it had lost $250,000 or more. [60]

Jim Schmauch, an oiler and mechanic at the plant who served for a long time on the Aluminum Workers Trades Council Executive Board, recalled the events of October 1968. As the labor contract wound down to its last days, one issue remained unresolved. At the time, production workers worked three shifts set up on a 21-day turn-around – day, swing and graveyard shifts. Workers who wanted seven days off in a row for a vacation could only get five days of normal vacation time but could request two additional days as leaves of absence, and thereby make seven days total. The leaves of absence were not guaranteed, and the workers wanted something new in the contract to resolve this issue. The AAC management didn't understand how serious the workers took this issue and had done nothing to resolve it by Friday, Oct. 18, Schmauch said. The contract had to be finalized early the following week, but over the weekend an unofficial strike occurred. A small picket line was set up near the plant entrance on Saturday and no workers crossed the line. The management was apparently caught completely by surprise and had no contingency plans arranged in event of a strike. The only plan management could come up with in a hurry was to run the anodes down into the metal in the reduction pots and drop the electrical power to the potlines, Schmauch said. As the anodes were lowered, molten bath and aluminum poured out the sides of the reduction pots, burning up electrical wiring and pneumatic hoses connected to the pots and damaging the concrete supports and floors in the basements. When the workers returned to work after the unofficial strike ended, they found what was described by one worker as a "war zone." Schmauch said it took months of slow but steady work to put all the pots back in operation. [61]

Harold Lockhart recalled the impact of the October 1968 strike. "It was one quick, dramatic strike," he recalled in 2005. "It only lasted a few hours. It was big and raucous, but peaceful." Lockhart said it was the biggest picket line he had ever seen, and he said

crossing it was unnerving. [62] Lockhart and his family hd moved to Whitefish in 1967 from Great Falls, where he worked at the Anaconda Company plant. After high school and the Army, he earned a bachelor's in mechanical engineering at Montana State University and went to work for Anaconda. Once in the Flathead, Lockhart became heavily involved in management of the new rod mill at the AAC plant. [63] In March 1983, Lockhart was promoted from ingot casting superintendent to engineering manager. [64] After his retirement, he began to collect stories and writing them up while still living in Whitefish. [65]

Lyle Phillips was also at the smelter in October 1968. "There's only been one work stoppage, and that speaks highly of the union," he said in 2005. "They've always worked diligently." [66] Phillips began work at the Columbia Falls as a laborer in October 1962. He said the pay was good, but he didn't like being a laborer. "I knew that work wasn't what I wanted to do," he said. He entered an apprenticeship program to work as a chief operator in the rectifier station. He held the post for 10 years until ARCO purchased the plant, when he was promoted to maintenance foreman. He began studying electrical engineering and technology and later became the maintenance supervisor. He also held posts in sales and as a service crew superintendent. At the end of his career, Phillips was the plant's human resource manager and was involved in the infamous profit-sharing lawsuit. "I was in the eye of the storm," he said. Phillips said his primary goal was to not let the lawsuit affect how the plant operated, and he credited the dedication of the workforce and the union leadership under Aluminum Workers Trades Council President Terry Smith. It would have been easy to go on strike, Phillips said, but Smith "had a lot of guts" and held the workforce together. [67]

Labor negotiations at the plant during the early 1970s ran head-on into a hurdle established by President Richard Nixon. In June 1971, about two months before Nixon's wage and price control measures were enacted, smelter workers in Columbia Falls learned that labor contracts had been signed at Alcoa, Reynolds and Kaiser aluminum plants and a strike was taking place at Ormet's plant in Hannibal, Ohio. [68] Meanwhile in Washington, D.C., the Nixon administration was concerned about 6.1% unemployment and 5.84% inflation. Nixon secretly met with Federal Reserve Chairman Arthur Burns, incoming Treasury Secretary John Connally, then Undersecretary for International Monetary Affairs and future Federal Reserve Chairman Paul Volcker and 12 other high-ranking White House and Treasury advisors at Camp David on Aug. 13, 1971. One of the outcomes of the meeting was Executive Order 11615, pursuant to the 1970 Economic Stabilization Act, to impose a 90-day freeze on wages and prices. After the 90-day period, wage and price increases would need to be approved by a U.S. Pay Board or Price Commission. [69]

On Feb. 29, 1972, hourly workers at the Columbia Falls smelter voted 443 to 192 in favor of a new labor contract with a 32% pay raise over a three-year period. Under Nixon's wage and price controls, the Pay Board had to approve such a wage hike, and the contract was jointly submitted to the Pay Board by the union and the company. Union leaders compared the 32% raise to recent labor agreements made by unions at Alcoa, Reynolds and Kaiser plants, and they called the increase reasonable in light of escalating living costs. The new base wage rate at the plant would be $3.69 per hour, a 50-cent increase. The new contract also included improved vacation pay schedules, with four weeks instead of three after 20 years of service, increased health benefits, an additional holiday and increased pension contributions by the company. [70] The current labor contract was set to expire on March 2. [71] Finally on Sept. 29, Montana Rep. Richard Shoup sent word to Columbia Falls that the Pay Board had approved the new labor contract with one exception – the pay raise for hourly workers was limited to 7%. [72]

A brief was filed with the U.S. Pay Board asking for reconsideration in its ruling. The AAC labor contract was substantially the same as contracts made at other aluminum plants in June 1971, two months before the Pay Board was created, the brief said. Both AAC management and union representatives felt the workers were being put in an unfair position when other aluminum plants were allowed to increase wages by 32%. The Anaconda Company made arrangements for union leaders and plant managers to travel to Washington, D.C. to deal with the matter.[73] On Oct. 11, 1972, representatives from the union and management met in Washington, D.C. with Judge George Boldt, chairman of the Pay Board, to discuss the board's decision in limiting the wage increase to 7%. At the same time, Sens. Mike Mansfield and Lee Metcalf urged the board to approve the plant workers' contract, thereby "making their wages and benefits comparable to those provided in the nationwide aluminum industry settlement." [74] By late-December, however, the Pay Board had not changed its mind. [75]

Then on Jan. 5, 1973, the U.S. Pay Board approved the original labor contract ratified by smelter workers in Columbia Falls one year earlier. AAC had been paying the workers a 7% increase since March 1972 without the board's approval. In September, the board approved the 7% increase and the fringe benefits, but not the rest of the increase contained within the labor contract. With the board's January decision, the workers could expect a total of $560,000 in retroactive pay. Aluminum Workers International Local 320 President Ron Loveall pointed out that the cost of living had gone up more than that since February 1972. "These raises will help," he said. "At AAC, we're still behind the Big 3. Their men have been drawing the money we are trying to get for a year and a half." The Big 3 aluminum producers, Alcoa, Reynolds and Kaiser, had negotiated labor contracts prior to the creation of the Pay Board. Loveall complimented the efforts of the company in helping the workers get their pay raises. "As far as I'm

concerned, the company has gone all out to get this," he said. Aluminum Workers Trades Council President George Wolstad agreed with Loveall, "Management went all out to help us," he said. "The unions on their own without their assistance would still be in the dark." [76] On Jan. 17, 1973, however, union members learned that final written approval of the labor contract would be delayed again as the functions of the Pay Board were reorganized into the Cost of Living Council. [77] Finally on Jan. 24, hourly workers at the Columbia Falls smelter began receiving the full wage increase that was ratified back in February 1972. Typical retroactive pay checks were $200 in take-home pay. The balance of the retroactive pay would be made up in the following month's paychecks. The new minimum wage at the plant was $3.69. The lowest monthly take home pay for shift workers was $782 per month. [78]

The hourly workers at the AAC plant ratified a new labor contract on Nov. 4, 1974. The previous contract was not set to expire until more than three months later, on Feb. 28, 1975. This was the first time in the plant's history that a contract was ratified ahead of schedule. By settling early, the Aluminum Workers Trades Council boosted wages and benefits by 34% to 35%, and the company was guaranteed uninterrupted production. Cost-of-living adjustments were rolled into the wage increase and the company continued to pay 95% of the medical premiums. [79] In November 1976, the Aluminum Workers International AFL-CIO ratified a new three-year labor contract with the Anaconda Aluminum Co. covering workers at the company's aluminum smelter in Sebree, Ky. At the AAC plant in Columbia Falls, the labor contract was set to expire in October 1977. Workers at the Columbia Falls plant made a base wage of $5.81 per hour. [80]

Local economic impacts

Impacts from the AAC plant's rapid expansion during the 1960s were felt throughout the local economy. On Jan. 31, 1964, the Hungry Horse News expressed concerns about a housing shortage in Columbia Falls. The city's population was expected to increase from the expansion of new industries and regional construction projects. The AAC plant expected to hire 600 to 800 construction workers to build Potline 3, which would expand production by 50%, and future plans could include construction of a fourth potline by 1965. Local leaders expected Plum Creek to build a plywood plant, and there was a strong possibility that the Big Sky Corporation soon would build a wood fiber plant nearby. Construction on the Libby Dam was expected to begin in 1965. The editorial also called for surfacing of streets and construction of curbs. [81] The newspaper followed up with an April 24 editorial that warned about population growth and called for repairing and building up the city's infrastructure. The editorial noted that the city's population had grown 73% from 1,232 in 1950 to 2,132 in 1960 and forecasted that it would reach

3,000 by 1970. The city was already addressing a water supply problem. The 40,000 feet of wooden mains delivering drinking water from the Cedar Creek Reservoir leaked a substantial amount of the city's supply. The federal Accelerated Public Works program was paying half the $279,446 cost of replacing the wooden mains. Residents had voted 322 to 67 on Sept. 21, 1963 in favor of bonds to match the federal funds for the new water mains. The next major problem facing the city was the need for a modern sewer system. The editorial pointed out that since much of the city's streets were still unpaved, now was the time to put in sewers – before they got paved. [82]

By 1965, residents expected growth and development to sharply increase in Columbia Falls. One year earlier, the post office was remodeled, doubling in size, only to find all its post boxes filled by January 1965. Twenty-four new homes were built inside Columbia Falls in 1964, with another 25 just outside the city limits. The average price for a new home was $12,700. A big project for downtown Columbia Falls was a new $101,899 bank building. The new Plum Creek plywood plant in Columbia Falls was expected to be in full operation on March 1, 1965, with employment at the Plum Creek mill increasing from 200 to 300 workers. The AAC plant was expecting to expand production by 50% by July 1965, increasing year-round jobs from 570 to 670. Construction employment for the third potline at the AAC plant topped 500 workers. The U.S. Forest Service was scheduled to move its Big Creek Ranger Station from up the North Fork Valley to the Columbia Falls business district, and the National Park Service expected to hire 167 additional workers to make flood repairs in Glacier National Park in the summer of 1965. [83] Flathead County ranked sixth out of 56 counties in Montana for the number of employees working for businesses in 1965, according to a U.S. Department of Commerce census report. Employment in the county increased 14% from March 1964 through March 1965, compared to only 4% for the state. By March 1965, a total of 6,381 workers in the Flathead County accounted for a $7.6 million total payroll. Manufacturing accounted for most of the workers at 2,405 employees. Retail trade was second with 1,613 employees. For the state as a whole, retail trade was the largest source of employment. [84]

All those new jobs meant money for local stores, but it also meant lots of new students. The Columbia Falls High School had 280 students in the 1951-1952 school season. That was during the peak time of construction at the Hungry Horse Dam but prior to construction of the AAC plant or the boom in the timber industry. [85] By February 1964, increased enrollment at public schools in Columbia Falls resulting from AAC's expansion plans led to acrimonious debate by local leaders. According to School District 6 Superintendent Dulane Fulton, the grade school and junior high were full and 10 more classrooms were needed. Serious discussion focused on the platoon model used in other Montana towns, where students attended schools in shifts, but the platoon model could

be prohibitively expensive because of the need to bus students a long way from rural areas. [86] In September 1964, a survey of 182 students at the Columbia Falls Junior High School showed that 45 had parents who worked in either maintenance or regular operations at the AAC plant; 16 had parents involved in construction at the plant; 19 had parents in the local construction industry; 10 had parents employed at Plum Creek; 25 had parents employed in logging or at other timber mills; 31 had parents in local business, the service industry or as professionals; seven had parents employed by Great Northern Railway; eight had parents employed by the Bureau of Reclamation, which ran the Hungry Horse Dam; five had parents employed by Glacier National Park; and only two had parents who were either farmers or ranchers. [87]

On Nov. 3, 1964, registered voters in Columbia Falls were asked to vote on a $230,000 bond issue that would add classrooms to School District 6's junior high and grade school. Enrollment in the district grew by 12% in 1964, and more growth was forecasted as a result of a 50% expansion at the AAC plant with Potline 3 and additional jobs at the new plywood plant at Plum Creek. Without new classrooms, students could expect to be organized according to the platoon shift system, which the Hungry Horse News said was "not a good education for a child, and works hardship on homes." [88] By August 1968, School District 6 was expecting a record enrollment for the communities of Columbia Falls, Hungry Horse, Martin City, Coram, West Glacier and Essex. Enrollment at the high school was expected to increase from 650 in 1967 to 720 students in 1968. The high school was built in 1959 with a capacity for 600 students. Enrollment increases were expected at all grade levels as a result of increased employment at the aluminum plant, the local timber industry and construction at the Libby Dam. A citizens committee recommended construction of a new junior high school. [89]

On Aug. 27, 1965, the Hungry Horse News called on the city of Columbia Falls to build a new sewer system. "Columbia Falls is Montana's largest city without a sewer system," the editorial said. "It is also Montana's fastest growing city and showed a 73 per cent population increase in the last census." The editorial described ongoing attempts by the city to obtain a grant from the federal government that would provide 50% of the cost of a new million dollar sewer system. Residents would be faced with both higher property taxes and the costs of hooking up to the new system, and many might argue their existing septic tanks or cesspools were working fine, but the city would never get good streets until the sewer system was installed first. The editorial noted that more than half the workers at the aluminum plant were Columbia Falls residents, but the percentage was dropping and new housing starts were not as high as would be expected with all the industrial growth. The editorial also noted that Columbia Falls residents faced the prospect that Federal Housing Administration financing might be restricted if the sewer system was not built. [90]

In spring 1965, the U.S. Department of Commerce's Area Redevelopment Administration dropped its designation of Flathead County as a depressed area. The area had been designated as depressed since 1961 because the unemployment rate exceeded 6%. The federal agency had provided low-interest federal loans and grants for a sewer system in Bigfork and a water system in Columbia Falls. [91] Meanwhile, AAC management had requests of their own from local government. On Dec. 16, 1964, AAC Vice President James Smith met with several Flathead County Commissioners to discuss construction of a new and better county road leading from Columbia Falls to the aluminum plant. [92]

As the aluminum plant made plans for building two more potlines at the same time, more impacts were felt by the local economy. In September 1966, AAC General Manager E.O. Woster told the Columbia Falls Chamber of Commerce that 1,000 construction workers would be hired to build two new potlines at the smelter, but he believed there would be no conflict with the need for construction workers at the Libby Dam project. Woster believed the dam project would draw more construction workers to Northwest Montana than required, with the exception of certain crafts. One concern was for adequate housing for the workers. It was pointed out that sufficient housing existed during construction of Potline 3 in 1964 and 1965, but a housing shortage already existed in the upper Flathead Valley because of construction of the 7-mile long Walsh-Groves railroad tunnel north of Whitefish, which was part of the overall Libby Dam project. [93] By January 1967, county residents continued to be concerned about a housing shortage. Already workers who had been employed by the Ralph Parsons Co. during construction of Potline 3 in 1964 and 1965 were looking for housing. Making matters more difficult were numerous large construction projects associated with the Libby Dam project. [94]

The good news was that personal income in Flathead County grew by 13.8% per year in 1967 and 1968 while construction took place on Potlines 4 and 5. The following year, however, with the construction completed, personal income in the county grew by less than 1%. [95] By August 1969, Flathead County had 12,000 wage earners, down slightly from 1968 because of a depressed lumber industry. The AAC plant in Columbia Falls employed 979 workers, with an additional 243 completing construction of the new potlines. The local lumber industry employed about 1,000 workers in total, including plywood, lumber and forest operations. Another 1,958 workers were employed at the new Libby Dam construction project. Federal employment in Glacier Park and by the Forest Service accounted for about 500 workers. During summer 1969, the number of visitors to Glacier Park increased 5% over 1968, and a record year was predicted. In the agricultural sector, fruit orchards were down 90%, meaning a sharp reduction in pickers and warehouse crews. [96]

Local government also continued to benefit from the smelter plant. In 1965, the AAC plant was the number one taxpayer in Flathead County, paying $677,265 or more than $1,000 per employee. This figure did not include taxes on the recently completed Potline 3. Pacific Power & Light at number two paid $341,674 and Great Northern Railway at number three paid $224,366. Montana Power Co. at number four, whose tax valuation increased as a result of a new natural gas pipeline in the county, paid $104,191. [97] The top four taxpayers in Flathead County in 1967 paid nearly one-third of all county real estate and personal property tax. They included AAC at $838,161; Pacific Power & Light at $504,809; Great Northern Railway at $270,078; and Montana Power at $129,280. Plum Creek ranked eighth at $44,099; Anaconda timberlands ranked ninth at $35,917; and F.H. Stoltze Land & Lumber Co. ranked 10th at $18,027. [98] The total valuation for the county increased from $147.7 million in 1968 to $153.9 million in 1969, mostly as a result of expansion of the AAC plant. The big winner was School District 6, where the district's assessed value increased $5.2 million while the rest of the county combined increased less than $1 million. The AAC plant, located within School District 6, was expected to pay more than $1 million in taxes in 1969. [99]

All that growth and tax revenue helped support the creation of a countywide land-use plan for Flathead County by November 1975. The Flathead County Planning Board's preliminary comprehensive plan ran to 15 pages. Included on the board were Colleen Allison, a Columbia Falls city council member, Ray Barnhart, mayor of Columbia Falls, and Loyal Chubb, an employee at the AAC plant. The plan discussed the natural and cultural geography of the valley and its economy. The plan's objectives were to promote compact and orderly urban and rural development. The board was concerned with the rate of population growth in the county, which averaged 9% between 1970 and 1974 and was creating a burden on public services. Whereas the national average for effective law enforcement was one deputy or patrolman for every 500 people, the ratio for Flathead County was one per 1,300 people. [100]

Aluminum market woes

Signs of a downturn in the aluminum market became evident in the early 1970s. On Sept. 23, 1971, AAC Plant Manager Charles Taylor spoke to the Columbia Falls Rotary Club about recent production cutbacks at the aluminum plant. Taylor explained that other U.S. aluminum producers were also forced to reduce production because of a weak aluminum market. Alcoa had cut back by about 8%; Reynolds by 17%; Kaiser by 11%; Intalco by 5%; Ormet by 16%; and Consolidated by 25%. The AAC plant had curtailed production by 10%. Taylor described aluminum demand as a "buyers' rather than a sellers' market." He noted that Alcoa, Reynolds and Kaiser had recently signed expensive three-year labor contracts with 30% wage hikes over a three-year period and

substantial gains in benefits. Taylor noted that AAC had increased production in the past three years and recently acquired an aluminum-siding fabricating company. The AAC plant was also affected by a 25.8% increase in freight costs since 1968 and possible future shortages of electric power. The plant's Bonneville Power Administration contract put 46.5% of the plant's power on an interruptible basis. Rising freight and power costs were two key factors in AAC's decision to build a new smelter in Sebree, Taylor said. Although coal-fired generator plants produced higher-priced electrical power for Sebree, the nearness of fabricating plants and the availability of cheaper river barge transportation balanced the costs out. [101]

According to a report by Frank McChesney published by the Montana Department of Intergovernmental Relations, the AAC plant faced increased competition from Ohio Valley aluminum plants despite less expensive power costs. AAC spent $45.5 million for materials and equipment in 1973, including $7.2 million for electrical power. The plant used 291,500 tons of alumina valued at more than $21 million. Fluoride, cryolite, anode paste materials and alloys cost the plant more than $9.6 million. The cost of shipping alumina and other materials to Columbia Falls, however, was higher than the average for other primary aluminum plants in the U.S. Another drawback attributable to the plant's geographical remoteness was that the company handled most of its capital improvements on its own, and by internalizing these costs both parts and labor were higher. Cheap electrical power available to the plant was the economic factor which kept the plant profitable. [102]

According to McChesney, the Columbia Falls smelter had consistently enjoyed significantly lower power costs than other aluminum producers in the Pacific Northwest, and 110% below the average cost for aluminum producers in the Tennessee Valley. In 1968, the average cost per unit of output for the aluminum industry nationwide was 2.25 to 3.0 cents, while the average at the AAC plant in Columbia Falls in 1973 was 4.0 cents, putting it in the medium to high range for labor costs. In 1973, the plant produced 151,471 tons of aluminum, nearly all of which was shipped to Anaconda's fabricating plant in Terre Haute, Ind. This was a decrease of 17.8% from 1972, caused by power cutbacks by the BPA that forced curtailments. The value of the aluminum produced in 1973 was $64.8 million, about 14.2% below the value for 1972. Prior to 1973, AAC was a net purchaser of primary aluminum for its many fabricating plants across the U.S., a bad position for a vertically-integrated organization like the Anaconda Company. With the start-up of the Sebree smelter, the company was expected to become a net seller of primary aluminum. [103] In 1973 the AAC plant purchased more than 2.7 million megawatt-hours from the BPA and other power companies for a total cost of more than $7.28 million, which cost an average of $2.63 per megawatt-hour, about 183% below the cost of TVA-supplied power to the Alcoa plant in Alcoa, Tenn., and 110% below the

cost of coal-fired power used at the Alcoa plant in Evansville, Ind. Electrical power in the Pacific Northwest in 1973 was not only the cheapest in the U.S. but on a par with power costs throughout the world. [104]

On Dec. 30, 1974, the Wall Street Journal headline for a story on the U.S. aluminum industry was "Aluminum Makers Vow They Will Cut Production Not Prices During Slump." Excerpts were published in the Hungry Horse News on Jan. 10, 1975. The article described a significant slump in demand for aluminum over the previous two months. American aluminum companies had taken four years to recover from their last price war and were facing rising costs. In the past, the U.S. aluminum industry met slumping demand by cutting prices, but this time they hoped to cut production instead. By the end of 1974, Reynolds had already shut down three potlines, idling 6.2% of its total capacity. Ormet shut down two potlines on Jan. 2, 1975, or about 32% of its total capacity. The article mentioned layoffs at plants across the country, including 1,500 by Alcoa, 500 by Kaiser and 600 at AAC's Terre Haute and Louisville fabricating plants. By Jan. 10, 1975, a total of 951 workers were employed at the smelter in Columbia Falls, up from 855 one year earlier when cutbacks in hydroelectric power forced a production curtailment. Some of those workers were involved in construction for new air pollution control equipment. The Columbia Falls plant was also competing with AAC's smelter in Sebree. According to AAC Plant Manager Ed Woster, inventory was building up at the Columbia Falls smelter, but there were no immediate plans for production curtailment. In the meantime, rebuilt pots were not being re-activated, meaning 18 out of 600 pots were inactive. [105]

By early February 1975, the smelter in Columbia Falls was down to 93% capacity with 28 idled reduction pots. Word around the plant was that the company's smelter in Sebree had cut back by 9% with 21 out of 240 pots idled. Metal inventory was continuing to build up at both plants due to depressed demand in the U.S. aluminum market. Locals in Columbia Falls feared that as the economic recession continued, AAC would shut down more of the Columbia Falls plant and let the newer Sebree plant run at full capacity, but the Columbia Falls plant continued to be competitive with Sebree and the two plants were being run at similar capacities. [106] On April 24, AAC announced plans to curtail production another 7% at Columbia Falls due to a slowdown in demand for aluminum in the building, transportation and appliance sectors of the market. The plant was operating at 79% and was expected to reduce production to 70% by May 19 by closing down one more potroom. The company also announced curtailment at its Sebree aluminum smelter, where 14 more pots would be taken out of production leaving the plant at 86.5% of capacity. [107]

In October 1975, the Western Aluminum News, a trade magazine for the aluminum industry in the Pacific Northwest, published a feature article on the AAC plant in Columbia Falls. Portions of the article appeared in the Hungry Horse News on Oct. 23. The AAC plant was Flathead County's single highest employer and the second largest manufacturing operation in the state, after the Anaconda Company's copper operations in Butte and Anaconda. Citing the Montana Department of Intergovernmental Relations, the trade magazine reported that direct and indirect employment by the AAC plant amounted to 2,499 jobs in 1973, or about 30.4% of the county's total earnings. The AAC plant paid out more than $12 million in wages, salaries and wage supplements during 1973, while indirect earnings totaled more than $20 million. Suppliers throughout Montana received more than $2.4 million in 1973 for goods and services provided to the AAC plant. Purchases within Flathead County amounted to about 15% of that, or about $620,000. The AAC plant paid more than $1.3 million in property taxes in 1973, or about 12.5% of the total for the county. [108] Market conditions improved by the end of April 1976, when the Columbia Falls smelter hired 100 more workers as it increased production. At the company's smelter in Sebree, prices for ingots and extruded billets were increased, reflecting the stronger aluminum market and the higher costs for raw materials. [109]

The 1950s saw the Anaconda Company come to the Flathead Valley to build an aluminum smelter after the Harvey Machine Co. was unable to complete the project. Anaconda was the first new aluminum producer since the end of World War II, and its entry ushered in an era of competition with the Big 3. For five years, plant management and workers contended with everything it took to get a plant up and running efficiently and safely while dealing with power shortages caused by drought conditions and a weak aluminum market that some blamed on overcapacity. Meanwhile, Anaconda's top leaders made plans to create a vertically-integrated business in the mold of its copper business – from bauxite mining and alumina refining to shipping, smelting and fabrication. Growth through the 1960s was for the most part steady, and the Anaconda Aluminum Co. achieved its goal of vertical integration by the end of the decade. But the following decade would bring much more difficult and deep-seated problems – the collapse of the Anaconda Company and its acquisition by ARCO, uncertainty about power availability and costs despite the start of the Libby Dam, fluctuations in a growing and diversifying aluminum market, and growing opposition by the state and federal governments to fluoride emissions by the smelter plant. The smelter expansion fit into Anaconda's plans for vertical integration and conformed with the general theory of benefits from economies of scale, but the quantity of air pollution from 10 potrooms so close to Glacier National Park put AAC in a collision course with the government.

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