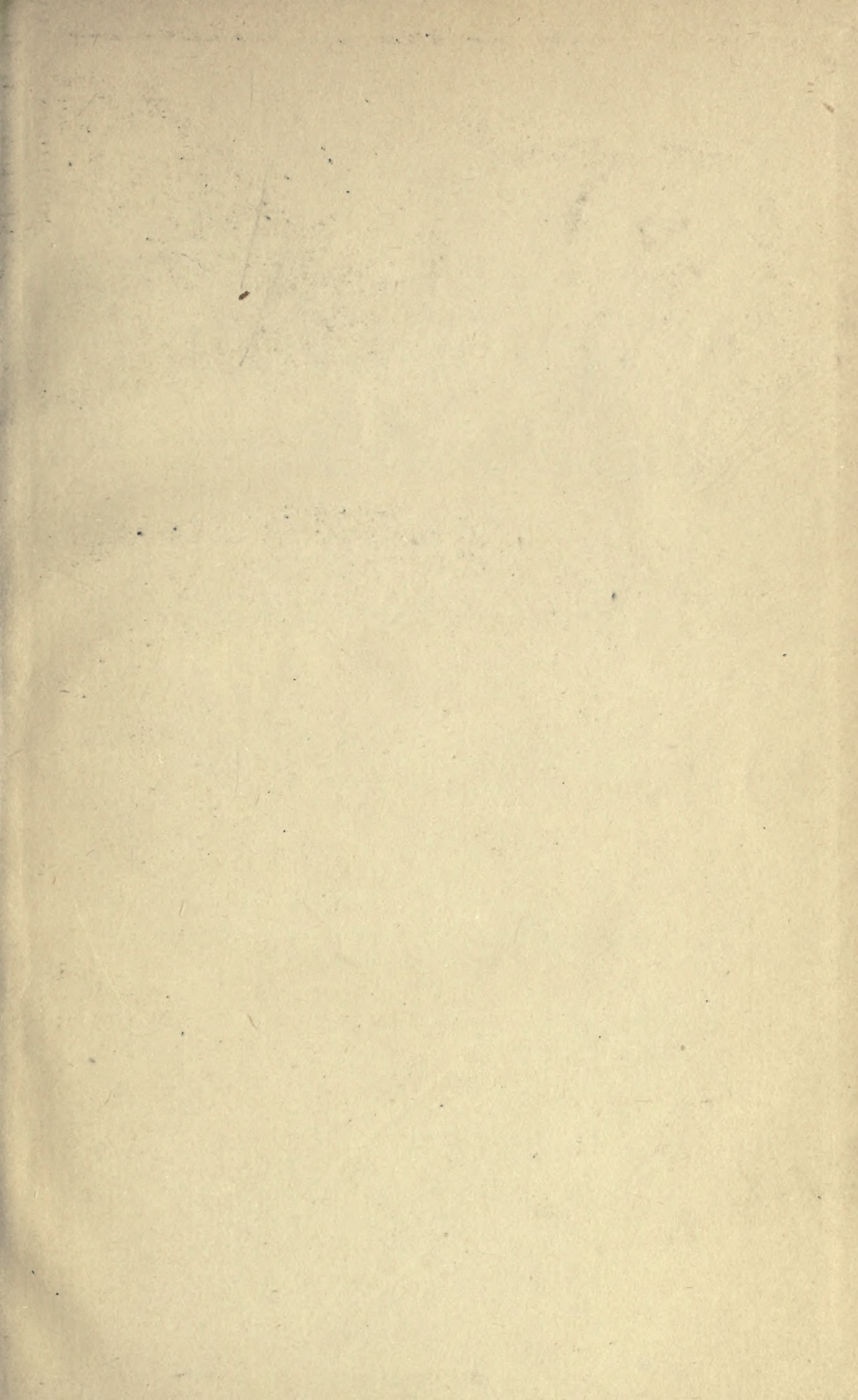
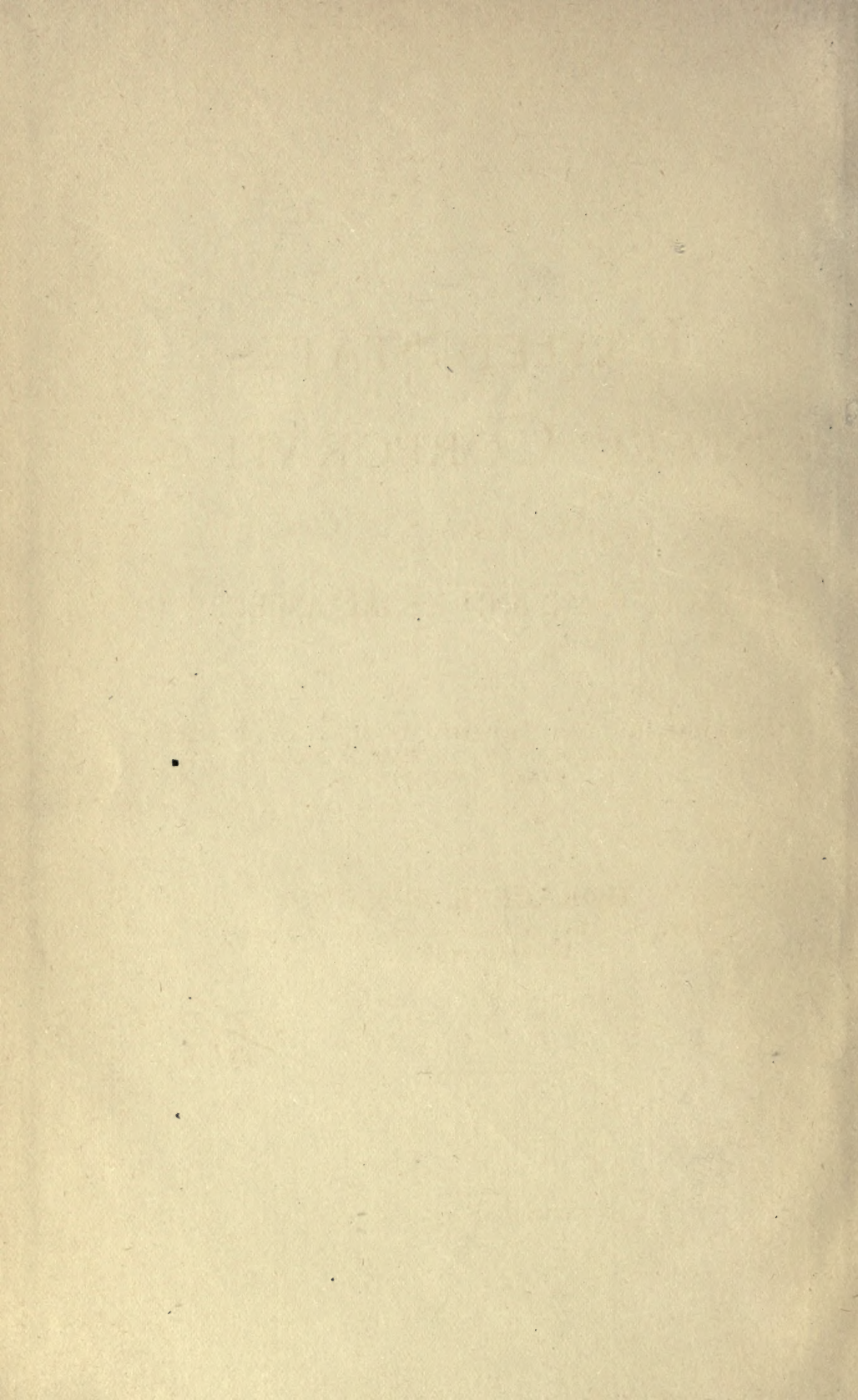


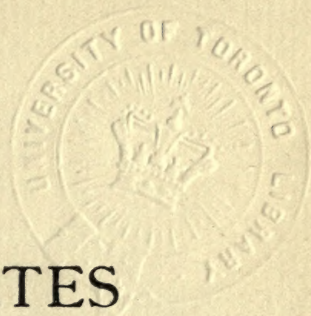


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A STUDY
OF THE
UNITED STATES
STEEL CORPORATION



IN ITS
INDUSTRIAL AND LEGAL ASPECTS

BEING THREE LECTURES DELIVERED TO THE CLASS IN PRIVATE
CORPORATIONS, IN THE UNIVERSITY OF MICHIGAN,
JUNE 3, 4 AND 5, 1901

BY

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These lectures are dedicated to the 1901 class in the Law
of Corporations in the University of Michigan, at whose
request they were prepared.

H. E. W.

PREFATORY NOTE.

When the class in corporations asked me to lecture upon the United States Steel Corporation, I replied I had not at hand such of the documents used in its organization as would justify a legal discussion, and I did not wish to rely upon newspaper reports as to their contents. I promised, however, to try to secure authentic information. In order to do this, I wrote Messrs. J. P. Morgan & Co., requesting copies of such papers as were not considered private, stating what use was to be made of them. In reply to this request, they very kindly sent me copies of the Charter, By-laws, and Circulars used in organizing the company, printed in the Appendix. When the lectures were prepared, there was no expectation of publishing them; after the delivery, many requests for them in more permanent form, than mere notes taken at the time they were delivered, have induced me to print them. They appear substantially as read to the class. The legal view taken herein, requires, in fairness, that the documents upon which it is based, should be given in full, in order that those who are interested will have before them the materials for forming independent conclusions.

I am indebted to the kindness of Mr. James B. Dill for copies of the Charter and By-laws of the Carnegie Company.

Credit due to other sources of information is given in the notes.

H. L. W.

Ann Arbor, Michigan, October 15, 1901.

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THE UNITED STATES STEEL CORPORATION.

I. FORMATION.

1. WHAT IS IT?

(1) *General description.*—It is a corporation incorporated under the general law of New Jersey, February 25, 1901, by Charles C. Cluff, William J. Curtis, and Charles MacVeagh, all of New Jersey, each subscribing for five shares of preferred stock and five shares of common stock, \$100.00 par value, of the thirty shares, or \$3,000.00,—“the amount of capital stock with which the corporation will commence business;”¹ but as fixed April 1, 1901, “the total authorized capital stock of the corporation is eleven hundred million dollars (\$1,100,000,000), divided into eleven million shares of the par value of one hundred dollars each. Of such total authorized capital stock, five million five hundred thousand shares, amounting to five hundred and fifty million dollars, shall be preferred stock, and five million and five hundred thousand shares, amounting to five hundred and fifty million dollars, shall be common stock.”² “The duration of the corporation shall be perpetual.”³ It was organized “with power, among other things, to acquire the outstanding preferred stocks and common stocks” of the “Federal Steel Company, National Steel Company, National Tube Company, American Steel and Wire Company of New Jersey, American Tin Plate Company, American Steel Hoop Company, American Sheet Steel Company,” and also “the outstanding bonds and stock of the Carnegie Company.”⁴ By circular letter of J. P. Morgan & Co., dated March 2, 1901, it was stated that a syndicate had been formed for carrying out this arrangement, and that this syndicate had already

¹ Art. V, of the Charter.

² Art. IV, of the Charter.

³ Art. VI, of the Charter.

⁴ As stated in Circular of J. P. Morgan & Co., March 2, 1901.

arranged for the acquisition of substantially all the bonds and stock of the Carnegie Company, and public offer was made to the stockholders of the other companies named to exchange, upon certain terms mentioned, stock of the new company for shares of the old companies. By April 2, 1901, the offer made March 2 had been accepted by more than ninety-eight per cent of the holders of the stock of the several companies mentioned; and a further public offer was then made to the shareholders of the American Bridge Company, and of the Lake Superior Consolidated Iron Mines, to exchange shares of the new company for the shares of such companies upon terms named; it was also stated that arrangements had already been made for the acquisition of more than eighty-five per cent of the stock of the Lake Superior Consolidated Iron Mines, including Mr. J. D. Rockefeller's interest therein, and also "all the outstanding interests in the Oliver Iron Mining Company, and the Pittsburgh Steamship Company, not owned by the Carnegie Company."⁵ These exchanges were to be completed by April 15, 1901. The issue of \$304,000,000 bonds was provided mainly for acquiring the Carnegie Company bonds and stocks. More of the details of these transactions will be given below.

In this way this new corporation, by stock ownership, comes into the direct management of ten corporations, which were already among the largest in the world.

(2) *Enormous capitalization,—comparison with other things.*—No one can conceive how much this great capitalization, \$1,404,000,000 is; it is only by making comparisons⁶ that we can realize anything about it. It represents one-sixty-seventh of the total wealth of the United States in 1900, and nearly one-fifth of what it was in 1850; one-thirtieth of the value of the world's manufactures and nearly one-tenth of those of the United States; it is equal to one-fifteenth of the value of all the gold and silver mined in the world since the discovery

⁵ Circular of J. P. Morgan & Co., April 2, 1901.

⁶ See Table I, *infra*. R. H. Thurston, *Cent. Mag.*, Feb'y, 1901, p. 567, says the world's manufactures are about \$40,000,000,000, and those of the United States, about \$15,000,000,000, annually.

of America; it is one-thirteenth of the total value of manufactures, farms, fishery, and mining products of the United States in 1900,—and more than all of these were in 1850; more than one-ninth of the total capitalization (including stock, funded and floating debt) of the 187,781 miles of railroads in the United States in 1899; more than their total gross receipts; and more than three times their net earnings; it is one-fifth of the resources of all the 3,871 national banks on September 5, 1900; seven-twelfths of all the deposits in savings banks in the United States in 1899-1900; and almost as much as these were in 1890; five-eighths of the value of all the farm animals in the United States in 1900, and only about ten per cent less than their value in 1880; almost equal to the total farm value of all the corn, wheat, rye, oats, barley, buckwheat, and potatoes,—the food crops,—in 1900; more than three times the value of the cotton and wool—the clothing crops of the United States, in 1900.

This is also five-eighths of the value of our imports and exports for 1899,—nearly ten million dollars more than our exports were and one and one-half times our imports; it is nearly twice the net debt of the United States January 1, 1901; two and one-tenth times the total receipts of the government; two and one-fourth times the total expenses, and two and one-half times the total gold and silver, at its coinage value, produced in the world in 1899; it is more than the total money in circulation in the United States July 1, 1889, and if it had been paid in cash, and the bonds paid for in cash at the par value on April 1, 1901, when this amount was authorized, it would have taken two-thirds of all the money in circulation in the United States to have made the payment. If this whole sum had been in silver dollars, there would have been silver enough to pave a great boulevard seventy-two feet wide with silver as thick as the silver dollar, from here to Detroit; or if they had been piled, one on top of another, they would have made a column over two thousand two hundred miles high,—one one-hundred and tenth part of the distance to the moon; these would have made two thousand and sixty-four carloads

of twenty tons each; or if fastened edge to edge, they would have made a silver girdle around mother earth, and tying into a double-bow knot, each bow being one thousand miles long, with streamers of over one thousand five hundred miles each; or, if paid in, in one dollar silver certificates, these, end to end, would have made a green ribbon sash, going six times around the earth, and tying into a double-bow knot, each two thousand miles long, with streamers of two thousand seven hundred miles each.

Yet perhaps all these comparisons are not so valuable to enable us to comprehend the greatness of the amount as the simpler statements that if both stock and bonds had been issued in the shape of \$90.00 shares, there would have been one for each family in the United States; or it would pay all expenses of the public schools of the United States for the next seven years; or there would be about \$18.00 for each man, woman, and child in the United States, or about 90 cents for each man, woman, and child on the face of the earth.

(3) *Interests directly controlled.*—By the formation of this corporation, it will be enabled to exercise direct and positive control over 213 different manufacturing⁷ and transportation plants and companies, and 41 different mines, located in 18 different states; the mines are nearly all located in Michigan, Wisconsin and Minnesota; 100 of the manufacturing plants are in Pennsylvania; 51 in Ohio, 15 in Illinois, 12 in Indiana, 12 in New York, and the rest scattered from Connecticut to California. Its mines furnish more than one-half

⁷ See Table VI, *infra*. Since the foregoing was written The Shelby Steel Tube Co., authorized capital stock \$15,000,000, largest makers of seamless steel tube in the world has been purchased by the U. S. Steel Corporation. The capacity of this company is 125,000,000 feet of tubing per year, largely bicycle tubing. 89 Age of Steel, June 29, 1901, p. 15. It is also stated that Mr. Schwab, president of the U. S. Steel Corporation, has obtained control of a majority of the shares of the Bethlehem Steel and Iron Companies; 89 Age of Steel, June 29, 1901, p. 20. And in June there were persistent rumors that Morgan interests had obtained control of the stock of the Colorado Fuel and Iron Co. 89 Age of Steel, June 22, 1901, p. 33.

of the total production of iron ore used in the United States; it will make nearly half the coke; it will own 78, or more than one-third of the active blast furnaces, and will make nearly half the pig iron made in the United States, and two-thirds as much as is produced in Great Britain, and three-fourths as much as in Germany; it will own 149 steel works and six finishing plants, with a capacity of over ten million tons of finished products in iron and steel, perhaps sixty per cent of all in the United States; it will make eighty per cent of the Bessemer steel, and fifty to sixty per cent of the open hearth; it will make two-thirds of the steel rails made in the United States, Canada, and Mexico,—more than twice as many as were made in Great Britain in 1900, and will make sixty per cent of the steel beams.

It will make two-thirds of the wire rods of the United States; ten-elevenths, ninety-four per cent, of the wire; sixteen-seventenths, ninety-five per cent, of the wire nails and staples; all the woven wire, and barbed wire fence, and two-thirds of the copperas; ten-elevenths, ninety-five per cent, of the steel and iron tubes made in the United States, and ninety-five per cent of all the tin plate, and do ninety per cent of the bridge work.

It will also directly control nearly one thousand miles of railroads to ore, coke, and manufacturing properties, and a lake fleet of 112 vessels, the finest on the lakes,⁸ and constituting one-third of the total tonnage of the Northern lakes.

(4) *Allied interests.*—In addition to the above that are within the direct control of the United States Steel Corporation, Mr. Morgan, by “community of ownership,” has recently obtained control of substantially all of the Anthracite Coal in Pennsylvania, producing 47,000,000 tons of coal per year, with all the railroads reaching the mines,—the Erie, the Central of New Jersey, the Reading, the Delaware, Lackawanna and Western, and the Lehigh Valley;⁹ and in addition to this, the

⁸ The fleet will carry 532,000 gross tons of ore at one time.—Detroit Free Press, April 19, 1901; the total tonnage capacity on the Northern Lakes is 1,565,587 tons.—Statistical Abstract of U. S., 1900, p. 348.

⁹ New York Independent, January 17, 1901, p. 157.

Southern Railway, the Mobile and Ohio, and Cincinnati, Hamilton and Dayton,¹⁰—a total railroad mileage of more than eighteen thousand miles, nearly one-tenth of that of the United States;¹¹ these roads have a capital stock of about \$625,000,000. The developments of the last few days, upon the Stock Exchange in New York, leave it reasonably certain that Mr. Morgan, with J. J. Hill, have control of the Chicago, Burlington and Quincy, the Great Northern, and the Northern Pacific Railroads, adding over nineteen thousand miles more, making nearly one-fifth of the whole mileage of the United States.¹²

Mr. Morgan has also obtained control of the Leyland line of steamers, one of Great Britain's greatest shipping institutions, comprising sixty-five¹³ vessels, engaged in the Atlantic, Mediterranean, and West Indian trade, and it is currently reported that it was purchased in the interest of the owners of the Atlantic Transport Line, and the International Navigation Company,—with which it will probably be consolidated into one great steamship company larger than any now in existence.¹⁴

Almost simultaneously with the formation of the United States Steel Corporation, was formed the American Tin Can Company of New Jersey, with a capital stock of \$44,000,000, and including 100 different tin can manufacturing establishments, making about ninety-five per cent of the tin cans used in the country. It is closely allied with the American Tin Plate Company included in the United States Steel Corpora-

¹⁰ Recent newspaper reports say the C., H. & D. has been acquired by the Morgan people.

¹¹ See Table II, *infra*.

¹² *Ibid*.

¹³ The Rev. of Rev. says 38 vessels. According to the Commercial and Fin. Chronicle, Vol. 72, p. 875, May 4, 1901, 58 vessels of 246,000 tons were bought, but 20 vessels of 40,000 tons were to be sold back for the purpose of engaging in the Mediterranean, Portugal and Montreal trade, but no other.

¹⁴ The Advance, May 9, 1901; Detroit Free Press, Apr. 30, 1901; N. Y. Independent, May 9, 1901.

tion. Several of its directors are directors of the Steel Corporation.¹⁵

About May 1 a consolidation of several of the largest engine-making concerns in the United States was practically agreed upon,—under the name of the Allis-Chalmers Company, with property valued at \$9,935,000, and with a working capital of \$10,000,000 to have a capital stock of \$50,000,000, \$36,250,000 being issued; Mr. Gary, chairman of the Executive Committee of the United States Steel Corporation, and others closely allied therewith or with constituent companies, are prominently connected with this also.¹⁶

But this is not all either, for Mr. Morgan has also engineered the formation of the Associated Merchants' Company of New York,—a financial union of the H. B. Claffin Wholesale Dry Goods business in New York, with a capital stock of \$20,000,000, of which \$10,000,000 is to be five per cent cumulative first preferred stock, \$5,000,000 second preferred, and \$5,000,000 common; of this \$7,000,000 of first preferred is to be used as working capital and to acquire other interests in New York and elsewhere.¹⁷

Other reported deals are to the effect that Mr. Morgan and his friends have obtained control of the Zinc Mines in Missouri, and all of the bituminous coal in the Hocking and Sunday Creek Valleys in Ohio. These have not been confirmed.¹⁸

Early in April¹⁹ reports were frequent that a giant railroad combination,—greater than anything yet seen,—was likely to be consummated among J. P. Morgan, W. K. Vanderbilt, Jas. J. Hill, E. N. Harriman, George J. Gould, J. D. Rockefeller, James H. Schipp, and James Stillman. Whether such a combination is formed or not, it is more than probable that these men will, or have, come to an “understanding” or “friendly

¹⁵ Commercial and Financial Chronicle, Vol. 72, p. 155, April 27, 1901.

¹⁶ Advertisement in 72 Com. and Fin. Chr. April 13, 1901; Iron Age, May 2, 1901, p. 2.

¹⁷ N. Y. Independent, Apr. 18, 1901, p. 20.

¹⁸ Detroit Free Press, April 9, 1901.

¹⁹ Detroit Free Press, April 6, 1901.

agreement," concerning the management of the great railway systems that they now control,—which, together with the Pennsylvania system, make six great systems, comprising nearly three-fifths of the total railway mileage of the United States.²⁰

It has been stated that closer relations with the American Shipbuilding Company, controlling the shipbuilding interests on the Northern Lakes, with seven building yards, and dry docks, have been entered into.

Alliance with the Standard Oil Company—with its \$100,000,000 capital stock, worth in the markets \$805,000,000,²¹ and with dividends of \$48,000,000²² last year and \$32,000,000²³ already declared this year,—one-third of which is owned by J. D. Rockefeller,²⁴—is made clear by him, his son and H. H. Rogers being made directors in the new steel corporation.

There is no doubt of the close relations, financially, between Mr. Morgan's house and the Rothschild's with their \$1,000,000,000 of money.²⁵

2. WHO FORMED THE COMBINATION ?

(1) *Parties and interests represented.*—May 4, 1899, a certificate incorporating the Carnegie Steel Company²⁶ (afterward abandoned) of New Jersey was filed. The papers then announced that "negotiations have been pending during the week looking to consolidation of the American Tin Plate Company, the National Steel Company, and the American Steel Hoop Company;" it was further stated that "the Federal Steel Company, and the American Steel and Wire Company have asked to take part in the consolidation movement, which it is understood is backed by the Rockefeller interests, and the Moores of Chicago."²⁷ At the time this appeared to be a move

²⁰ See Table II infra.

²¹ N. Y. Independent, Jan. 31, 1901, p. 288.

²² N. Y. Independent, Jan. 31, 1901, p. 288.

²³ N. Y. Independent, May 16, 1901, p. 1158. [Dividend of \$8,000,000 has since been declared.]

²⁴ N. Y. Independent, April 25, 1901, p. 979.

²⁵ Cosmopolitan, March, 1901; Review of Reviews, April, 1901, p. 467.

²⁶ Com. and Fin. Chr., Vol. 68, p. 870, May 6, 1899.

²⁷ Ibid.

to offset the result of the proposed formation of the Carnegie Steel Company, but later it was ascertained that Judge Moore had also been instrumental in the formation of the Carnegie Steel Company.²⁸ It is probable that negotiations have been going on from that time till the agreement to form the United States Steel Corporation was reached in New York on Saturday, February 23, 1901, between J. P. Morgan, and two of his partners, Robert Bacon and Charles Steele, and F. L. Stetson, his attorney, representing a syndicate to finance the project; W. N. Cromwell, attorney, and E. C. Converse, President of the National Tube Co. (a Morgan interest); E. H. Gary, president and attorney for the Federal Steel Co. (another Morgan interest); Max Pam, attorney, and J. W. Gates, of the executive committee of the American Steel and Wire Co.; Judge W. H. Moore, on behalf of the National Steel Co., the American Tin Plate Co., the American Steel Hoop Co., and the American Sheet Steel Co.; C. M. Schwab of the Carnegie Co.; and Victor Morawetz (author of the very excellent work on American Corporation Law), as attorney for other parties in interest.²⁹ The American Bridge Company (another Morgan interest), and the Lake Superior Consolidated Mines (a Rockefeller interest), seems not to have been in the original deal, but were brought in before the incorporation was completed, and are well represented in the board of directors. While there has been very little in the reports to connect Mr. J. D. Rockefeller with the transaction, inasmuch as both he and his son are members of the board of directors, it is more than probable that he has taken an important part in the consummation of the project,—possibly in connection with the syndicate that financed the transaction; but whatever may be the fact as to this, there is no doubt but the masters of the whole transaction have been Mr. J. P. Morgan, and Mr. Andrew Carnegie, each of which undoubtedly stands in his place, Mr. Morgan as financier-organizer, and Mr. Carnegie as manufacturer-organ-

²⁸ Ibid, Vol. 68, p. 975.

²⁹ This is the list given in article by Chas. S. Gleed, in the *Cosmopolitan*, for May, 1901, p. 25, "The Steel Trust and its Makers."

izer,—without a peer in the United States, and perhaps in the world.

(2) *Mr. Morgan as master financier.*—Mr. Morgan,³⁰ the head of the banking house of J. P. Morgan & Co., of New York, formerly Drexel, Morgan & Co.,—and with branches now in Philadelphia and Paris,—is a son of J. S. Morgan of London, a partner of the late George Peabody, and inherited vast financial possessions and responsibilities—“born to the purple as it were.” He was first conspicuous as a member of the firm of Dabney, Morgan & Co., and more than thirty years ago he rescued the Albany & Susquehanna R. R. from the wreckers, Gould and Fiske, and made it a self-sustaining property. From the first his extraordinary power to see what an emergency demands, and his great skill in organizing the movement to meet it, have been manifest. It has been said: “European acquaintance and financial influence inherited from his father, and extended by his own ability and honesty again and again have made it possible for him to secure money from abroad in great sums at critical times. European investors think themselves protected against loss only when they have taken insurance against Mr. Morgan’s death.”³¹ Some years ago he joined with the Rothschilds, represented by August Belmont, and other New York bankers, to take the whole issue of four per cent United States bonds, and his firm, then Drexel, Morgan & Co., made \$5,000,000 out of the transaction; ³² later he bought \$25,000,000 of the New York Central stock from W. H. Vanderbilt, at 120, and immediately resold it at 130 in New York and London,

³⁰ For most of the points connected with Mr. Morgan’s career, I am indebted to an article in *World’s Work*, April, 1901, (Vol. 1, p. 610, *et seq.*) by Mr. Lindsay Denison, and to an article in *Munsey’s Magazine*, January, 1894, Vol. X, p. 379, *et seq.*, by Mr. Edward G. Riggs.

[Mr. Morgan was born at Hartford, Conn., April 17, 1837; graduated at the Boston High School at the age of 18, studied two years in Germany, and began his banking career at the age of 21. His grandfather was a farmer and tavern-keeper at Hartford, Conn., and had a revolutionary war record. The father was a bank clerk, a partner of Levi P. Morton in the dry goods business, later an associate of George Peabody, and established a successful banking house in London, with branches in the United States, and Australia.—*Rev. of Rev.*, Oct., 1901, p. 469.]

³¹ Mr. Denison, *World’s Work*, April, 1901, p. 612.

³² *Munsey’s Magazine*, January, 1894, p. 380.

and made \$1,000,000; about 1884 or 1885, when the war was on between the New York Central and the West Shore, he induced Mr. Vanderbilt to buy the latter, and restore peace in the railroad world.³³ After some weeks of apparently aimless wandering about in his office, he called his partners together and told them that he had bought the New York & Northern R. R., and sold it to the New York Central for a profit that would be satisfactory to any Wall Street firm. It appeared that all the partners had done something—bought a block of stock, made a special move on the stock exchange, or given an opinion on a point of law,—toward the consummation of the task. And this is characteristic of his methods.³⁴ He has always been a rebuildler, and not a wrecker of railroad properties—less expense, better service, less danger, less destructive competition have followed,³⁵ and these great characteristics have brought to his house, charge of most of the large financial operations necessary in the reorganization of railroads in the United States during the last few years.³⁶ He has been a peacemaker between quarrelsome interests,³⁷ and reaped some of the blessings promised, if not to the peacemakers, at least to the meek, in this world. He has, on several occasions, restored equilibrium upon the stock exchange, when the rate of interest was abnormally high, by announcing that his money could be had at the normal rate.³⁸ He has also come to the financial rescue of the government, upon at least three occasions.³⁹ His house has recently been foremost among the New York bankers in negotiating the great foreign loans made in this country—the first in July, 1899, of \$20,000,000 for Mexico; in March, 1900, the first European—a part of the \$150,000,000 British War Loan; later, in August, 1900, his house, in connection with two others, underwrote half of the \$50,000,000 British Exchequer Loan;⁴⁰ and only a few days ago, when the new British war loan of \$300,000,000 was an-

³³ *Ibid.*, p. 380. ³⁴ *World's Work*, April, 1901, p. 611. ³⁵ *Ibid.*, p. 612.

³⁶ E. S. Meade; *Reorganization of Railroads*, *Annals of Am. Acad. Pol. and Soc. Science*, Vol. 17 (March, 1901), p. [225].

³⁷ *World's Work*, April, 1901, p. 612.

³⁸ *Ibid.*

³⁹ *Ibid.*

⁴⁰ *New York Independent*, Dec. 20, 1900.

nounced, with \$150,000,000 already placed, it was disclosed that the Rothschilds had taken \$55,000,000, J. P. Morgan & Co., \$50,000,000, and the bank of England \$45,000,000.⁴¹ Such have been some of his financial achievements of the last few months in addition to those already enumerated as to the Steel Corporation and its allied and friendly interests. It is perhaps not exaggeration to say, as Mr. Denison does: "His word can sway the market; the connection of his name with an enterprise spells stability and means success. He is a business assurance company in himself; a guarantee association lives in his very name."⁴² "He holds stock-tickers and speculators in contempt, and prefers to amass his millions by organizing. Finance to him is a science, and to this is due his success, for he long since mastered the science. He is practically the American representative of the English and European millions seeking investment in this country."⁴³

Or, as another has said: "He is not a *promoter* who seeks his profits in persuading the public to invest in doubtful companies, but a financier absolutely trusted by the richest men, who seek his aid in their legitimate combinations. They confide in him to arrange the financing of their plans. He has become the greatest financial power in the world."⁴⁴

"He is rugged physically and mentally, has an extraordinary capacity for work, and combines activity with prudence,"⁴⁵ does not worry, does business while at his office from early in the morning till 5 p. m., but leaves the business there when he leaves the office.⁴⁶ He knows he is right and what he wants to do, and how to do it; has entire faith in his own opinions, brooks no opposition, seeks but little advice, is careless of criticism, and an excellent judge of men; he has surrounded himself with a group of men whom he can trust, but who in turn trust him and do his bidding without question; he knows every set of books, and their contents, with the clerk in

⁴¹ *Ibid.*, May 9, 1901, p. 1098. ⁴² *World's Work*, April, 1901, p. 614.

⁴³ *Current History*, April, 1901, p. 114.

⁴⁴ Editorial, *New York Independent*, April 11, 1901.

⁴⁵ *Munsey*, January, 1894, p. 380.

⁴⁶ *World's Work*, pp. 611-2.

charge, and can turn at once to any stage of any transaction. He is curt, blunt, decisive, perhaps autocratic in ideas, but to his friends he is most kind, generous, and thoughtful. He has given several millions to charitable purposes but "there is not a monument self erected to his generosity, and his name is not connected with a single gift."⁴⁷ At a dinner, a friend sitting at Mr. Morgan's side spoke of the plan and the probable cost of erecting a school to teach young men trades, that the labor unions excluded under their apprenticeship rules. Later in the evening Mr. Morgan said to him: "Your plan is good; go ahead, but do not bother me until the thing is ready and completed." This was all, but it was sufficient, and three years later, when the friend called, he began to say "about the trade school," when Mr. Morgan interrupted, tapped a bell, and told the clerk to bring the trade school account, and "there it was, the full amount, with interest at six per cent from the day on which he had made his verbal contract."⁴⁸ Such is a summary of the leading characteristics of the financial organizer of the great Steel Corporation.

(3) *Mr. Carnegie as master manufacturer.*—Mr. Carnegie's achievements⁴⁹ have been no less remarkable in manufacture than Mr. Morgan's in finance. Starting with neither wealth nor influence—at sixty-four years of age Mr. Morgan has pronounced him the richest man in the world, no dollar of which was made in sales or purchases on the stock exchange, but all in manufacturing.⁵⁰ In 1848 Mr. Carnegie's father, a master weaver of Scotland, was driven out of business by the newly invented steam machinery, and, "because it would be better for the (two) boys," emigrated to America; the son Andrew, then eleven years old, obtained a position as "bobbin boy" in a cotton factory in Allegheny City, at 20 cents per

⁴⁷ World's Work, April, 1901, p. 614.

⁴⁸ Ibid. Since the foregoing was written Mr. Morgan has given \$1,000,000 to Harvard Medical School.

⁴⁹ Most of the notes concerning Mr. Carnegie are from the World's Work, April, 1901, article by H. W. Lanier, p. 618, *et seq.*

⁵⁰ World's Work, April, 1901, p. 630.

day. In less than a year he had learned to run the engine, and was promoted to this work at the same salary, which was not increased till he did clerical work also, for his employer. The dark engine cellar was not congenial, so a little later he concluded to take the examination for messenger boy at Pittsburgh for the Ohio Telegraph Company. In this he was successful, and the privilege of working in the light office, as he said, was his first glimpse of Paradise. His father died shortly after, and at fourteen he was the sole support of his mother and younger brother. Within a month after entering the telegraph office as messenger he began to learn telegraphy, which he soon mastered, and in doing so he "doggedly mastered the clicking tongue of the instrument," and discarded the recording tape.⁵¹ Soon afterward he became an operator at the princely salary of \$25 per month, to which he added by copying telegraphic news for daily papers. The Pennsylvania Railroad soon needed an operator, and he was chosen. This brought him in contact with Mr. Thomas Scott, then division superintendent, who took a great fancy to him. One day Mr. Scott asked him if he could find \$500 to invest, and advised him to invest in ten shares of the Adams' Express Company, at \$60 per share. Young Carnegie answered that he thought he could, and that night the matter was placed before his mother and brother, and it was concluded to mortgage the little home, and the next morning the mother started to see an uncle, and arrange matters. The stock was bought—it was then paying one per cent dividends per month—and when the first check arrived he realized for the first time that there could be a return from capital as well as from toil. In a short time he knew all about train dispatching as then done. Then he devised improvements. Then Colonel Scott made him his secretary, and when Scott became vice-president of the road Carnegie was made superintendent of the Western Division. One day while he was looking at the line from a rear car, Mr. Woodruff, the inventor of the sleeping car, asked to show him the

⁵¹ *Ibid.*, p. 620.

plan. In a moment Mr. Carnegie comprehended its significance. He urged Colonel Scott to look into it. This was done, and arrangements were made to build two of them and run them on the Pennsylvania Railroad. Carnegie was offered an interest in the venture, and his first payment was \$217.50—which his salary of \$50 per month made it necessary to borrow from a bank. The cars paid the subsequent payments from their earnings, and he paid his note at the bank out of his salary, and as he says, “thus did I get my foot upon fortune’s ladder. It is easy to climb after that.” Then the Civil War came, and Colonel Scott became Assistant Secretary of War, and placed Carnegie in charge of military roads and telegraph lines. He is said to have been the third man wounded on the Union side. He served at Bull Run. Then through overwork his health broke down and he was forced to go abroad for the winter. Upon his return he found the Pennsylvania Railroad Company experimenting with cast iron bridges to replace the old wooden structures. Though not twenty-five years old, he took in the whole situation, borrowed \$1,250 from a Pittsburg banker, and formed the Keystone Bridge Company, to build iron bridges, and from this time dates his connection with the development of the iron and steel industry in the United States. The Union Mills at Pittsburg appeared in a few years as a necessary adjunct to the bridge work. A trip to England in 1868 resulted in his return with the Bessemer process of making steel rails filling his mind, and which he put to immediate use in founding his steel works. The price of rails was then \$158 per ton, and only a little more than 6,000 tons were made in the United States. Within seven years the production of the United States was more than forty times as much, and the price much less than half. A few years later Mr. Carnegie bought out the Homestead works, his most formidable rival, and for twenty-five years he has been properly called the “steel king,” and has dominated the iron and steel industry of the United States, and has created a company controlling 50,000 employees, operating nineteen of the largest blast furnaces, seven great steel works, a score of finishing mills, owner of 250 miles of railroads, a

fleet of thirteen of the largest lake vessels, with their necessary docks and shipping facilities, 60,000 acres of coal and coke lands, 98,000 acres of oil lands, with 3,000 miles of pipe lines, 14,000 coke ovens, and ore lands producing 5,000,000 tons of ore yearly.

He is an apostle of organization. He says of his own great creation: "Take away all our factories, our trade, our avenues of transportation, our money; leave me our organization, and in four years I will have re-established myself." He is a great believer in young men who do something, and has drawn around him some forty, all young men, which he calls his "indispensable and clever partners," who have almost without exception been "not only partners, but a band of devoted friends who never have a difference. Nothing is done without unanimous vote, and I am not even a manager or director." There seems to have been no exception to this except lately in the case of Mr. Frick. A similar method, devised in 1890, has been applied to his employees whereby a minimum wage is guaranteed, and every one is allowed a share in the profits of prosperous times. Though he is not an officer of his own company, every day, in whatever part of the world he may be, a tabulated statement giving full details of the business is mailed to him, and one secret of his success has been the profound confidence he has had in those he has gathered around him. He has acted on the maxim that to trust a man usually makes him trustworthy. He is a resident of New York, but spends a large part of his time abroad at his magnificent Skibo Castle home in Scotland. He has traveled much, made sixty trips across the ocean, journeys to Mexico, the North Cape, Japan, and China, and around the world. Though enormously wealthy, he has none of the arrogance of wealth, but is exceedingly democratic in his ideas and tastes. He attends the theater, but sits in no box seats; he travels much, but in no private car. He is rather small physically, but active and vigorous. Though now with white hair, his strong face, sparkling eyes, erect carriage, the physical ability to go to sleep at will in the interval of important duties, and the Scotch courage of ten men for each

one of his convictions, reveal the sources of his mastery. He disposes of his office business in less time than most men expend in reaching theirs. Everything is classified and arranged so as to afford immediate access, and maps are hung upon the walls, with little flag pins stuck in, to mark where the interest of the moment centers. He "believes in all religions, but no theologies." He is an omnivorous and careful reader, daily and regularly reading a large list of the Pittsburg, New York and London papers, in addition to the leading magazines and reviews, and the iron and steel trade reviews and journals. But, more than this, he almost daily reads some part of a Shakespeare play, which he quotes and interprets as an enthusiast. He himself has written much for magazines, and several books, the first, "Notes of a Trip Round the World" (1879); "Our Coaching Trip" (1882); "Triumphant Democracy" (1886), a most suggestive and enthusiastic comparison of the results of American institutions, with those of the old world, and especially of Great Britain. Forty thousand volumes of this were sold in two years. Last year appeared his "Gospel of Wealth." He has a fund of humorous stories, and is a good all around after-dinner speaker. He is a great friend of Herbert Spencer, and when "these two hardened anglers" are on a fishing excursion (to which both are devoted), they discuss the deep psychological question as to what a fish thinks when it sees the fisherman's bait.

Some of his own tersely expressed maxims of life and belief are: "If man would eat, he must work. The Republic does not owe him a living. It is he who owes the Republic a life of usefulness." "Educate man and his shackles fall." "Put all your eggs in one basket, and then watch that basket." "Be king in one line, not a Jack of all trades." "There is no price too dear for perfection." "There is always peace at the end if we do our appointed work and leave the result with the Unknown."

When Mr. Carnegie was a boy telegraph operator in Pittsburg Colonel Anderson of Allegheny opened his library of four hundred volumes to certain boys and men of the city. The

rules excluded the class of boys to which young Carnegie belonged. This led him to write such an indignant appeal against the discrimination made that the restriction was removed, and the library made free to all, and he says "only he who has longed, as I did, for Saturday to come that the spring of knowledge should be opened anew to him, can understand what Colonel Anderson did for me and the other boys of Allegheny. Is it any wonder that I resolved that if surplus wealth ever came to me, I should use it in imitating my benefactor?"

This early resolution has been carried out by establishing nearly two hundred libraries, institutes, museums, music halls, art galleries, observatories, and technical schools, varying in number from one each in several of the states, with a gift of \$15,000 to each, to the sixty-five branch libraries in New York City, by a gift of \$5,200,000. His gifts have been distributed to twenty-seven states of the Union; to Ireland, one; to England, two; and to Scotland, twenty-one. He is not an indiscriminate philanthropist, for, as he says, "you cannot push any one up a ladder unless he be willing to climb a little himself. When you stop boosting, he falls, to his injury." Consequently, he invariably makes the stipulation in his gift that the library which he builds shall be supported by the people and be managed for the whole community. There are no other conditions. After the money is promised, the plans and estimates are made, and after their approval by the town, are sent to Mr. Carnegie, who directs that the drafts of the town to pay for the building as it progresses be honored as presented.

Mr. Carnegie's love for music has led him to present organs to three hundred churches or more. The day after he sailed for Europe in March, this year, it was announced that he had made a gift of \$1,000,000 for library purposes to St. Louis; \$5,200,000 for a like purpose to New York City, and \$5,000,000 as a fund for the care and relief of superannuated and disabled employees of the Carnegie Company, and for the maintenance of the libraries at Braddock, Homestead and Duquesne. It was also announced that plans were being prepared for the building of the greatest technical school in

the world to be located at Pittsburg, and endowed with \$25,000,000 by him; and, as he says, he has "just begun to give."¹ In this way he proposes to carry out the resolution made "in youth to retire early from business and devote his mature powers to doing good." His "Gospel of Wealth" is that the "saddest of all spectacles is that of an elderly man occupying his last years in grasping for more dollars." "That individualism will continue, but the millionaire will be only a trustee for the poor." "That the man possessed of millions of available wealth, free in his hands ready to be distributed" (not stricken down in the midst of business from which his capital cannot be withdrawn) "will die disgraced." That surplus wealth is "a sacred trust to be administered by its possessor into whose hands it flows, for the highest good of the people."

Such is this man, or, as Mr. Lanier says, "a sturdy, forceful, large-minded man, putting the whole energy of his nature into carrying out great enterprises, or playing golf, or writing books, or fishing, or coaching, or placing the means of self-education within the reach of millions of his fellow-men."

These two men, Mr. Carnegie and Mr. Morgan, show the same strong characteristics in their pastimes, Mr. Carnegie's being golf, and Mr. Morgan's yachting. Mr. Carnegie is a golf enthusiast, a frequent player at the great St. Andrews' links, has a private course at Skibo Castle, laments that he had not begun to play when he was a telegraph boy at Pittsburg; has been heard to say that for the joy of making such drives as he has seen made in "teeing off," \$10,000 would be cheap. No tremendous event in the steel world is like "breaking his record" by five strokes. In fact, to him, as he jokingly declares, golf is the "only serious business of life."

Mr. Morgan does his yachting through a syndicate, as a matter of course. Perhaps he could not do otherwise. For

¹ Since the above was written, Mr. Carnegie has given \$10,000,000 to the Scotch Universities (Rev. of Rev., June, 1901, p. 665, July, 1901, p. 19); he has also given \$750,000 to the City of Detroit for library purposes.

nearly ten years the yachts—the Vigilant, the Defender and the Columbia—owned by his syndicate, have kept the “Hundred Guinea Cup” upon this side of the Atlantic Ocean.

3. WHY IT WAS FORMED.

Of course, many causes and conditions could be mentioned that led to the formation of this corporation; but perhaps the principal ones can be enumerated as (1) the great tendency in the last few years to consolidate similar interests; (2) the condition of the money market; (3) Mr. Carnegie’s wish to retire from business; (4) the prevention of competition; (5) the prospects of profits.

(1) *As to the first.*—The tendency to consolidation—a few figures are significant:² prior to 1887, the total capitalization of all the “industrial corporations” having more than \$1,000,000 capital each, was \$170,000,000. During the eleven years following, eighty-six new companies, with a total capitalization of \$1,414,000,000, or an average of sixteen and one-half millions each, were formed, and during the three years, 1898, 1899, 1900, one hundred and forty-nine such companies, with a total capitalization of \$3,784,000,000, or an average of nearly thirty-six millions each, were formed; the capitalization of the last three years is more than two and one-half times that of the eleven years preceding.

(2) *As to the money market.*—There has never been so great activity before as within the past fifteen months, and particularly since last December. In November, 1900, there were \$474,000,000 gold in the National Treasury, the greatest held by any government.³ The money in circulation had increased nine per cent within the year, and nearly thirty-one per cent since 1896.⁴ From 1896 to 1900 our imports increased seventy millions, or about nine per cent, while our exports increased five hundred and seven millions, or nearly sixty per cent. Of this increase, manufactured exports made

² These figures are compiled from statistics given in Article by Luther Conant, Jr., in Quar. Pub. Am. Statist. Assn. (N. S.), Vol. 7, No. 53, March, 1901.

³ N. Y. Independent, Dec. 20, 1900, p. 3066.

⁴ Ibid.

up two hundred and five millions, a ninety per cent increase,⁵ and the gains have been largely in the products of iron and steel, which have more than doubled since 1897, and in the past year the exports of steel rails rose from \$6,000,000 in 1899, to \$11,000,000 in 1900.⁶ In 1896 our total exports were about \$100,000,000 more than imports; but in the four years since, the excess has averaged over \$500,000,000, annually, making a balance in our favor of more than \$2,000,000,000 for the four years, and the tide was still rising.⁷ New York City's supremacy in the United States is without question. The forty-four National banks of the city loan nearly one-fourth of the \$2,686,700,000 loaned by all the 3,871 National banks of the United States in September, 1900. They had one-tenth of all the capital, one-sixth of the surplus, nearly one-fourth of the deposits, and two-fifths of all the gold, silver, certificates, and legal tender notes held by all the National banks.⁸

The bank clearings of New York City for 1900 were five-eighths of all of the \$84,500,000,000 for the United States,⁹ and have increased over forty per cent since 1896, and now exceed those of London by twenty-five per cent.¹⁰ The daily high water marks at the clearing house have risen from \$352,900,000, April 11, 1899, to \$353,500,000, November 20, 1900; then to \$364,000,000, December 27, 1900; then \$428,000,000, January 2, 1901; then \$445,000,000 April 16th; then \$547,000,000 April 23d; and in no week in the year has the daily average of the clearing houses in London exceeded \$200,000,000.¹¹ In the year ending December 1, 1900, the New York Clearing House banks¹² increased their capital from \$59,000,000 to \$74,000,000; their surplus from \$79,000,000 to \$90,000,000; their loans and discounts from \$682,000,000 to \$804,-

⁵ Statist. Ab., 1900, pp. 186-7.

⁶ N. Y. Independent, Feb'y 14, 1901, p. 407.

⁷ N. Y. Independent, Dec. 20, 1900; Statist. Ab., 1900, p. 82.

⁸ Statist. Ab., 1900, pp. 53-56.

⁹ Ibid., pp. 61-64.

¹⁰ N. Y. Independent, Dec. 20, 1900, p. 3066.

¹¹ N. Y. Independent, Jan'y 10, 1901, p. 118, and May 2, 1901, p. 1042.

¹² N. Y. Independent, Dec. 20, 1900, p. 3066.

000,000; their circulation from \$16,500,000 to \$30,700,000, and their net deposits from \$748,000,000 to \$864,000,000.¹³ The values of the shares transferred upon the stock exchange increased from \$3,300,000,000 in 1896 to more than \$12,000,000,000 in 1900.¹⁴ The daily "high water mark" here has been frequently raised during the year. On November 19, 1900, the highest daily sales ever before made were 1,700,000 shares,¹⁵ but April 22, 1901, this was raised to 2,392,737 shares, and on April 29th the record was raised to over 2,760,000 shares,¹⁶ and on April 30th it went to 3,270,851 shares.¹⁷ The price of a seat on the stock exchange, \$4,000 in 1878, went to \$37,000 in 1883; then remained below \$20,000 prior to 1898. In the early summer of 1900 a seat could be had for \$35,000. Then it went to \$41,500 (July, 1900);¹⁸ then \$47,000 (November, 1900); then \$50,500 (December, 1900); then \$52,000 (March, 1901); then \$55,000, then \$58,000, then \$62,000, then \$65,000 (in April, 1901),¹⁹ then \$71,000 about May 10, 1901.²⁰ In addition to financing the great corporate trusts formed in the last three years, many of which required enormous amounts of cash to carry them through, as, for instance, the American Steel and Wire Company, which required \$28,000,000 cash,²¹ and the new United States Steel Corporation, \$25,000,000,²² and many others large amounts, New York has loaned at least \$150,000,000²³ to foreign governments and municipalities, including Mexico, Sweden, Germany, and parts of three or four loans to England. In nearly every case the subscriptions to

¹³ N. Y. Independent, Dec. 20, 1900, p. 3067.

¹⁴ Ibid.

¹⁵ Ibid., Nov. 22, 1900.

¹⁶ Detroit Free Press, Apr. 30, 1901.

¹⁷ N. Y. Independent, May 16, 1901.

¹⁸ N. Y. Independent, Dec. 27, 1900.

¹⁹ N. Y. Independent, May 2, 1901.

²⁰ N. Y. Independent, May 16, 1901, p. 1158.

²¹ Com. & Fin. Chr., Vol. 68, p. 83, Jan'y 14, 1899; also circular letter to shareholders, Jan'y 7, 1899, Vol. 85, Age of Steel, p. 16.

²² Circular of J. P. Morgan & Co., March 2, 1901.

²³ N. Y. Independent, Dec. 20, 1900, and May 9, 1901.

these (most of them being four per cent gold loans) were greatly in excess of the allowance to this country—and in case of the English Exchequer three per cent loans at 98, \$55,000,000 were subscribed in half an hour, nearly twice the allowance to this country. All of these show the enormous activity of the money market, and the pressure for investment. The “industrials,” as they are called, that is, the shares of these great manufacturing corporations, have shown their earning capacity to an extent that has satisfied not merely speculators, but the conservative bankers, so they have been ready to finance promising schemes. These conditions in New York forcing it almost to the foremost place in the financial world, made the great capitalization of the United States Steel Corporation possible and comparatively easy.

(3) *Mr. Carnegie's desire to retire.*—Another contributing cause unquestionably was Mr. Carnegie's intention to retire and devote himself to other things. This was in accordance with a resolution of his youth; but with his characteristic business capacity he proposed to control the conditions of his retirement, and, as it were, make the most of his opportunities. This he certainly did with great success. About two years ago, early in 1899, for \$1,170,000 he gave a ninety day option to sell his 58½ per cent interest in the Carnegie Steel Company for \$157,950,000. The parties not being able to complete the deal within the ninety days, Mr. Carnegie took the \$1,170,000 and refused to renew the option.²⁴ This was a pretty fair salary of \$13,000 per day—for not selling to any one else for ninety days. He is quoted as saying: “I felt the option was not enough. I was asked to give an extension, but I declined to give it on any terms. The whole matter then fell through. Next time, instead of \$1,000,000 for the option, I shall want \$5,000,000.”²⁵ He unquestionably set about, to use a stock exchange expression, “to bull the market,” for the Carnegie Steel Company—and in this attitude his enormous wealth, tremendous activity, and complete mastery of the iron

²⁴ *Iron Age*, Feb'y 15, 1900, pp. 23-4; *Ibid.*, March 15, 1901, p. 14 *et seq.*

²⁵ *Com. & Fin. Chr.*, Nov. 25, 1899, Vol. 69, p. 1105.

and steel business gave him about the same position that his illustrious fabled bovine predecessor occupied in the China shop. At any event, he met with his usual success, for it is certain that in the final deal with the United States Steel Corporation he got nearly double what he would have obtained under the former offer. What he did is an interesting story, and makes up the fourth cause—the competition that was to be prevented.

(4) *Prevention of competition.*—Those familiar with the iron trade had a vivid recollection of how, a few years ago, Mr. Carnegie broke the steel beam combination and brought prices down nearly forty per cent because they did not agree with him.²⁶ The option of Mr. Carnegie expired in May, 1899. At this time there were in existence the Federal Steel Company (a Morgan interest), the National Steel Company (a Moore interest), both engaged in making pig iron, steel ingots, billets, etc., to be sold to others for making into finished products, and coming directly in competition with Mr. Carnegie. These companies also had their own means of lake transportation. The American Steel and Wire Company, which made finished products in the shape of rods, wire and nails, had also from the beginning adopted the plan of making its own pig iron and steel from the ore, and also providing its own means of transportation of ore, coal, coke, etc., from its mines to its manufacturing plant. In this way it came into competition with Mr. Carnegie. Then there was the National Tube Company (a Morgan interest), without mines and not makers of its own raw material, but with a possibility of obtaining much of this from the Federal Steel Company. Then there were also the other Moore interests, the American Tin Plate, and American Steel Hoop Companies, making finished products but to some extent providing their own raw material, or able to obtain most of it from the allied National Steel Company. All of these users of raw material were so closely allied with the makers of the raw material as to materially threaten the market for much of the steel made by the Carnegie Steel Company.

²⁶ N. Y. Independent, Jan'y 17, 1901.

In August, 1899, this company finished six open hearth 50-ton furnaces, and announced it would build four additional ones immediately.²⁷ About the same time it complained that the railroad rates it had to pay to have its 2,000,000 tons of iron ore transported from its mines to the lake ports (part over Rockefeller railroads) were too high, and so it incorporated a railroad company with \$1,000,000 capital to build lines from its mines to lake ports in Minnesota.²⁸ A week later it took options upon the Aurora Iron Mining Company's stock in Michigan.²⁹ In October it was announced that Mr. Carnegie had ordered seven new 8,000-ton steel steamers, and retained the American Shipbuilding Company to build for the Carnegie Company alone till May 1, 1901.³⁰ November 10th the Pittsburg Steamship Company, with \$30,000,000 capital, was incorporated by the Carnegie people in West Virginia, to operate upon the great lakes.³¹ All of these steps were taken to successfully compete with the Rockefeller interest in securing the iron ore traffic of the great lakes. The early part of 1900 was taken up by the difficulties with Mr. Frick, which finally resulted in the formation of the Carnegie Company, with a capital of \$320,000,000 in stock and bonds; and in July, \$10,000,000 were spent in making improvements in the plants at Pittsburg, enabling the company to make one-fifth of the pig iron and one-fourth of the Bessemer steel made in the United States.³² July 28th it was announced that the Company will soon break ground for the erection of a rod mill to roll rods of all kinds for the trade, the mill to be the largest ever built, and to manufacture hoops and bands also³³—a blow straight at the American Steel and Wire Company, and the American Steel Hoop Company. Then, in September, it was announced that the Company would build its own railroad from Pittsburg to tide water.³⁴ Something of its character, if

²⁷ Com. & Fin. Chr., Aug. 19, 1899, Vol. 69, p. 387.

²⁸ Ibid., Vol. 69, p. 542, Sept. 9, 1899.

²⁹ Ibid.

³⁰ Ibid., Oct. 21, 1899, Vol. 69, p. 853.

³¹ Ibid., Nov. 18, 1899, Vol. 69, p. 1066.

³² Ibid., July 14, 1900, Vol. 71, p. 86.

³³ Com. & Fin. Ch., July 28, 1900, Vol. 71, p. 184.

³⁴ Ibid., Sept. 22, 1900, Vol. 71, p. 603.

built, could be judged from the line already built from Pittsburgh to Lake Erie—150 miles, double track, laid with the heaviest rail and equipped with the largest locomotives and steel cars in the world, and with the greatest machinery to unload coal from cars into vessels, and unload iron ore from vessels into cars, ever constructed,—lifting from the track bodily 50-ton coal cars filled with coal, emptying them at one time into vessels, replacing them on the track, and then, by huge steam shovels, holding ten tons at one time, filling them with iron ore from the vessels.³⁵

On January 9, 1901, it was announced that Mr. Carnegie intended “to build the largest pipe and tube manufacturing plant in the world at Conneaut Harbor, Ohio, the Lake Erie terminal of the Carnegie road to Pittsburgh. Five thousand acres of land immediately east of the Conneaut Harbor docks have been purchased. The investment, exclusive of ground, will reach \$12,000,000, and consists of two or four blast furnaces, the largest ever built, 110 to 115 feet high and 25 feet in diameter, and able to turn out 700 to 800 tons of metal per day—possibly 1,000; also a basic open-hearth steel plant of twenty 50-ton furnaces, all with annual capacity of 1,000,000 tons tubular goods, and with a motive power of electricity.”³⁶

This was certainly to be a direct invasion of the exclusive field of the National Tube Company (a Morgan interest). About the same time Mr. Carnegie publicly announced that “henceforth there can be only one profit from the ore to the finished material,”³⁷ to be the settled policy of his great company. If this meant anything, it meant a threatened war of competition, which would be a battle royal between giants.³⁸ All of these facts make it reasonably certain that the New York Times stated correctly the main cause for the formation of the United States Steel Corporation, when it said: “Those who

³⁵ W. F. McClure, *The Steel Trust on the Great Lakes*, Rev. of Rev., May, 1901, p. 560, on 563. See also Rev. of Rev., March, 1901, p. 278.

³⁶ *Iron Age*, Jan'y 10, 1901.

³⁷ *Iron Age*, Jan'y 24, 1901.

³⁸ The Editorial in the *Iron Age*, Jan'y 24, 1901, discounts this view.

know the facts understand that it has been formed primarily to eliminate Mr. Carnegie from the trade. His competitors are tired of dancing to the music of his bag-pipes, and could make no plans for their own protection until his vast capital and masterful intelligence were devoted to philanthropy, rather than to business."³⁹

(5) *Prospects of profits.*—But, in addition to this, there was a safe probability that the combination, aside from eliminating undesirable competition, could be made to pay large dividends. As Mr. Morgan states in his circular of March 2, 1901: "Statements furnished us * * * show that the aggregate of the net earnings of all the companies for the calendar year 1900 was amply sufficient to pay dividends on both classes of the new stocks, besides making provision for sinking funds and maintenance of properties. It is expected that by the consummation of the proposed arrangement, the necessity of large deductions heretofore made on account of expenditures for improvements will be avoided, the amount of earnings applicable to dividends will be substantially increased and greater stability of investment will be assured, without necessarily increasing the prices of manufactured products."⁴⁰

4. HOW FORMED.

It is difficult to say exactly what steps were taken in the formation of the corporation by one who was not on the inside, yet the methods of many of the leading parties in interest in forming other combinations of a similar kind have been described by them in their testimony before the Industrial Commission, and elsewhere, so that a pretty fair idea can be formed as to how this was accomplished. This is especially true as to the Federal Steel Company, The National Tube Company, The American Steel and Wire Company, and the "Moore" Companies. But from Mr. Morgan's circulars there is considerable definite information to be obtained, and the steps there set forth are clearly these:

³⁹ As quoted in *World's Work*, April, 1901, p. 618.

⁴⁰ Circular, J. P. Morgan & Co., March 2, 1901.

(1) *The organization of the corporation itself* in New Jersey, with three stockholders and \$3,000 capital stock, with power to increase to \$1,100,000,000, and to acquire by purchase, subscription, or otherwise, and to hold or to dispose of stocks, bonds, or any other obligation of any corporation formed "for any of the kinds of business of which the steel corporation was formed to engage in."⁴¹

(2) *The formation of a syndicate*, "comprising leading financial interests throughout the United States and Europe," of which J. P. Morgan & Co. were made managers, "formed by subscribers to the amount of \$200,000,000," including J. P. Morgan & Co., and many large stockholders of the several companies "to carry out the arrangement * * * and to provide the sum in cash and the financial support required for that purpose."⁴²

(3) *The making of a contract by a syndicate* (through J. P. Morgan & Co.) with the United States Steel Corporation, "under which the latter is to issue and deliver its preferred and its common stock and its five per cent gold bonds [amounting to \$1,404,000,000] in consideration for stocks of the companies to be brought into the combination," "and the sum of \$25,000,000 in cash."

(4) *The securing by the syndicate of the stock and bonds* of the companies to be consolidated, the total amount outstanding being about \$912,000,000, including those of the American Bridge Company and the Lake Superior Consolidated Iron Mines. But it seems that none of the outstanding or guaranteed bonds of any of the companies except the \$160,000,000 bonds of the Carnegie Company were to be acquired, thus reducing the total \$45,000,000, leaving \$867,000,000 to be acquired.

(A) *Of the Carnegie Company.*—To do this it first arranged "for the acquisition of substantially all the bonds and stock of the Carnegie Company, including Mr. Carnegie's holdings"—amounting to \$320,000,000, face value, "the bonds of

⁴¹ Circular, J. P. Morgan & Co., March 2, 1901; Charter Art. III., ¶ 9.

⁴² Circular, J. P. Morgan & Co., March 2, 1901.

the United States Steel Corporation (amounting to \$304,000,000) to be used only to acquire bonds, and sixty per cent of the stock (amounting to \$256,000,000 face value) of the Carnegie Company.⁴³

No official statement has been made of the number of new shares issued for the stock of the Carnegie Company. In fact, when Mr. Morgan was asked as to the terms of exchange of the Carnegie stock and bonds, he laconically intimated that this was a matter which concerned the stockholders and bondholders of the Carnegie Company.⁴⁴ Unofficial statements have put this at \$163,400,000 of preferred, and \$155,200,000 common stock, and \$304,000,000 in bonds, or \$622,600,000 for the three hundred and twenty millions of stock and bonds of the Carnegie Company. This perhaps is approximately correct,⁴⁵ although even to the other companies concerned the Carnegie deal was largely a blind pool.⁴⁶

(B) *Of the other companies.*—A public offer was then made, March 2, 1901, by the syndicate to the stockholders of the other companies to give to them in exchange for their shares of stock, shares of stock in the new Steel Corporation as follows: To the stockholders of the Federal Steel Company, for every 100 shares of preferred, 110 shares of the preferred stock of the United States Steel Corporation; for each 100 shares of common stock, 4 shares of preferred and 107½ shares of the common stock of the new Steel Corporation; for 100 shares preferred of American Steel and Wire Company, 117½ shares of new preferred; for 100 shares of common, 102½ shares of new common; for 100 shares preferred of National Tube Company, 125 shares of new preferred; for 100 shares of common 8-10 shares of new preferred and 125 shares of new common; for 100 shares preferred National Steel, 125 shares of new preferred, and for 100 shares of common, 125 shares of new com-

⁴³ Circular, J. P. Morgan & Co., March 2, 1901.

⁴⁴ Bulletin of Am. I. & S. Assn., March 10, 1901, p. 34.

⁴⁵ Com. & Fin. Chr. Supp., April 27, 1901. But see *Cosmopolitan Magazine*, May, 1901, p. 39 (C. S. Glead); and *Rev. of Rev.*, March, 1901, p. 278; *Age of Steel*, March 2, 1901.

⁴⁶ Com. & Fin. Chr., Vol. 72, p. 341, Feb'y 16, 1901.

mon; for 100 shares preferred of American Tin Plate, 125 shares of new preferred; and for 100 shares of common, 20 shares of new preferred, and 125 shares of common; and for 100 shares of the preferred and common, in each of the American Steel Hoop, and American Sheet Steel Companies, 100 shares of new preferred and new common, respectively. For 100 shares preferred of the American Bridge Company, 110 shares of new preferred, and for 100 shares common 105 shares new common; for each 100 shares of Lake Superior Consolidated Iron Mines (it having no preferred stock) 135 shares of the new preferred and 135 shares of new common.¹ These altogether make \$1,297,000,000 of new stock and bonds for the \$867,000,000 of the stock of the old companies and the bonds of the Carnegie Company. The stocks of the companies (other than the Carnegie, which was acquired before the public offer to the other companies was made) were directed to be deposited by those accepting the offer, with ten designated banks and trust companies, prior to March 20th (afterwards extended to April 1st, and April 15th, in case of Bridge and Mines companies), indorsed "by suitable assignments and powers of attorney in blank," and the trust companies were to issue "transferable receipts," to be listed on the stock exchange, in exchange for all shares to be deposited. The deposit of shares was to be upon the following conditions:

(C) *Conditions Imposed.*

(a) *Full power.*—Morgan & Co. to have full power over them, including power to deliver them to United States Steel Corporation in consideration of the issue of its shares, to be delivered at an office to be designated by advertisement in two New York City papers, and issued in the name of the receipt holders, or to anyone else selected by Morgan & Co., in which case they were to be indorsed for transfer in blank at time of delivery and with proper assignments of dividends upon common stocks declared or payable after March 1, 1901.²

(b) *Irrevocable.*—At any time before two-thirds of the

¹ Circular, J. P. Morgan & Co., Apr. 2, 1901.

² Circular, March 2, 1901.

outstanding shares of any one of the companies were delivered, although each deposit of shares was to be irrevocable as to depositor, Morgan & Co. were to be allowed, in their discretion, to withdraw the offer made to the shareholders of such company without further notice than advertisement at least once in each of two daily New York papers; the deposited shares in such case to be returned; Morgan & Co. to have the privilege of consummating the transaction "irrespective of the deposit of the stocks of any other company, or of any withdrawal as to any other company."³

(c) *Discretion to proceed or abandon.*—Morgan & Co. were authorized to proceed with the proposed transaction whenever in their sole judgment a sufficient amount of the stocks * * * shall have been deposited, or in their discretion to wholly abandon the transaction, withdraw their offer, by newspaper notice, and return the deposited shares upon surrender of receipts, without further claim of any kind upon Morgan & Co.⁴

(d) *Amount of capital stock.*—The capital stock of the United States Steel Corporation to be \$850,000,000—half to be seven per cent cumulative preferred;⁵ afterwards, when it was concluded to take in the American Bridge Company and the Lake Superior Consolidated Iron Mines, increased to \$1,100,000,000—half to be seven per cent cumulative preferred⁶ and \$304,000,000 five per cent gold bonds.⁷ The company first appropriated \$425,000,000 of preferred, and the same amount of common, and \$304,000,000 to acquiring control of all the companies except the Bridge Company, and the Lake Superior Consolidated Iron Mines,—and it proposed to issue the remainder for obtaining the control of these two companies and "for future requirements and acquisitions."⁸

(e) *Plan of organization and form of securities.*—The forms of bonds and stocks, and the entire plan of organization and management, to be determined by Morgan & Co., and no depositor or holder of any receipt for stock "shall have any

³ Ibid.

⁴ Ibid.

⁵ Ibid.

⁶ Circular, April 2, 1901.

⁷ Circular, Mar. 2, 1901.

⁸ Circular, Apr. 2, 1901.

interest in the disposition of any other of the shares of stock or of the bonds of the United States Steel Corporation, but all of the same delivered to the syndicate, not required for the acquisition of the control of the various companies," "are to be retained by and to belong to the syndicate."⁹

(f) *Compensation of financiers.*—Morgan & Co. were to receive no compensation for their services beyond a share in any sum ultimately realized by the syndicate.¹⁰ The foregoing calculation would leave about \$106,800,000 of the stock of the United States Steel Corporation—or \$52,600,000 preferred and \$54,200,000 common—in the hands of the syndicate, for which it was to turn over \$25,000,000 cash to the corporation.

On April 4th, when \$5,000,000 of the preferred and \$5,000,000 of the common stock of the United States Steel Corporation were listed upon the New York Stock Exchange, sales were made on that day at the rate of 96 for preferred and 48 $\frac{1}{2}$ for the common.¹¹ At this rate the syndicate's profits, if all their obligations to the corporation had been performed, would amount to \$52,000,000, after paying over the \$25,000,000 cash. And at the prices May 1, 101 $\frac{3}{4}$ preferred, and 54 $\frac{1}{4}$ for common, the profit would be over \$57,900,000. It is probable, however, that some other obligations were yet to be performed, requiring a few millions—such as purchasing the stock of the Oliver Iron Mining Company and the Pittsburg Steamship Company, not owned by the Carnegie Company, and the purchase of one mine for \$1,000,000 and another for \$2,000,000—while an option upon another at the price of \$8,000,000 was taken.¹² This latter, however, is reported to have expired without the purchase being completed.

(g) *Consummation of the deal.*—April 2d it was announced that ninety-eight per cent of the holders of the stock in the several companies had accepted the offer above made, and the plan had become operative; and on April 8th it was announced that these stocks, and ninety-six and nine-tenths

⁹ Circular, Mar. 2, 1901.

¹⁰ Ibid.

¹¹ Iron Age, April 6, 1901.

¹² New York Independent, April 11, 1901, p. 862.

per cent of the stock and \$113,760,000 of the bonds of the Carnegie, and \$25,000,000 cash had been delivered by the syndicate to the United States Trust Company, in trust for the Steel Corporation, which had in turn issued to the account of the syndicate part of the \$425,000,000 preferred, \$425,000,000 common and \$304,000,000 bonds, in part performance of the contract, the remainder of "said amounts of stocks and bonds from time to time to be issued to the account of the syndicate upon transfer by it of the additional stocks of the various companies."¹³

(5) *Summary of financial details.*—These may be summarized as follows:¹⁴

Total stock and bonds of constituent companies.....	\$ 911,700,000
Total stocks and bonds of the United States Steel Company, issued for same.....	1,297,200,000
Balance in hands of syndicate.....	106,800,000
Net earnings of the constituent companies.....	108,000,000 ¹⁵
Fixed charges of the constituent companies.....	27,900,000
Fixed charges of the new company...	53,700,000

Estimated value of properties upon various bases:

1. Net earnings capitalized at 6 per cent interest.....\$1,800,000,000
2. Net earnings capitalized at 10 per cent interest..... 1,080,000,000

¹³ Circular, April 8, 1901.

¹⁴ See Tables III, IV, V, *infra*.

¹⁵ In July the corporation declared its first dividend 1¾ per cent on the preferred and 1 per cent on the common stock for the first quarter, ending July 1, making nearly \$14,000,000 to be paid; the interest on the bonds for the same time would be about \$3,800,000,—making \$17,800,000 to be provided for each quarter.—N. Y. Independent, July 11, 1901, p. 1639. [As these sheets are being printed, a statement of net earnings comes to hand as follows: Apr., \$7,356,744; May, \$9,612,349; June, \$9,394,747; July, \$9,580,151; August, \$9,810,880; September (estimated), \$9,200,000. Total for the six months, \$54,954,871; dividends for six months, \$27,968,424; interest on bonds, \$7,600,000; set aside for sinking fund, etc., \$7,059,705; surplus left, \$12,326,742.—N. Y. Ind., Oct. 10, 1901, p. 2436.]

3. Book estimates, as per balance sheets, etc.....	\$1,229,400,000	
4. Estimated by statements made by parties.....	673,000,000	
5. Estimated by value of stock on stock market.....	761,100,000	
6. Estimated at 64.4 per cent of stock, average given by Industrial Commission.....	559,100,000	
		\$4,302,600,000
Average of last five estimates.....	860,500,000	
Amount of preferred issued for same....	\$497,400,000	
Bonds issued.....	304,000,000	
		\$801,400,000
Common issued.....	495,800,000	\$1,297,200,000 ¹⁶

(6) *Water in stock.*¹⁷—It seems very certain that if no allowance is made for “good will,” etc., from one-half to four-sevenths of the new stock is water,¹⁸ but if capitalization is properly based on the earning capacity of a “going concern,” and not on cost of reproducing the plants, it is not excessive—being a capitalization of the earnings at about seven and one-half per cent.

¹⁶ It would seem that there ought to be added to this the total stock and bonds outstanding of the constituent companies,—for it is evident that the same property supports both the new and the old capitalizations. In fact, considerable more than this should be added for many of the constituent companies have sub-companies, with outstanding stocks and bonds. Not taking these into account, but only those of the old companies, and what they have assumed, together with the stock and bonds of the new company, there is a total of \$2,108,900,000, instead of the \$1,297,200,000 here given.

¹⁷ See note 18.

¹⁸ If the estimate as to the amount of ore that the constituent companies own (from 750,000,000 to 1,000,000,000 tons in the ground) and if it is worth \$2.00 per ton in the ground (as J. W. Gates, chairman Am. Steel & W. Co., testified before the Industrial Commission, Rept. Vol. 1, pp. 1006, 1025), the value of the ore alone would be from \$1,500,000,000 to \$2,000,000,000; this is almost as much as the total capitalization of the new corporation and of the constituent companies, \$2,108,000,000.

II. INDUSTRIAL POSITION.

I. INDUSTRIAL DETAILS:¹⁹

Considerable in the way of industrial detail has already been given, but more is necessary for a fair understanding of the situation.

(1) *As to iron ore.*—The United States Steel Corporation controls all the mines of the Carnegie, the Federal Steel, the National Steel, and the American Steel & Wire Company, which, as President Gates of the latter company stated before the Industrial Commission,²⁰ contained at least 500,000,000 tons of ore; and to this has since been added the Rockefeller holdings, which the Age of Steel says “represent nearly half the iron ore on the Messabi²¹ range.”²² “This range alone has proved up 500,000,000 tons of ore lying in the ground.”²³ This puts the Steel Corporation in control of fully three-fourths, or 750,000,000 of the “raw product of iron ore now known to be in the ground,” and it is at the present time negotiating for still other mines in the Lake Superior region.²⁴ Another estimate places the available ore owned by the steel corporation at 1,000,000,000 tons,²⁵—enough to last it at the present rate of consumption for the next seventy-five years.

¹⁹ See Summary of References, Table X, *infra*, as to the authorities for the statements following.

²⁰ Report, Testimony, Vol. 1, p. 1023.

²¹ This name is spelled in various ways.

²² March 23, 1901, p. 15.

²³ W. F. McClure in Rev. of Rev., May, 1901, p. 560.

²⁴ *Ibid.*

²⁵ Iron Age, March 28, 1901. Since the foregoing was written, Pres. Schwab has testified before the Indus. Commission, and as reported in the Iron Age, May 16, 1901, p. 23, says: “This company have over 500,000,000 tons of ore in sight in the northwest,”—“it will not last very long, perhaps sixty years.”

On this range "great deposits come near the surface of the earth, covered, as it were, by only a thin blanket of soil. The Mesabi ore, which appears like nothing so much as loose red earth, is found in masses on the slopes of hills, and virtually the only task before the mine operator is to scoop it up and load it into cars standing on the siding, which are run into the pit just as cars might be backed into a stone quarry."²⁶ It is all dipped up by huge steam shovels holding five tons for one shovelful, five of which fill a car in five minutes,²⁷ or less, after it has been "shaken up" by dynamite. These great shovels travel back and forth in these ore "diggings" like locomotives on a railroad track,²⁸ and the cost is not more than 10 cents per ton.²⁹ The mines upon the other ranges are operated through the tunneling process.

The total product of iron ore in the United States is approximately 25,000,000 tons,³⁰ of which 20,000,000 is produced in the Lake Superior region, the other principal regions being the Lake Champlain; the Birmingham, Alabama; and the Colorado regions, these together producing about 5,000,000 tons annually, the Alabama region producing three-fifths of this.³¹ Of the Lake Superior product, the United States Steel Corporation produces nearly 13,000,000 tons.³² There are in this region more than one hundred and fifty grades of ore,³³ from as many or more mines, but the steel corporation owns ninety per cent of the output of the Bessemer steel ore.³⁴ This region is divided into five "ranges," the Menominee and Mar-

²⁶ Waldon Fawcett, in *Century Magazine*, March, 1901, p. 715.

²⁷ *Ibid.*, p. 716.

²⁸ *Ibid.*, 716.

²⁹ W. E. Reis, Pres. of Nat'l Steel Co., *Testimony, Indus. Com.*, Vol. 1, p. 950.

³⁰ Since the above was written, the U. S. Geolog. Survey Rept. shows the iron ore production of the U. S. in 1900 was 27,553,161 gross tons; in 1899, 24,633,000 tons; in 1898, 19,433,000. Germany's greatest output was 18,667,000 tons, last year, while Great Britain's greatest output was 18,026,000 tons in 1880.—*N. Y. Ind.*, July 18, 1901, p. 1702.

³¹ *Age of Steel*, April 13, 1901, p. 31.

³² See Table VII, *infra*.

³³ W. F. McClure, *Rev. of Rev.*, May, 1901, p. 560.

³⁴ *N. Y. Independent*, April 11, 1901, p. 862.

quette, in Michigan; the Gogebic, partly in Michigan and partly in Wisconsin; and the Vermillion and Mesabi, in Minnesota," all within one hundred miles of the shores of Lake Superior and Lake Michigan.³⁵ The Vermillion range produces 1,700,000 tons annually, substantially all of which belongs to the steel corporation; the Gogebic range produces 2,800,000, 1,700,000 of which belong to the new corporation; the Menominee produces 3,100,000, 2,000,000 of which belongs to the new corporation, and options are out for the purchase of lands on this range that would produce as much more. The Marquette produces 3,300,000, 1,400,000 of which belong to the steel corporation, and of the 7,800,000 of the Mesabi range 5,700,000 belong to this corporation.³⁶ Of the 5,000,000 produced by other mines, over 1,000,000 tons are the product of interests closely allied to the steel corporation. Besides this, the ore is shipped to lake ports by eight lines of railroads, two of which belong to the new corporation and carry 8,000,000 of the 20,000,000 tons of ore.³⁷

As said by the New York Independent,³⁸ "It is quite plain that the corporation will soon own nearly all of the Northern ore supply. Its control is already so well established that the annual meeting of the ore producers, to make prices for the season, has been postponed indefinitely, because prices will be determined by the corporation. Where will the independent steel-makers and the independent furnaces get their ore? * * * This gathering in of the iron mines by the new combination is a movement of great importance. It will make the corporation absolute master of the American iron and steel industry."

³⁵ Waldon Fawcett, *Cent. Mag.*, Mar., 1901, p. 714. For full description, with maps, of these most interesting regions, see "Ore Deposits of the U. S. and Canada," by James F. Kemp,—the Scientific Pub. Co., N. Y., 1900.

³⁶ The above figures are compiled from the Statistics given in the *Age of Steel* (Horace J. Stevens, Jan'y, 1901, p. 115), and the *Age of Steel*, April 20, 1901. See also *Iron Age*, Feb'y 21, 1901.

³⁷ From statistics (H. J. Stevens), *Age of Steel*, Jan'y, 1901, p. 115.

³⁸ April 11, 1901, p. 862.

(2) *As to the transportation of ore.*—There are seven harbors on the lakes where the ore is received for transportation. These are Two Harbors and Duluth, in Minnesota; Superior and Ashland, Wisconsin; Marquette, Escanaba, and Gladstone, Michigan. The Duluth ports receive 8,000,000 tons over the new company's railroads; the Wisconsin ports 4,200,000 tons over the C. & N. W. R. R., Wisconsin Central R. R. and Eastern R. R.; the Michigan ports 6,500,000 tons over four different railroads.³⁹ The new company owns the five large ore docks at Two Harbors, and ample equipment there for the transportation of 5,000,000 tons of iron ore per season.⁴⁰ At Duluth are probably like facilities.⁴¹ These large ore docks or wharves, of which there are more than twenty, making an aggregate length of more than five miles, are huge wooden structures as high as the masts of the ships, extending from one-fifth to one-half a mile into the lake, and divided up into huge pockets, holding enough "ore to keep all the plants of the globe in operation for several days."⁴² Trains of 50-ton steel cars are drawn up on these structures, sometimes four abreast. The bottoms of the ore cars drop out; the ore drops into the pocket, and at the proper time the great steel doors of these pockets are opened, and the ore rushes down the chutes into a dozen openings in the decks of the lake vessels at the rate of eight train loads in three or four hours. Substantially all of the ore is transported by water instead of rail—not more than 500,000 tons are shipped by railroad, and then only in emergencies. Of the nearly 20,000,000 lake tonnage of ore, the vessels of the United States Steel Corporation have a capacity of nearly 13,000,000 tons,⁴³ if the season will allow twenty-four trips; and

³⁹ From Statistics, Age of Steel, Jan'y, 1901, p. 115.

⁴⁰ From statement made by the Federal Steel Co., printed in Iron Age Supp., Dec. 27, 1900.

⁴¹ Since this was written, I have been reliably informed that the Duluth facilities are much greater than at Two Harbors.

⁴² Waldon Fawcett, The Transportation of Iron, Cent. Mag., April, 1901, p. 853.

⁴³ This is the sum of the carrying capacities as reported by the companies themselves; other estimates place the carrying capacity at

if only the twenty round trips of an average season can be made, the tonnage would be 11,000,000. In other words, the company will have a fleet able to carry substantially all the ore they will use in their manufactures. Although there are several hundreds of the best lake vessels engaged in the ore transportation, comprising "the greatest fleet engaged in any one traffic under the American flag,"⁴⁴ the steel corporation owns "one hundred and twelve of the finest vessels on the lakes,"⁴⁵ "comprising all the largest vessels, and a great majority of the most modern steel carriers."⁴⁶ Among these are four steamers, the largest on the lakes, purchased from the American Steamship Company by the American Steel & Wire Company for \$5,600,000. They are 32 feet deep, 52 feet beam, 500 feet long—nearly as large as University Hall—made entirely of steel, with a capacity to carry 9,000 net tons at a 20-foot depth,⁴⁷—more than enough to fill a dozen ordinary railroad trains. Among the corporation's fleet also are thirty all-steel, cigar-shaped, "whale-back" ore carriers, 350 feet long, holding 6,000 tons of ore. Generally a steam vessel will tow one or two barges as large as itself, guided by a crew of twelve men, making one moving mass from 2,000 to 3,000 feet long, carrying nearly 20,000 tons of ore, propelled by one triple expansion engine at a speed of a dozen or more miles per hour, making the round trip in about ten days; and can be profitably made at the rate of 50 cents per ton from the head of Lake Superior to Lake Erie ports, or at the rate of about 1 cent for carrying one ton twenty miles—not more than one-fourth of the cost by rail.⁴⁸ This ore traffic of 20,000,000 tons per year, with the 5,000,000 other tons of the upper lake traffic passing through 532,000 tons at one trip; still others place the capacity at 9,750,000 tons for the average year. See *Free Press*, April 19, 1901. *Iron Age*, April 25, 1901, p. 21; *Ib.*, Feb'y 14, 1901, p. 28. *Age of Steel*, March 23, 1901, p. 15.

⁴⁴ Waldon Fawcett, *Century Mag.*, April, 1901, pp. 855-6.

⁴⁵ *Rev. of Rev.*, May, 1901, p. 564.

⁴⁶ Waldon Fawcett, *Iron Age*, April 25, 1901, p. 21.

⁴⁷ *Rev. of Rev.*, May, 1901, p. 564.—W. F. McClure, *The Steel Trust on the Great Lakes*.

⁴⁸ Waldon Fawcett, *Cent. Mag.*, Apr., 1901, p. 856, *et seq.*

the government Soo Canal, which fifty years ago Henry Clay said would be "a work beyond the remotest settlement of the United States," makes a tonnage many times as great as that which passes through the Suez Canal in the same time, and altogether makes cargoes that in the aggregate represent greater bulk than those received at the port of New York or London.⁴⁹ Verily, the Soo Canal is greater than the Suez.

Some of the corporation's manufacturing plants are located at nearly all the great ports on the lower lakes, including Milwaukee, Chicago, Toledo, Lorain, Cleveland, Conneaut, Erie, and Buffalo, at all which places it has extensive docks, wharves and terminal facilities for handling the raw material and finished product. "Some of the ore designed for plants at Chicago may be unloaded within a few yards of the furnaces which are to transform it into pig iron; but the great bulk of the shipments, being consigned to the metal crematories in the vicinity of Pittsburg, is unloaded at the ports on the south shore of Lake Erie."⁵⁰ Here, at least at Conneaut, the 400-ton iron and steel, \$100,000 automatic ore unloaders,⁵¹ send out their great iron arms over the hold of the vessels, and at a signal from the operator encaged in the wrist of the arm, the enormous steel hand opens, grasps a 10-ton pinch out of the ore cargo, and then the whole arm moves back to deposit this handful in the car near by, which is one of 500 or more stored on numerous tracks "where endless cables," in constant motion, to which at any point a car can be attached, draw them away as fast as loaded, and bring another immediately to take its place."⁵² Four of these great machines, with six men each, working upon one vessel at a time, will unload its 6,000 to 9,000 tons of ore, filling from 120 to 180 cars, in six or seven hours.⁵³ Mr.

⁴⁹ W. Fawcett, Cent. Mag., April, 1901, p. 856 *et seq.* Rev. of Rev., May, 1901, p. 561. By reference to the Statesman's Year Book for 1899, this seems to be correct, so far as foreign (not including coastwise) shipping is concerned.

⁵⁰ W. Fawcett, Cent. Mag., April, 1901, p. 861.

⁵¹ Rev. of Rev., May, 1901, p. 563.

⁵² Waldon Fawcett, Cent. Mag., April, 1901, p. 862.

⁵³ Rev. of Rev., May, 1901, p. 563.

Fawcett says: "Very frequently more ore will be sent inland from one of these ports in a single day than all the farm-wagons in the greatest agricultural state in the Union could transport in a month."⁵⁴ Not all the ore is so unloaded, but the steel corporation comes into possession of the only ports where it is so done. From the port at Conneaut these 180 cars, in four to six trains, weighing 1,500 to 1,800 tons each, drawn in some cases by 200-ton engines, the largest in the world, start over the 100-lb. steel rail, double track road of the Carnegie Company⁵⁵ to the furnaces at Pittsburg or in that vicinity.

(3) *As to the coke product.*—The coke product of the United States in 1899, was 19,600,000 short tons, or about 17,800,000 gross tons, produced by 47,142 active ovens; of the total amount, about 9,400,000 gross tons were produced in the Connellsville region⁵⁶ of Pennsylvania, about fifty miles southeast of Pittsburg. The total number of ovens in this district in 1900, as reported by the *Iron Age*,⁵⁷ was 20,954. Of these, the United States Steel Corporation owns 19,733, producing annually 9,200,000 tons, or somewhat over half of the United States. I have been unable to find any statement as to what reserves the company owns in the way of coke producing coal further than that they own over 80,000 acres of such lands, but this very likely is not nearly all. The company owns 3,000 or 4,000 coal and coke cars for hauling these products to its furnaces. At the rate of one and one-fourth tons of coke for each ton of pig iron produced, the coke controlled by the steel corporation will be about sufficient to supply their blast furnaces in making all its pig iron.

(4) *Limestone.*—The Federal Steel, the American Steel and Wire, and the Carnegie companies, own their own supply of limestone.

⁵⁴ Cent. Mag., April, 1901, p. 863.

⁵⁵ Rev. of Rev., May, 1901, pp. 562-3.

⁵⁶ The Census Bulletin for 1900 puts the Connellsville product at 52.9 per cent of the whole U. S. product; this would be 10,300,000 net tons, or 9,400,000 gross tons; the *Iron Age*, Jan'y 24, 1901, p. 19, says 10,100,000 net tons were shipped in 1899.

⁵⁷ Jan'y 24, 1901, p. 19.

(5) *Pig iron made.*—It is stated that the company will come into control of seventy-eight blast furnaces,⁵⁸ many of them the largest in the United States, and being one-third of the whole number active in the United States in 1900. These have a capacity to make about half of the 14,000,000 tons of pig iron now made in the United States in a year. Mr. Archer Brown, in an article in the *Engineering Magazine*,⁵⁹ says: "Few people who have not actually run a blast furnace realize what it means to fill the capacious maw of one of these monsters with raw materials. A stack of 200 tons daily capacity, running on fifty per cent ore, must have delivered to it each day something more than 400 tons of ore, 250 to 300 tons of coke, according to the character of the metal required, and over 100 tons of limestone, besides sand, coal, and minor supplies,—say 900 tons of raw material. Add the 200 tons of pig iron product, and we have a daily freight movement of 1,100 tons, taking no note of the disposition of the slag. This is fifty-five carloads of twenty tons each. The mining of the ore requires the labor of 150 to 300 men, according to location; the coal mining, coke-making, quarrying of limestone, and transportation, at least, 300 more. The furnace itself employs about 150 or more hands." Several of the corporation's furnaces are of 500-ton capacity, and some of them, 700 tons each;⁶⁰ at the same proportion for material such a furnace would require 160, 20-ton cars full of ore, coal, coke, limestone, etc.; a rough estimate says a 500-ton furnace costs \$500,000 and takes from one and one-half to three years to build;⁶¹ from such figures as these it is readily seen that there is much inertia in starting up one of these concerns, even if it is already built,—for the labor of 700 or 800 men, more than 2,000 tons

⁵⁸ This is the number of furnaces given by *Detroit Free Press*, Feb'y 28, 1901, and by the *Com. and Fin. Chr.*, April 27, 1901, p. 171. See Table VII, *infra*.

⁵⁹ For Oct., 1899, p. 83, on 88; see also article by Prof. F. W. Taussig, *The Iron Industry of the U. S.*, *Quar. Jour. Economics*, Vol. 14 (Feb'y, 1900), p. 143, on 156.

⁶⁰ R. H. Thurston, in *Century*, Feb'y, 1901, p. 565.

⁶¹ Testimony of Pres. Reis, of the Nat'l Steel Co., before *Indus. Com.*, Vol. 1, p. 945.

of raw material, half or more of it to be transported 1,000 miles or more, are to be provided for, for each day; this requires an enormous amount of working capital,—estimated by President Reis of the National Steel Company, at fifty per cent of the cost of the plant.⁶² In other words, it would take about \$1,000,000 capital to build, start, and keep in operation a 500-ton furnace. The leading competitors in the pig iron production will be the Bethlehem Steel Company, the Thomas Iron Company, and the Warwick Iron Company, all in Pennsylvania; the Tennessee Coal, Iron and Railroad Company, the Sloss-Sheffield Steel and Iron Company, the Republic Iron and Steel Company, all of Alabama; the Virginia Iron, Coal and Coke Company, Bristol, Virginia, and The Colorado Fuel and Iron Company, Pueblo and Denver, Colorado, together producing about 2,800,000 tons of pig iron,—much of which they use themselves; other companies produce the balance of the product of the United States, but use most of it in their own finished product.⁶³

(6) *Steel billets.*—There will be left practically only one large firm of steel billet makers in the West,—Jones & Laughlins, of Pittsburg; the new corporation will practically eliminate from the market both the largest buyers and the largest sellers of steel in the form of billets and sheet bars.⁶⁴

(7) *Steel rails.*—The annual product of Bessemer steel rails in the United States was 2,361,921 tons for 1900, of which the United States Steel Corporation will produce 1,600,000 tons or more. “For many years the interests in the rail trade have co-operated under agreements varying in detail, but usually based upon a certain division of tonnage, with an understanding more or less binding as to prices upon the mills in the association; there are now represented in the consolidation (the United States Steel Corporation), 1st, The group

⁶² Testimony before Indus. Com., Vol. 1, p. 945.

⁶³ See supplements to Iron Age, Feb'y 22, and Dec. 27, 1900, under names of companies; also Iron Age, Feb'y 14, 1901, p. 28; Age of Steel, May 18, 1901, p. 22. Table IX, *infra*.

⁶⁴ Iron Age, Feb'y 14, 1901, p. 28.

controlled by the Illinois Steel Company; 2d, The Carnegie Company; 3d, The National Steel Company; these together are entitled to sixty-eight per cent of all operators in the United States, Canada, and Mexico,"⁶⁵—the balance being divided by three outsiders; in other words, there are now four members of the Association where there were six before, and one of these controls over two-thirds of the trade.⁶⁶ The competing companies left will be the Lackawanna Iron and Steel Company, Scranton, Pennsylvania, (now building a large plant at Buffalo, New York); the Pennsylvania Steel Company, at Steelton, Pennsylvania, the Maryland Steel Company, Sparrow Point, Md., Cambria Steel Company, Johnstown, Pa., the Tennessee Coal and Iron Company, Alabama; and Colorado Fuel and Iron Company, Denver, Colorado.⁶⁷ The new company possesses the largest and best mills in the country, and enormous plants, raw material, and capital are necessary for successful competition.⁶⁸

(8) *Structural steel*.—In the iron and steel beam association, the new corporation will control sixty per cent of the product, with four outsiders sharing forty per cent; these are Jones & Laughlins, Pittsburg; Cambria, Johnstown, Pennsylvania; Phoenix Iron Company, Phoenixville, Pennsylvania; and Passaic Rolling Mill, Paterson, New Jersey. The Carnegie Company has been the largest single maker of structural steel, and the Pencoyd Iron Works, originally a large competitor, is closely allied to the American Bridge Company, though maintaining a nominal separate identity. The American Bridge Company, now taken into the new corporation, is the largest single consumer in the country of such forms.⁶⁹

(9) *Plate steel*.⁷⁰—The Carnegie, the Federal, and American Steel and Wire companies each possess large mills for making steel plates, and the new corporation has close associations with the Pressed Steel Car Company,—the largest consumer of such products.

⁶⁵ Iron Age, Feb'y 14, 1901.

⁶⁶ Ibid., Feb'y 28, 1901.

⁶⁷ Iron Age, Feb'y 14, 1901.

⁶⁸ Iron Age, Feb'y 28, 1901.

⁶⁹ Iron Age, Feb'y 14, 1901.

⁷⁰ Ibid.

Outside competitors are the Ohio Steel Company, of Cleveland, Ohio, the Lukens Iron and Steel Company, Coatesville, Pennsylvania; the Crucible Steel Company, of Pittsburg,⁷¹ and Central Iron and Steel Company, of Harrisburg, Pennsylvania.

(10) *Steel sheets*.—The American Sheet Steel Company, belonging to the new corporation, has very small competitors in the West, but several in the East of more prominence,—among which might be mentioned the Sharon Steel Company, Sharon, Pennsylvania, and the Union Steel Company, of Donora, Pennsylvania.⁷²

(11) *Bars and hoops*.—The new company produces large quantities of steel and iron bars,—the American Steel Hoop, the Carnegie, and the Federal Steel all engaging in making them. There are formidable competitors in this line, however, in Jones & Laughlins, Pittsburg; Cambria Steel Company, Johnstown, Pennsylvania; and the Republic Iron and Steel Company, Alabama, as well as several other mills in the Eastern states.⁷³

(12) *Hoops and cotton ties*.—The American Steel Hoop, the Federal, and the American Steel and Wire companies, all were large makers of these products, and outside competitors are not numerous or important except the Sharon Steel Company, Sharon, Pennsylvania.⁷⁴

(13) *Tin plate*.—The American Tin Plate Company, before it was absorbed by the new company, was practically without a competitor in the United States; there are a few mills such as Sharon Steel Company, and Union Steel Company, that do something in this line,⁷⁵ yet hardly in the way of competition.

(14) *Tubes*.—The National Tube member of the new corporation controls a very large per cent of the entire producing capacity of the country, making 1,131,000 tons out of a total

⁷¹ Ibid.

⁷⁴ Ibid.

⁷² Iron Age, Feb'y 14, 1901.

⁷⁵ Ibid.

⁷³ Ibid.

of 1,197,000 tons.⁷⁶ The competitors are Crane Company of Chicago, and the Reading Iron Company, of Reading, Pennsylvania, neither of whom control their own raw material.⁷⁷

(15) *Wire and wire rods.*—The American Steel and Wire, and the Federal, are both large makers of rods and wire. Competitors are Roebling Sons, Trenton, New Jersey; Ashland Steel Company, Ashland, Kentucky; Grand Crossing Company; Dillon-Griswold Company; Alabama Steel and Wire Company; New York Steel and Wire Company, Cortland, New York;—but several of these do not control their raw material. The new corporation will have the greatest number of all the best equipped plants in the country, and will control its raw material besides.⁷⁸ The new company makes 1,164,000 tons of the 1,890,830 tons of wire rods made in the United States, and 1,456,000 of the 1,539,000 tons of wire made,⁷⁹ over ninety per cent of each.

(16) *Wire nails.*—Of the 13,980,000 kegs of wire nails made in the United States, the new corporation through its constituent companies last year made 13,350,000 kegs,—over ninety-five per cent of all.⁸⁰

(17) *Barbed wire.*—The American Steel and Wire Company claims an absolute monopoly of this, through the ownership of all the patents issued in the United States for such wire.⁸¹

(18) *Woven wire fence.*—The same is true of woven wire fence,—the new corporation controls all the patents for making woven wire in the United States. Last year's product would build a woven wire fence around the world at the equator.⁸²

(19) *Bridges and buildings.*—The American Bridge Com-

⁷⁶ Com. and Fin. Chr., Vol. 68, p. 429, Mar. 4, 1899.

⁷⁷ Iron Age, Feb'y 14, 1901.

⁷⁸ Iron Age, Feb'y 14, 1901.

⁷⁹ Compiled from report of Am. Steel and Wire Co., Oct. 31, 1900; Iron Age Supp., Dec. 27, 1900, p. 16; and Age of Steel, Feb'y 4, 1899, 85 Vol., p. 16.

⁸⁰ Ibid.

⁸¹ Testimony of Chairman Gates, before Indus. Com., Vol. 1, p. 1010.

⁸² Ibid.

pany, member of the new corporation, has a capacity to put up 600,000 out of the 700,000 tons of iron and steel bridges and frame structures put up in the United States in a year, or from eighty-five to ninety per cent of all.⁸³ The principal competitors are the Phoenix Iron Company, Phoenixville, Pennsylvania and the Passaic Rolling Mill Company, of Paterson, New Jersey.⁸⁴

This review of the industrial details⁸⁵ of the control of the new company in mining, manufacturing, transportation, and markets, makes the statement of the advantages claimed, as given in the *Iron Age*, seem to be an *under* rather than an *over* statement; this paper says: "It is urged that many facilities cannot be duplicated at any price, and that the new consolidation own mineral properties, both as to fuel and ore, which give them enormous advantage as to cost of production. Very large sums will be saved in distributing finished and half-finished products; Pittsburg can furnish steel rails in the East, Chicago, in the West; Chicago mills will furnish steel billets and wire rods to the wire works; Lorain will furnish Cleveland; Youngstown, Pennsylvania will deliver to the rolling mills in the valleys. It, with very few exceptions, owns the very best equipped plants, not alone in the United States but in the world. Not one, but many, can produce finished

⁸³ Supp. *Iron Age*, Dec. 27, 1900, p. 8.

⁸⁴ *Iron Age*, Feb'y 14, 1901.

⁸⁵ Since the foregoing was written, the new company has absorbed the Shelby Steel Tube Co. (largest manufacturers of seamless tubing in the world, making from 100,000,000 to 125,000,000 feet of tubing yearly, mainly for bicycles), 89 *Age of Steel*, June 29, 1901, pp. 15-16. The Bethlehem Steel Co., seems also to have passed into the control (by stock ownership by Mr. Schwab) of the new company, although the exact facts are known to only a few persons; meetings called to assemble, Aug. 15 and 16, may make clear where the management is. The Conemaugh Steel Co. was incorporated July 6, 1901, with \$50,000,000 capital stock to take over the control of the Cambria Co.; The Pennsylvania Steel Co. have largely increased their ore property, and have passed into the control of the Penn. R. R. Co., but will be friendly to the U. S. Steel Corp. There seems to be a "friendly understanding" between the Bethlehem, Lackawanna, Cambria, and Pennsylvania Steel and the U. S. Steel Corp. 89 *Age of Steel*, June 22, 29; July 6 and 13, 1901. [Since this note was written, it is certain that the Bethlehem Steel and Iron Companies have passed into Mr. Schwab's control.]

products at costs which few outsiders can reach."⁸⁶ On its manufacturing side it will be capable of making cheaper and better than any other company in the world, nearly everything in iron and steel that is made, from the smallest tack to the largest spike, from the hair wire to the steel rail, or engine shaft; from the thinnest sheet to the heaviest armor plate; from the smallest rod to the enormous bridge or the frame of an Eiffel tower.

2. POTENTIAL COMPETITION.⁸⁷

Reports state that a new steel company has been incorporated with \$50,000,000 capital stock to construct a new steel plant to be located at the "Soo" in Michigan, which will compete with the United States Steel Corporation. It has been intimated that the Cleveland Cliffs Iron Company, whose mines are the largest independent ones left in the Lake Superior region, and for which the United States Steel Corporation had an option (which was not carried out), to purchase at \$8,000,000, is interested in this proposed "Soo" company.⁸⁸ No better location could be found, and if carried through would perhaps be able to compete successfully with the United States Steel Corporation. It is said also that J. W. Gates, the former president of the American Steel and Wire Company, who was given the cold shoulder in the organization of the United States Steel Corporation, has obtained control of the Colorado Fuel and Iron Company, and intends to issue \$10,000,000 in bonds for the enlargement of this plant, in order to make tin plates, wire nails, sheet steel, and other products made by the United States Steel Corporation.⁸⁹ What will be developed in this direction is not yet apparent.

⁸⁶ Iron Age, Feb'y 28, 1901.

⁸⁷ See note 85, preceding page.

⁸⁸ Detroit Free Press, April 20, 1901.

⁸⁹ N. Y. Independent, May 23, 1901, p. 1217. Since the foregoing was written, these plans have been carried out. ⁸⁹ Age of Steel, May 25, 1901, p. 26; *Ibid.*, July 13, 1901, p. 17. It is also said that the Union Steel Co. has increased its holdings upon the Mesabi range, and will soon complete an 800-ton per day rod and wire mill plant, and will

3. SUMMARY OF INDUSTRIAL DETAILS:⁹⁰(1) *Property and employees:*

Mines, number	41
Lands:	
Ore, containing, tons, 750,000,000 to 1,000,000,000	
Coal, acres	108,000
Gas and oil, acres (with 130 oil wells)	98,000
Other, acres.....	610,000
Plants (located in 18 states), number.	213
Including: Blast furnaces	78
Steel works	149
Finishing plants	6
Rod mills	25
Sheet mills	160
Tin plate mills.....	300
Coke ovens	20,503
Transportation:	
Railroad, miles	983
Pipe lines, miles.....	3,000
Vessels, lake	112
Vessels, capacity, annually, tons...	12,800,000
Employes, number	200,000 to 250,000

(2) *Products:*

	<i>U. S. U. S. St. Corp.</i>		
	Millions.	Per Cent.	
Iron Ore product, tons.....	25.0	13.0	52
Coke, tons.....	17.6	9.2	54
Pig iron, tons.....	13.8 ⁹¹	6.8	49
Steel, Bessemer and open hearth, tons.....	10.5	6.4	60
Steel rails, tons.....	2.4	1.6	67
Finished products, iron and steel, tons	21.0	11.4	60

soon build two 600-ton blast furnaces, and a 1,000-ton steel plant. 89 Age of Steel, June 22, 1901, p. 24. Also that the Lake Sup. Co. (Consol.) have completed plans to build at Sault Ste. Marie, Ontario, a mill of 2,500 tons daily capacity, subsidized by Canadian government. It owns ore lands with 30,000,000 tons in sight. 89 Age of Steel, May 25, 1901, p. 33.

⁹⁰ See Tables VI, VII, VIII, IX, *infra*.

⁹¹ Engineering and Min. Journal's estimate for 1900, is 13,789,242 gross tons; 1899, 13,620,703; 1898, 11,773,934; 1897, 9,652,680. N. Y. Ind., Jan'y 31, 1901, p. 288; N. Y. Ind., July 18, 1901, p. 1702.

	<i>U. S. U. S. St. Corp.</i>		
	Millions.	Per Cent.	
Wire rods, tons.....	1.9	1.2	63
Wire, tons.....	1.54	1.45	94
Wire nails, kegs.....	14.0	13.4	95
Tubes, pipes, etc., tons.....	1.2	1.13	94
Tin plates, boxes.....	9.4	9.0	95
Bridges, tons	0.7	0.6	85
<hr/>			
Woven wire fence, miles.....	25,000.	all	
Barbed wire.....		all	
Copperas.....			66

III. MANAGEMENT.

In describing the management of the new corporation, we shall consider: 1. The objects and powers of the corporation. 2. The machinery of management. 3. The method of management. 4. The personnel of the management. 5. The probable policy.

1. AS TO THE OBJECTS.

The corporation's powers may be classed as, (1) those authorizing it to engage in certain lines of business,—which we will designate “business powers;” and (2) those authorizing it to control other corporations engaged in like businesses; these will designate “trust” or “monopolizing” powers.

(1) *Business powers*.—The business powers may be summarized ⁹² as authorizing it to engage in,

(a) *Manufacturing*,—anything made, or partly made, of metals and wood.

(b) *Mining*,—to acquire and work any mineral or timber land anywhere.

(c) *Trading*,—dealing or trafficking in any minerals or lumber, or any article made or partly made thereof.

(d) *Building*,—constructing any building, machine, vehicle, vessel, works or ways of any kind.

(e) *Transportation*,—build, own, sell, or operate any vehicle, vessel, machine, or road, railroad, canal, or other way, used in transportation, except in New Jersey.

(f) *Obtaining and using patents, etc.*,—to secure in any legal way, use, sell, and assign any patent, trade-mark, or trade name, invention, license, or process either in United States or elsewhere.

(g) *And, generally*, “to engage in any other manufactur-

⁹² These powers stated in the language of the charter itself are more impressive than they appear to be in this shorter form. See appendix.

ing, mining, construction, or transportation business of any kind or character whatsoever, and to that end to acquire, hold, own, and dispose of any and all property, assets, stocks, bonds, and rights of any and every kind, but not to engage in any business hereunder which shall require the exercise of the right of eminent domain within the State of New Jersey."

(2) *The trust powers* may be summarized as giving authority:

(a) To acquire by purchase, subscription, or otherwise, stocks, bonds, and other obligations of any corporation formed for or engaged in any of the lines of business above set forth; or of any corporation holding stocks or bonds in such corporations.

(b) To hold for investment, or to use, sell, or dispose of any such stocks, etc.

(c) To exercise, while owner, "all the rights, powers, and privileges of ownership thereof, and to exercise all voting power thereon."

(d) To issue bonds and other obligations in payment for property acquired by it; mortgage or pledge any stock or bonds acquired; and to guarantee the same.

(e) *Additional*.—In addition to the above the power is conferred to do any one or more of these things in any state, territory, or foreign country; to acquire real and personal property anywhere therefor; "to make and perform contracts of any description; and in carrying on its business, or furthering any of its objects to do any and all acts and things, and to exercise any and all other powers which a co-partnership or natural person could do and exercise, and which now or hereafter may be authorized by law."¹

2. AS TO THE MACHINERY OF MANAGEMENT.

This, as is usual, includes the stockholders, directors, and general officers, and in addition, an executive and a finance committee are provided for.

(1) *Shareholders*.—The minimum of power is left with

¹ Art. III, of the Charter.

the shareholders; they are to hold annual meetings on the 3d Monday in February (or special meetings when called by majority of Board of Directors), upon notice published once a week for four weeks in Jersey City, New York, Chicago, and Pittsburg papers; but failure to so publish notice shall not affect the validity of such meeting or any action taken.² One-third of the shares constitutes a quorum; each shareholder shall have one vote, in person or by proxy, for each share standing registered in his name at the time of closing the transfer books,³ which time shall be fixed by the board of directors or executive committee;⁴ voting for directors, and on demand of any stockholder, upon any question, shall be by ballot;⁵ "the qualification of voters, and the validity of proxies, and the acceptance or rejection of votes shall be decided by three inspectors," appointed by the directors;⁶ besides the power to vote for directors, the shareholders have but little power except, that the charter provides the board of directors shall not mortgage or pledge any of its real property, or any shares of the capital stock of any other corporation (unless as a purchase-money pledge or mortgage), without consent of the holders of two-thirds the stock, at a meeting, or upon filing such consent in writing.⁷ As to by-laws, the charter says, "Subject always to by-laws, made by the stockholders, the board of directors may make by-laws, and from time to time, may alter, amend, or repeal any by-laws,"⁸ and the by-laws themselves vest the full power to make or change by-laws at any time by a vote of two-thirds of the directors.⁹ The charter also says that "the board of directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders; and no stockholder shall have any right to inspect any account or book or document of the corporation except

² Art. I, By-laws, §§ 1 and 2.

³ By-laws, Art. I, §§ 3-5.

⁴ By-laws, Art. V, § 4.

⁵ By-laws, Art. I, § 5.

⁶ By-laws, Art. I, § 6.

⁷ Charter, Art. VII.

⁸ Charter, Art. VII.

⁹ By-laws, Art. VI, § 1.

as conferred by statute or authorized by the board of directors, or by a resolution of the stockholders."¹⁰

(2) *Directors.*—The directors are twenty-four in number, divided in three groups, elected for three years, but so arranged that the term of one-third of them shall expire every year; they are each required to hold at least one share of stock; regular meetings are to be held monthly, without notice, and special meetings upon call with one or two days' notice; the majority constitutes a quorum, and any resolution requires an affirmative two-fifths vote; no contract between the new company and any other corporation shall be affected by the fact that directors of this company are interested in or are directors of such other corporation, if at the meeting authorizing such contract there shall be a quorum present not so interested; and any contract between a director and the corporation shall be valid if approved by the affirmative vote of ten disinterested directors. They shall receive 10 cents per mile for traveling to such meetings and \$20 per day for attendance.¹¹ They may hold meetings either in or out of New Jersey; may elect and remove officers; may create and select from their number, by majority vote of all, an executive committee, and a finance committee; provide for inspecting books; fix the working capital from time to time; declare dividends out of the surplus or net profits; and use any of the same in purchasing and retiring the shares of stock of the company itself,¹² and make or amend the by-laws.¹³

(3) *Executive Committee.*—The executive committee shall consist of six members in addition to the President of the Company and the Chairman of the finance committee, who are ex-officio members; all are selected by the board of directors; and "so far as possible each of the six elected members of the executive committee shall be a person having, or having had personal experience in the conduct of one or the other of the branches of manufacture or mining, or of transportation, in which the company is interested. This committee must report

¹⁰ Art. VII, Charter.

¹² Art. VII, Charter.

¹¹ By-laws, Art. II.

¹³ By-laws, Art. III, §§ 1 and 2.

all of its actions to the board at every regular meeting; it may fix its own rules of proceeding; an affirmative vote of a majority of all shall be necessary to any action by it; members may receive compensation to be fixed by finance committee and approved by the board, and during the interval between board meetings it "shall possess and may exercise all the powers of the board of directors, in the management and direction of the manufacturing, mining, and transportation operations of the company, and of all other business and affairs" (except such as are assigned to the finance committee);¹⁴ during intervals between meetings of the executive committee its chairman is vested with its powers.¹⁵

(4) *Finance Committee*.—The finance committee shall consist of four members selected in the same way, and the President and Chairman of the executive committee as ex-officio members. So far as practicable, each of the four shall be a person of experience in matters of finance; this committee "shall have special and general charge and control of all financial affairs of the company," and have supervision over the general counsel, treasurer, auditor, and secretary; in intervals between board meetings, it shall exercise all the financial powers of the board, including purchase of property, and execution of legal instruments; its chairman is clothed with its power between its meetings; subject to supervision by by-law provision or resolution of the board, it shall fix all salaries, etc."¹⁶

The general officers provided for are a President, "one or more Vice-Presidents," a general counsel, a treasurer, a secretary, and an auditor, all to be elected by the board, and such other officers as it shall deem necessary.

The board, by majority vote of all, may remove any officer or agent; the finance committee may suspend the counsel, treasurer, secretary or auditor, or remove any one in their departments; and the executive committee can remove any of the other officers, agents, or employes not appointed by the board.¹⁷

(5) *Officers*.—The *president* shall have general charge of

¹⁴ By-laws, Art. III, §§ 1 and 2.

¹⁶ By-laws, Art. III, § 3.

¹⁵ *Ibid.*

¹⁷ By-laws, Art. IV, § 1.

the business, including manufacturing, mining, and transportation, and sign all contracts, and certificates of stock.¹⁸

The *treasurer* shall have custody of the funds, endorse for collection all instruments so requiring, sign receipts, deposit funds as board shall direct; jointly with some one to be designated by the board, sign all checks of the company; jointly with the president sign bills and notes, and certificates of stock; render an account of cash whenever finance committee or board requests; keep full and accurate accounts of funds; and exhibit his books to any director upon request during business hours; give such bond as board fixes.¹⁹

The *secretary* shall keep minutes of all meetings of stockholders, board, executive, finance, or other committees; give and serve all notices of meetings; together with the president sign contracts; affix the seal; have charge of stock and transfer books; and exhibit them at any time during business hours to any director on request.²⁰

The *auditor* shall have general charge of the accounts of the company. The functions of other officers need no further explanation.

(6) *Voting stock held.*—The trust power to vote stocks held in other corporations is thus provided for:—"Unless otherwise ordered by the board of directors or the finance committee, the chairman of the finance committee or the chairman of the executive committee shall have full power and authority in behalf of the company to attend and to act and to vote at any meeting of the stockholders of any corporation in which the company may hold stock and at any such meeting shall possess and may exercise any and all rights and powers incident to the ownership of such stock and which, as the owner thereof, the company might have possessed and exercised if present. The board of directors or the finance committee, by resolution from time to time, may confer like power upon any other person or persons."²¹

¹⁸ *Ibid.*, § 2.

¹⁹ Art. IV, § 5, By-laws.

²⁰ *Ibid.*, § 7.

²¹ Art. IV, § 10, By-laws.

3. METHOD OF MANAGEMENT.

(1) *General plan.*—"The plan is to have each of the mills or companies maintain a separate organization such as it has now, but over all of these mills will be one official who will have general charge and oversight of each of the branches. The policy will be directed from the general headquarters in New York and the plants will have to abide by the mandates of the superiors. There will also be a division of the territory among the mills absorbed with a compact agreement which would prevent price wars or a demoralization through the ambition of the local managers."²² "The individual interests retain their identity,—in other words, the United States Steel Corporation will bear the same relation to the constituent concerns as does the Federal Steel Company to the Illinois Steel Company."²³ President Gary of the Federal Steel Company, thus explained this relation to the Industrial Commission:²⁴—"Question: What control and what power of direction has the Federal Steel over the several boards of directors of the companies forming the Federal Steel Company?

"Answer: It has no control whatever directly. It has the same control indirectly that any stockholder of any company has. If, for instance, you were the holder of all the stock or a majority of the capital stock of any corporation, you would ultimately have control of the company. If your directors were elected for a term, you could not get control until the term expired, and if their action was not satisfactory to you, naturally when the time of election came, you would place in position a power, a directory, that was satisfactory to you, so that indirectly or ultimately, you would have control over all these constituent companies." * * *

Q. "In other words, the preamble of your articles of incorporation ought to have read something like this:"—"In order to form a more complete or better union of the interests of these

²² Age of Steel, April 13, 1901, p. 21. See also note, *infra*, p. 102.

²³ Iron Age, Feb'y 28, 1901.

²⁴ Report of Indus. Com. (Testimony), Vol. I, p. 994, *et seq.*

several companies, we hereby agree to form the Federal Steel Company. Would that cover about the requirement?"

"Answer: That is a very happy way of expressing the idea, at least. The Federal Steel Company * * I think, is in no sense a trustee. * * It is the absolute owner, and controls that stock just as much as you would if you, as an individual, owned it, no difference, no secret arrangement about it, no private understanding about it, no pool or any division in any way of business, business interests, or profits." * * "Q. You have direct control over the earnings of all these companies, have you not? Ans. No, except in the same way, we have no control whatever."

(2) *Dividends:*

"Q. You declare the dividends? Ans. No. They declare their own dividends. The Federal Steel Company gets its dividends on this stock just as you get dividends on your stock in the company. If the Illinois Steel Company has money which is available to pay dividends, the directory of that company will declare dividends to the stockholders of the company, and the Federal Steel Company, being a stockholder, will get that dividend; and the same is true of the other companies."

(3) *Failure to obey.*—"Q. Suppose one of these independent companies refuses to obey any action of the Federal board of directors, what recourse have you? Ans. Not any, until next election. * * * Suppose you owned the majority of the capital stock of a corporation; the presiding officer of this commission owns a minority. Now you get together at your annual election, and you elect Professor Jenks, Mr. Harris, and myself directors of that company. We are in absolute control of that company for a time, although we do not own more than one share of stock each. You own a majority of the company and you cannot do anything. We do as we please. You sit by, and at the end of the year you put in a directory that is satisfactory to you; but it is not really a practical question, because Mr. Harris and Professor Jenks and myself have only one share, and if we are men of any sense or any honesty, we are not going to disregard the wishes that you and the presiding

officer of this commission, who are real stockholders, express.”

These answers by Mr. Gary, now chairman of the executive committee of the new steel corporation, clearly and exactly express the relation the new company will bear to its constituent companies.

4. THE PERSONNEL OF THE MANAGEMENT:

(1) *Of the directorate.*—As stated in the circular of J. P. Morgan & Co., of March 2, 1901, “the entire plan of organization and management of the United States Steel Corporation shall be determined by J. P. Morgan & Co.” In the circular of April 8, the personnel of the management was set forth as follows:—Directors for three years:—J. P. Morgan, J. D. Rockefeller, H. H. Rogers, C. M. Schwab, E. H. Gary, Robert Bacon, E. C. Converse, Percival Roberts,—five of these eight, aside from Mr. Morgan, being those that were, or had been, closely associated with him, in the Federal Steel,—(Rogers, Gary, Bacon);—in National Tube,—(Bacon and Converse);—or American Bridge,—(Roberts and Bacon). Mr. Rockefeller is president of the Standard Oil Company, and represents the Lake Superior Consolidated Mines’ interest. Mr. Schwab is from the Carnegie Company. Those selected for two years were, F. H. Peabody; Charles Steele, and N. B. Ream (of the Federal Steel); P. A. B. Widener and Wm. Edenborn (of the American Steel and Wire); Jas. H. Reed, and H. C. Frick (of the Carnegie); and W. H. Moore, a director of the National Steel, American Steel Hoop, American Tin Plate, and American Sheet Steel Companies. Those selected for one year are Marshall Field and Nathaniel Thayer of the Federal Steel; A. S. Hewitt of the American Bridge; J. D. Rockefeller, Jr., Standard Oil and Lake Superior Mines; D. G. Reid, representing the Moore companies; Alfred Clifford, of the American Steel and Wire; and W. E. Dodge and C. A. Griscom, that do not seem to have been members of the directorate of either of the constituent companies. Mr. Griscom is connected with the Pennsylvania railroad, and the International Navigation Company; Mr. Dodge is prominent in the copper industry; and Mr. J. H. Reed is a partner of Mr. Knox, the present Attorney-General of the United

States. Of the whole twenty-four, at least half, if not more, are those who have been closely associated with Mr. Morgan in other ventures,—Mr. Bacon and Mr. Steele being his partners in the banking firm.

(2) *Of the Executive Committee.*—The Executive Committee are E. H. Gary, chairman, President of the Federal Steel; D. G. Reid, President of American Tin Plate, and director and member of the executive committees of National Steel, American Steel Hoop, and American Sheet Steel Companies; W. Edenborn, a director, and member of executive committee of American Steel and Wire Company; E. C. Converse, President of National Tube Company; Percival Roberts, President of the American Bridge Company; and Charles Steele, a member of the Morgan firm, and a director in the National Tube Company,—this makes four of the six, close associates of Mr. Morgan.

(3) *Of the Finance Committee.*—The Finance Committee has Mr. Bacon, banking partner of Mr. Morgan for chairman; he is also a director in Federal Steel, National Tube, and American Bridge companies; H. H. Rogers, and N. B. Ream, both directors in the Federal Steel Company; P. A. B. Widener, a director of the American Steel and Wire.

(4) *Officers.*—The president is C. M. Schwab, of the Carnegie Company; Chairman of Executive Committee, E. H. Gary, of the Federal Steel; Chairman of Finance Committee, Robert Bacon, of the banking firm; General Counsel, F. L. Stetson, attorney for the banking firm; Treasurer, A. F. Luke, director and treasurer of the National Tube Company; Secretary, R. Trimble, and Auditor, Edw. Shearson. In all lines and sources of power, either in the directorate, the executive, or the finance committees, or officers, Mr. Morgan's close friends are in the majority.

(5) *Mr. Schwab, president.*—Some of these men deserve a fuller notice, for they have had interesting careers. The president, Mr. Schwab,¹ is the youngest of any of them upon whom great responsibility is placed. He is a discovery of the Car-

¹ The items as to Mr. Schwab, are from *Iron Age*, April 11, 1901; *Age of Steel*, April 13, 1901; and *World's Work*, May, 1901.

negie Company, and only thirty-nine years old. He was born at Williamsburg, Blair county, Pennsylvania, February 18, 1862. When he was ten years old his parents removed to Loretto. At fifteen years of age he was a freckled-faced boy driving a rickety old mail wagon from Loretto, Pennsylvania, to Cresson. St. Xavier's Catholic College was located at Loretto, and this he entered, and graduated at the age of eighteen, in 1880. He had here "learned something of engineering, which he liked better than anything else they taught." As soon as he graduated, finding nothing to his liking, and his parents being poor, he took the first thing at hand—a clerkship in a country grocery store at Braddock, Pennsylvania, at \$2.50 per week. One day Captain Jones, superintendent of the Edgar Thompson Steel Works, entered the store, and Mr. Schwab asked him for a place. "Can you drive spikes?" was asked. "I can drive anything," was the answer. "At a dollar a day?" "At any price," and so he began at \$6 a week, and now, twenty years after, is reported to have a salary of from \$800,000 to \$1,000,000 per year as president of the greatest corporation in the world. In six months after he commenced to drive spikes, he was chief of the engineering corps with which he had begun work. From here he went to the drafting office, where he made like rapid progress. He studied chemistry at nights in an improvised laboratory in his own house, and though he never had a technical education, he made himself master of every detail. In 1887 the Homestead Works needed a new superintendent, and Mr. Schwab took the place. Reconstruction here was needed, and he made the plant the largest in the world. In 1889 Captain Jones, of the Edgar Thompson Works, was killed, and Mr. Schwab was sent there to take charge, and in 1892, after the strike, the Homestead Works were also placed under his general superintendence. A "metal mixer" to reduce cost had been needed, and he and Mr. Jones had developed one. The rail mill must be enlarged, and Mr. Schwab gave it the largest capacity of any in the world. Armor plate was wanted by the Government, and Mr. Schwab gave it to them. Mr. Carnegie said he had found a "young genius," and soon made him a partner, and in

1897 he became, by preference of Mr. Carnegie, the president of the Carnegie Steel Company, and in 1900 of the reorganized New Jersey Carnegie Company, and in 1901 president of the United States Steel Corporation. Early every morning, as president of the Carnegie Company, he inspects some portions of the works, and at ten is in his office, where with a stenographer his mail is quickly disposed of—for he comprehends, decides and acts quickly. Conferences with heads of departments are then held, and other parts of the works are visited, once a week the whole great plant being once inspected by him. On Saturday the heads of each department lunch with him. Absolutely no business conversation is allowed at the meal. The conference begins afterward, every important word of which is taken down by stenographers. On Monday the heads of departments hold like lunches, with their associates, where results and plans are made known. He is a common man among all the others—a fellow-associate with all, with no one under him. So far as he is master, it is only through greater knowledge, capacity and experience. Physically, he is short, full face, keen brown eyes, quick step, frank speech, courteous, but firm. He plays the violin and piano, and loves music—and has quietly given much in the way of charity. He masters details, decides, and acts promptly, assured of success.

(6) *Other members of Executive Committee.*¹—*Mr. Gary*, chairman of the Executive Committee, was born at Wheaton, Illinois, in 1846, and is a graduate of Wheaton public schools, Wheaton College, and the Chicago Law School. For twenty-five years he practiced law in Chicago, after having been mayor of Wheaton and county judge for two years each. He was, while in practice, closely associated with those who built up the iron and steel interests of Illinois. He was prominent in organizing the Illinois Federal Steel.

W. H. Moore, formerly of Chicago, now of New York, was born in 1848, at Utica, New York—a graduate of Cortland Academy, and Amherst College; afterward studied law in Wisconsin; then opened an office on the Pacific Coast, but in 1872

¹ These items are from *Iron Age*, April 11, 1901.

opened an office in Chicago, making a specialty of corporation law. He has been one of the most successful promoters of the big corporations of recent years. He organized the National Biscuit Company, the American Tin Plate, the American Steel Hoop, the National Steel, and the American Sheet Steel.

Mr. Reid and *Mr. Luke*, both, were bankers before being connected with the corporations—the Tin Plate and National Tube Companies—which they represent in the new corporation. *Mr. Edenborn* is a practical wire drawer, born in Prussia. *Mr. Converse* was practically educated as an apprentice in the manufacture of tubes, while his father was president of the original National Tube Company. *Mr. Roberts*, a graduate of Haverford College, served on the Pennsylvania Geological Survey, is a civil and mining engineer, and became president of the American Bridge Company when it was formed. Nearly all of these men have widely diversified interests in mining, manufacturing and transportation companies, as well as in banks, in various parts of the country.¹ As has been said, “the character of the men in the directory is a prophecy of the success of the company. The members are men of rare strength in both money and experience. They have never been in the habit of connecting their names with unsuccessful concerns.”²

5. POLICY OF THE NEW COMPANY.

(1) *As to prices.*—It is too soon to speak with any degree of certainty as to its policy. It has so commanding a position both from what it owns and the capital at its command, as to enable it to dictate prices in nearly every line it represents, if it so determines. The Review of Reviews says, editorially,³ it disavows “all intention of increasing prices or aiming to gain a monopoly power to the disadvantage of consumers. On the contrary, it seems to be *the sincere opinion of men connected importantly* with this great corporation that the consumer will be decidedly benefited in the end. This, of course, remains to be

¹ These items are from *Iron Age*, April 11, 1901.

² *Cosmopolitan*, May, 1901, p. 32.

³ April, 1901, p. 387.

seen. Nobody supposes that the United States Steel Corporation will decline to make as much money as it reasonably can. It will be in a position, however, to study carefully the demands not only of this country, but of the whole world, and so to regulate supply and prices as to diminish the danger of those sharp fluctuations in iron and steel that have always been so closely associated with alternating periods of depression and expansion in business that have long been the bane of trade." It has been stated that they do not intend to close or abandon any of their manufacturing plants, but rather intend to continue improvements started or contemplated by the constituent companies. Their fixed charges will be over \$45,000,000 annually, and this requires a net profit of \$4 per ton upon the output of finished products, and to pay four per cent upon the common stock in addition requires \$2 per ton increase. As we have seen, they have already dictated the price of ore. It has also been reported that they demanded that the price of steel rails should be raised \$2 per ton—from \$26 to \$28.

(2) *As to labor.*⁴—The policy toward labor is also a mat-

⁴ Since the foregoing was written, a protracted strike has been in progress. Mr. Schwab's testimony before the Industrial Commission, in May, showed a distrust (if not hostility to the fundamental principle) of labor unions upon his part. When the time arrived in June for renewal of the labor contracts in the Am. Sheet Steel Co.'s mills, that company was represented by Persifor Smith, of Pittsburg (asserted to be a bitter enemy of organized labor). The Amal. Assoc. of I. S. and T. Workers asked that the old scale of wages should be renewed for a year. This was readily agreed to; but a further demand (it is said) was made that the company should sign the scale for all the mills of the Sheet Steel Co., both union and non-union; this was refused and the strike was ordered July 15, in the mills of the Sheet Steel, Steel Hoop, and Tin Plate companies; the order affected about 75,000 men, about two-thirds being union men or dependent on them. It is stated that the union insisted that all the mills should be "unionized," and the union should have access to the mills for the purpose of persuading non-union men to join. This was refused by the company for the reason (as reported) that if acceded to it would practically compel unwilling non-union men to join the union, or be persecuted by it; on the other hand it is claimed by the union (as reported) that the company insists upon the men in many of the non-union mills signing contracts agreeing not to join the union. This does not seem to be denied, and

ter of speculation. Mr. Schwab undoubtedly, if left to himself, would follow Mr. Carnegie's policy of fairness for honest service, and quick recognition of excellence. Nearly every one of those in responsible places in the Carnegie Company were those who had worked their way up to partnership with him by excellence of service. The policy of making a careful estimate of the cost of any product or machine or improvement was adopted, and that would be the price paid for it. If any workman could save from that cost, he got the amount saved.⁵ He was encouraged to invest his savings in the stock of the company. A similar policy has lately been adopted in the National Biscuit Company, with the knowledge and encouragement of many of the men active in formation and management of the Steel Corporation.⁶ Although it has been said that "Mr. Schwab's recognized qualifications lie in his well-known friendliness toward organized labor, and his very loyal sympathy for the men who work in the mills, and for their wives and children,"⁷ it is known that since the great strike of 1892 the Carnegie policy has been against recognizing the labor organizations. He has, however, been through all their trials and hardships, and has their full respect and esteem.⁸

One of the companies absorbed had made an arbitration agreement with its workmen, and it is said the workmen in the iron and steel workers' organization favor such a plan.⁹ The general policy of most of the iron and steel managers has been to do well by their employees, and reap their own rewards

the union claims that the strike is to establish the right of, and to protect, those who choose to become members of the union, from annoyance or dismissal for joining. A basis of settlement is said to have been agreed upon by conference in New York, July 27, but the strike is not yet (Aug. 3) ended. It is said the cost to the company is \$210,000, and to the employees, \$156,000, daily. See *New York Independent*, July 4, p. 1518; July 11, p. 1583; July 18, p. 1642; July 25, pp. 1703, 1711 (Mr. Shaffer's article), Aug. 1, p. 1767. *Rev. of Rev.*, Aug., 1901, p. 146.

⁵ *World's Work*, April, 1901, p. 617.

⁶ *Rev. of Rev.*, April, 1901, p. 390.

⁷ *Ibid.*

⁸ *World's Work*, April, 1901, p. 617.

⁹ *Rev. of Rev.*, editorial, April, 1901, p. 391.

through increased skill of their workers, careful organization and perfect machinery.¹⁰

(3) *As to the public generally.*—It is reported that Mr. Morgan refused to personally confer with President Mitchell of the Mine Workers' Association in regard to the conditions in the anthracite coal regions. It is said that Mr. Carnegie and Mr. Morgan declined (because they were about to go abroad) to testify before the Industrial Commission. Mr. Schwab has been a witness before the Commission within the last few days, and very frankly testified as to the industrial side of the new organization. He disclaimed having accurate knowledge of the details of the financial side of the formation of the new company.

As to making reports to public authorities, Mr. Stetson, attorney for the new company, gave his views in his testimony¹¹ before the Industrial Commission as follows, when asked "how far should the laws of a state lend publicity to the whole operations of every company chartered under it?" "I think that with reference to companies that are organized for public work, like insurance companies and railway companies, that should be done. I think that to put that obligation upon companies engaged in trade, who have rivals that do not have to make such publications, would be an unjust discrimination, and there is no reason for it whatever, if you are going to permit corporations to engage in trade. That is a way of throttling the infant that has been born at the request of the state,"—the theory being that every state that grants a corporate charter does it for the benefit of the state, and having invited it to come into existence, should give it a chance to live.

Upon the other hand, Mr. Gary, chairman of the Executive Committee of the new company, says:¹² "I do not quite agree

¹⁰ Rev. of Rev., April, 1901, p. 391.

¹¹ Rept. Indus. Com., Testimony, Vol. 1, p. 975.

¹² Testimony, Indus. Com., Vol. 1, p. 996. [The new company has recently made public a statement of its monthly net earnings for the past six months,—thus following Mr. Gary's idea of giving to the public information usually withheld. See p. 33, *supra*.]

with some of the gentlemen that the affairs of a large corporation should be kept secret. I think the great benefit * * * of the action of this Commission is in ascertaining fully all the facts which are so much in the public mind, and distributing the knowledge and information which they receive. That is what is needed—that is what the public should know.

“There are always two sides to these great questions. Very frequently the laboring man is abused, and very frequently the corporation is abused, and very frequently the public is abused, and very frequently the public laws abuse the corporation. They are sometimes too liberal in favor of corporations, and at other times they are too harsh against corporations. Now, when you bring all these people together, * * * and the people ascertain what the facts are, * * * so that everybody has an opportunity of knowing what they are doing,—all classes of people are not so dishonest that they are not going to do the fair thing. * * * People should be brought together. * * * Laboring men and capital should be brought together, and we should all know all the facts, and on that evidence all of us will properly consider and decide these questions.”

IV. LEGALITY.

1. IN GENERAL.

The legal details are very complex, involving the laws of eighteen different states, and also those of the United States. Many questions involved have received but little discussion by legal writers, or in the decisions of the courts; and a great variety of views has emerged from such discussion as has taken place. It is impossible now for us to discuss these in detail—only the general problems and their legal meaning can be pointed out. The points to which our attention will be directed are the following: Why was the new company incorporated in New Jersey? Is it a trust? What, in general, is the extent of the power of the national and state governments over such institutions? What do the laws now authorize to be done? What further might, or ought to, be done?

2. WHY WAS IT INCORPORATED IN NEW JERSEY?

The reasons are based upon provisions of the New Jersey law relating mainly to five things, viz.: (1) initial cost; (2) uniformity of policy; (3) taxation; (4) powers possible; (5) shareholders' and directors' liability.

(1) *Initial cost of incorporation.*¹³—Confining ourselves to the nine principal states involved, the incorporation fee in New Jersey was \$220,000,—20 cents on each \$1,000; in Michigan or Minnesota, the fee would have been \$550,000, or a little over; in Ohio, Indiana, Illinois, or Wisconsin, it would have been \$1,100,000, or slightly more; in New York¹⁴ or Pennsylvania, it would have been \$1,375,000—more than six times the New Jersey fee; the Delaware fee would have been \$165,-

¹³ See Vol. II, Rept. Indus. Com., p. 273, *et seq.*

¹⁴ Since the Steel Corporation was incorporated, New York has materially modified her corporation law, reducing fees, lessening liability of directors, allowing voting trusts, etc.

000—\$55,000 less than in New Jersey, but the Delaware law is new, and its meaning not yet settled by the courts.

(2) *Uniformity of policy.*—For more than fifty years—since 1846—the laws of New Jersey in regard to corporations have been practically uniform—no sudden and radical changes, although some provisions have been made of a restrictive character, they have been frequently enacted at the suggestion of corporations themselves. There has been no hostile policy, either among the people or in the decisions of the courts, and the provisions of the laws are easy to comply with (or easy to evade under friendly official inaction).¹⁵ The laws of nearly all the other states involved have been either not nearly so uniform or not so liberal as those of New Jersey.

(3) *Taxation.*—A New York banker is reported to have said at a banquet that the reasons why he took his corporations to New Jersey for organization was because New Jersey had a full treasury, and consequently will not be driven to squeeze his corporation to make up any deficiency. "The state of New York has a deficiency, and its officials sit up at night to see how they can squeeze more money out of my corporation."¹⁶ But this is not the whole reason. Ohio, Indiana, Illinois, Michigan, Wisconsin and Minnesota impose a general property tax upon corporations in such a way as to require considerable detail to be given as to their property and business, and this also involves the difficult question of valuation, by three or four boards (including sometimes, as someone has wittily said, several slabs) and several individuals, many of whom, as Mr. Dill says, would much rather see you about the taxes at your private office than at a board meeting. Pennsylvania taxes corporations 5 mills upon every dollar valuation of the corporate property, including tangible and intangible, capital stock, franchise, good will, and earning capacity, and requires elaborate and detailed reports of all matters necessary to determine these values. The report is required to be made to a public officer. New York taxes corporations one-fourth of a mill per

¹⁵ Testimony of J. B. Dill, before Indus. Com. Rept., Vol. 1. p. 1079.

¹⁶ Dill's testimony, Rept. Indus. Com., p. 1081.

dollar upon the par value of the authorized capital stock employed in the state. This necessitates an investigation of the business done in and out of the state, and is a source of annoyance to the corporation. New Jersey, upon the other hand, has the very simple system of requiring a tax of one-tenth of one per cent on the par value of the paid-up capital stock outstanding, up to \$3,000,000; one-twentieth of one per cent on the next \$2,000,000, and after that one-two-hundredth of one per cent on the balance. This tax is a franchise tax, whether the business, or any of it, is done in New Jersey or not. The United States Steel Corporation's annual state tax in New Jersey will be (if all the stock is issued) \$55,250; and it could be no more if all its business was done in New Jersey. If all of its capital was employed in New York the annual state tax would be \$275,000, and if it was located in Pennsylvania, and if its property was valued at the face value of its stock, its tax would be \$5,500,000 annually. There, however, would be no local property tax in addition, as there would be in addition to the state tax, as above given, in New Jersey and New York.

(4) *Powers available.*—In the states outside of New Jersey, Delaware and perhaps West Virginia, the states do not allow any corporate powers to a corporation, except such as are expressly given, or necessarily implied from those given, in the general law, to be obtained by inserting them in the articles of incorporation. The New Jersey law is just the reverse of this—any power that the incorporators wish may be obtained by inserting it in the articles of incorporation, unless it is expressly or impliedly forbidden by the general law. In other words, the New Jersey law enables three private persons, seeking their own interests, to legislate into existence—to *create*—any corporate powers they please, and confer the same upon themselves, unless there is something in the law forbidding the exercise of such powers—and very few things are in fact forbidden by the New Jersey law. The provision reads: “The certificate of incorporation may also contain any provision which the incorporation may choose to insert * * * *creat-*

ing. * * * the powers of the corporation, the directors and the stockholders, * * * not inconsistent with this act."¹⁷ The United States Steel Corporation proposes to engage in *mining, manufacturing, transportation, trading*, as well as owning the stock of, and controlling other corporations. In Pennsylvania, Ohio and Illinois, and probably in New York, Indiana, Michigan, Wisconsin and Minnesota, although corporations can be formed for most of these purposes, not more than two of these purposes can be joined. In Illinois one corporation cannot acquire the stock of other corporations (except a manufacturing company in a railroad to its own works), so such a corporation as the steel corporation could not be organized there with these powers. So in Pennsylvania, a foreign corporation cannot own more than 100 acres of land, and in Wisconsin not more than 320 acres, and since it was necessary to control land in these states, it was necessary to organize in some state allowing the ownership of shares of stock in a Pennsylvania or Wisconsin company which could own the necessary land in those states, and also allow engaging in more than one line of business. Michigan and Minnesota having a 30-year, Indiana a 50-year, and Illinois a 99-year limit to corporate life (unless renewed) would be excluded for these reasons. There is no limit of indebtedness in proportion to the capital stock in the New Jersey law, as there is in New York. From these considerations it seems that New Jersey is the only one of the nine states named where a corporation could be organized with the requisite powers—all of these powers and an unlimited duration being allowed in that state.

(5) *Shareholders' and directors' liability.*—In New Jersey there is no shareholders' liability other than the common law liability for unpaid subscriptions, or a return of any distribution of the corporate capital, upon failure of the corporation and its inability to pay its debts. In New York by statute there is an individual and joint liability of all shareholders to the amount of their shares, in favor of the corporate creditors, in case of insolvency, until all shares are fully paid. For ex-

¹⁷ Sec. 8, of the N. J. Act, 1896, as amended 1898.

ample: If A has not paid up, and B has, B can be held by creditors for A's delinquency. In New York, Pennsylvania, Indiana, Michigan and Wisconsin there is a statutory individual liability for debts due to laborers, over or in addition to, the common law liability; and in Ohio and Minnesota there is a double shareholders' liability; in Illinois only the common law liability exists.

The directors are made individually liable for any amount of dividends which they have paid out of the capital of the company when there are no profits out of which to make payment, in New Jersey, New York, Illinois, Michigan (if corporation is insolvent), Wisconsin and Minnesota. Such performance is a misdemeanor in New York, and subjects the offender to a stiff penalty. In New York and Illinois the directors are made individually liable if they borrow money without security in excess of the capital stock. In New Jersey they are made liable for debts, for failure to file certain reports as to payment or reduction of stock; but these provisions are very easy to comply with. In New York there is an elaborate list of duties imposed upon directors in regard to management and filing reports, which, if neglected, subjects the directors to a liability for the corporate debts, in addition to a fine or imprisonment. If they give any preference to any creditors they also become individually liable. In Illinois, for false reports, they become liable to the extent of the damage resulting, and in New York and Minnesota they become liable for the debts, and subject to severe penalties, or imprisonment. In New Jersey if an officer makes a false return of the amount of capital stock to the board of assessors he is guilty of perjury.

(6) *Special powers.*—In New Jersey the power to *create corporate powers* allows the directors to be clothed with all sorts of authority, that those who organized the corporation wish to confer upon them. We have already seen how the whole organization of the United States Steel Corporation was left in the hands of, and determined by, Mr. Morgan and his advisers. Mr. F. L. Stetson is general counsel of the new

corporation, and he seems to have, according to his testimony¹ before the Industrial Commission, two or three special theories, which are provided for in the organization of this company. These are (a) that the directors should be allowed to increase their number when they wish to do so; (b) ought to have the power to prevent shareholders from inspecting books, except by their permission; and (c) be allowed to purchase and retire the shares of the corporation itself. The provision as to inspection of books has already been given. The charter provides that the number of directors may be increased as may be provided by the by-laws,² and the by-laws provide that the number may be altered by the alteration of the by-laws,³ and that the directors may alter the by-laws.⁴ The charter also provides that the directors may, in their discretion, use the surplus funds in purchasing and retiring the stock of the company.⁵

In this way, by these provisions, the directors become the closest of close corporations—or perhaps may become the whole corporation without any outstanding stock, except qualifying director's shares. Mr. Stetson's theory is that nothing in the way of organizing a corporation is undue or unfair if assented to, and also that the directors as a rule own a large majority of the stock of corporations which they control.⁶ But this view seems to be incorrect according to the investigations of the Industrial Commission.⁷

3. IS IT AN ILLEGAL TRUST?

This depends upon two things, (1) its *substance* and (2) its *form*.

(1) *As to substance*.—A recent definition of a trust is "any combination, whether of producers or vendors of a commodity, for the purpose of controlling prices and suppressing competition. All contracts, agreements and schemes, whereby those

¹ Rept. Indus. Com., p. 971, *et seq.* ³ By-Laws, Art. II.

² Charter, Art. VII.

⁴ By-laws, Art. VI.

⁵ Charter, Art. VII.

⁶ Testimony, Indus. Com., Vol. I, pp. 972-4.

⁷ Bulletin of Labor, July, 1900, p. 668.

who are competitors combine to regulate prices, are 'trusts'.⁸ A somewhat fuller definition is the one given by Mr. S. C. T. Dodd, the attorney for the Standard Oil Company (and if anybody ought to know from experience, he should). He says it "embraces every act, agreement or combination of persons or capital believed to be done, made or formed with the intent, effect, power, or tendency to monopolize business, restrain or interfere with competitive trade, or to fix, influence, or increase the price of commodities."⁹ It will be noted that neither of these definitions says anything *as to form*. So far as the form is concerned, that is immaterial. It is the *purpose* and *tendency* that are emphasized. It is not necessary that prices be actually increased, or that competition in fact is prevented. It is the *purpose* and the *power* that are the essential elements. "The test is whether the contract or combination in its apparent purpose and natural consequence places such restriction upon competition as *tends* to create a monopoly."¹⁰ From the review we have taken of the industrial side of the United States Steel Corporation, and waiving all questions of form, it is reasonably certain that it is a combination made with the intent, effect, power and tendency to restrain competition in the iron and steel business.

(2) *Form:*

(a) *In general.*—Does the form of organization—the corporate form—prevent it from being illegal? As we have just said, the *form* is not made part of the approved definitions, and by the decisions of many of the courts it is held that the *form* will be looked through and the substance considered. And although the form is corporate, and apparently legal, that this will not purge the illegality of the *purpose*. In Illinois, where corporations can be formed *for any lawful purpose*, it was held that a gas company, formed for manufacturing gas and acquir-

⁸ Note 74, Am. St. R., 236.

⁹ Harv. L. R. (Oct., 1893), p. 157.

¹⁰ Note 74 Am. St. R. 240; *Addyston Pipe Co. v. U. S.*, 175 U. S. 211, 2 Indus. Com. R. 41; *Texas Oil Co. v. Adoue*, 83 Tex. 650, 29 Am. St. R. 690; *Fishburn v. Chicago*, 171 Ill. 338, 63 Am. St. R. 236.

ing the shares and property of other gas companies, was illegal, when the shares were acquired for the purpose of controlling these other companies, in order to prevent competition, and create a monopoly in the business—and this, too, when the express power to acquire such shares was contained in the articles of incorporation.¹¹ Substantially the same view has been taken in several of the states,¹² and by the Supreme Court of the United States, which says “it is not within the general powers of a corporation to purchase the stock of corporations for the purpose of controlling their management, unless express permission be given them so to do.”¹³ There are, however, decisions somewhat at variance with this view, by strong courts,¹⁴ and New Jersey has held that when the state legislation allows a corporation to exercise a certain power the courts cannot say that a combination resulting therefrom is illegal.¹⁵

The United States Steel Corporation is expressly given the power to acquire and hold shares of stock in other corporations, and vote upon them as any other owner is. It is, therefore, undoubtedly legal in all particulars, in New Jersey, and would be so declared by the courts of that state, and of some of the other states having a like policy. But we must remember that “every power, which a corporation exercises in another

¹¹ *People v. Chicago Gas Trust*, 130 Ill. 268, 2 Indus. Com. R. 94.

¹² *Richardson v. Buhl*, 77 Mich. 632, 27 Am. & Eng. C. C. 256, 2 Indus. Com. R. 133; *Western Woodenware Assoc. v. Starkey*, 84 Mich. 76, 11 L. R. A. 503, 22 Am. St. R. 686; *Distilling and Cattle Feeding Co. v. People*, 156 Ill. 188, 47 Am. St. R. 200; *State v. Nebraska Distilling Co.*, 29 Neb. 700, 29 Am. & Eng. C. C. 656; *People v. Milk Exchange*, 145 N. Y. 267, 2 Indus. Com. R. 191; *Harding v. Am. Glucose Co.*, 182 Ill. 551, 74 Am. St. R. 189; *American Handle Co. v. Standard Handle Co. (Tenn.)*, 59 S. W. 709; *People v. Nussbaum*, 67 N. Y. S. 492; *Trust Co. v. State*, 109 Ga. 736, 48 L. R. A. 520; *National Lead Co. v. Grote Paint Stove Co.*, 80 Mo. App. 247; *State v. Portland Nat. Gas Co.*, 153 Ind. 483, 74 Am. St. R. 314.

¹³ *De La Vergne Refrig. Co. v. German Ins.*, 175 U. S. 40.

¹⁴ *Oakdale Mfg. Co. v. Garst*, 18 R. I. 484, 49 Am. St. R. 784, 2 Indus. Com. R. 210; *Trenton Potteries Co. v. Oliphant*, 58 N. J. Eq. 507, 78 Am. St. R. 612; *Anchor, etc., Co. v. Hawkes*, 171 Mass. 101, 68 Am. St. R. 403; *Gloucester Glue Co. v. Russian Cement Co.*, 154 Mass. 92, 26 Am. St. R. 214, 2 Indus. Com. R. 125.

¹⁵ *Trenton Potteries Co. v. Oliphant*, 58 N. J. Eq. 507, 78 Am. St. R. 612.

state, depends for its validity upon the laws of the sovereignty in which it is exercised,"¹⁶ and "subject to the laws and Constitution of the United States, full power and control over its territories, its citizens, and its business belong to the state."¹⁷ In order to get a better view as to what is likely to be held in other states having a different policy, it is necessary to go a little further into the organization and purpose of the new corporation, and compare these with the form of trust organization—like the Sugar and Standard Oil trusts—that have been declared illegal.¹⁸ By placing these in parallel columns, the similarity is apparent and striking:

(b) *Comparison with the Standard Oil Trust:*

STANDARD OIL.¹⁹

1. There are in existence, in various states of the United States, X, Y, Z, etc., corporations, engaged in producing refining, transporting, and marketing petroleum, etc., competing to a large extent with one another.

2. A, B, C, D, E, etc., shareholders and officers in X, Y, Z, etc., companies, propose and agree to form, or have formed, a *trust* for the purpose of controlling, under one policy of management, by means of *trustees* of the *trust*, all of these X, Y, Z, etc., competing companies.

UNITED STATES STEEL CORPORATION.²⁰

1. There are in existence, in various states of the United States, X, Y, Z, etc., corporations, engaged in mining, manufacturing, transporting and marketing iron, etc., competing to a large extent with one another.

2. A, B, C, D, E, etc., shareholders and officers in X, Y, Z, etc., companies, propose and agree to form, or have formed, a *corporation* for the purpose of controlling, under one policy of management, by means of *directors* of the *corporation*, all of these X, Y, Z, etc., competing companies.

¹⁶ Bank of Augusta v. Earle, 13 Pet. (U. S.) 519.

¹⁷ Doyle v. Insurance Co., 94 U. S. 535.

¹⁸ People v. N. Riv. Sugar Ref. Co., 121 N. Y. 532, 18 Am. St. R. 843; State v. Standard Oil Co., 49 O. S. 137, 34 Am. St. R. 541.

¹⁹ See Deed of Trust, 49 O. S. 137, 34 Am. St. R. 541; Rept. Indus. Com., Vol. I, p. 1221, *et seq.*, and Appendix, *infra*, p. 177.

²⁰ See references given in preceding pages, where these powers have been given. Also, Charter and Bylaws, *infra*, Appendix, pp. 132, 138.

3. In order to do this A, B, C, D, E, etc. (being shareholders and officers in X, Y, Z, etc., companies), but acting as individuals under their common law power to contract, execute a *deed of trust* to organize a *trust*, to be called "The Standard Oil Trust," to be composed of those persons who shall become members according to the terms of the *deed of trust*, and to be managed by T, U, etc. (nine persons named in the deed), as *trustees*, who should afterward be selected by the members in the way provided in the *deed of trust*.

4. The *deed of trust* directed T, U, etc., *trustees*, to provide *trust certificates* saying: "This is to certify that B is entitled to . . . shares in the equity to the property held by the trustees of the Standard Oil Trust, transferable only on the books of said trustees on surrender of this certificate. This certificate is issued upon condition that the holder or any transferee thereof shall take it subject to all the provisions of the agreement creating said trust, and of the by-

3. In order to do this A, B, C, D, E, etc. (being shareholders and officers in X, Y, Z, etc., companies), but acting as individuals, direct *a, b, c*, their dummy representatives, under their statutory power in New Jersey, to execute "*a certificate of incorporation*," to organize a corporation to be called the "United States Steel Corporation," to be composed of those who should become members according to the terms of the *certificate of incorporation*, and to be managed by T, U, etc. (24 persons named, or to be named, by J. P. Morgan & Co., as agents of A, B, C, etc.,) as *directors*, who should afterwards be selected by the members in the way provided in the *certificate of incorporation*.

4. The *certificate of incorporation* and the law under which it was executed, authorized and directed the *directors* of the United States Steel Corporation to provide *certificates of stock*, saying substantially: "This is to certify that B is entitled to . . . shares of the capital stock of the United States Steel Corporation, transferable only on the books of said corporation, on surrender of this certificate,"¹ and the law itself adds, under the circumstances, that the cer-

¹ This is the general form of the certificate of stock of any corporation. I have seen no copy of the form used by the U. S. Steel Corp.

laws adopted in pursuance of said agreement as fully as if he had signed the said trust agreement."² "The trustees shall prepare certificates which shall show the interest of each beneficiary in said trust, and deliver them to the persons properly entitled thereto."

5. By the deed of the trust the trustees were authorized and directed to acquire, and all the shareholders were directed to deliver to the trustees and their successors, shares of stock of the X, Y, Z, etc., companies "the consideration for any stock delivered to said trustees shall be the delivery by said trustees to the persons entitled thereto, of trust certificates, equal at par value to the par value of the stocks of said companies so received by said trustees." The exchange of all the certificates in X, Y, Z, etc., companies for trust certificates was promptly completed by causing new certifi-

tificate is issued upon the condition that the holder or any transferee thereof takes it subject to all the provisions of the *certificate of incorporation*, and by-laws of the United States Steel Corporation, as fully as if he had signed the *certificate of incorporation*: "The forms of the new bonds and of the indenture securing the same, and of the certificates for the new preferred and common stock and the entire plan of organization and management of the United States Steel Corporation, shall be determined by J. P. Morgan & Co."

5. By the certificate of incorporation the United States Steel Corporation was authorized to acquire shares of stock in X, Y, Z, etc., companies, and by agreement with J. P. Morgan & Co., through them, it offered to the shareholders of X, Y, Z, etc., companies "to issue and deliver its preferred stock, and its common stock and its five per cent gold bonds in consideration for stocks" of X, Y, Z, etc., companies, upon the basis of exchange stated, viz.: for \$100 of Federal Steel preferred, \$110 of preferred United States Steel, etc., as above set forth. The exchange of cer-

² This the way the Trust Certificate reads; see form given, Record of the Standard Oil Case in Ohio (the case recently decided), p. 330. See also *Rice v. Rockefeller*, 134 N. Y. 174, 30 Am. St. R. 658.

cates of stock in X, Y, Z, etc., companies to be issued to the trustees of the Standard Oil Trust, in the place of the old certificates surrendered and canceled.

6. By the deed of trust "it shall be the duty of said trustees to exercise general supervision over the affairs of said" X, Y, Z, etc., Standard Oil Companies, any portion of whose stock is held in said trust. "It shall be their duty as stockholders of said companies to elect as directors and officers thereof faithful and competent men. They may elect themselves to such positions when they see fit so to do, and shall have the affairs of said companies managed and directed in the manner they deem most conducive to the best interests of the holders of said trust certificates."

tificates of stock in X, Y, Z, etc., companies for certificates of stock in the United States Steel Corporation was promptly completed, by deposit of over ninety-eight per cent of shares in such companies, with certain designated banks and trust companies, "with suitable assignments and powers of attorney in blank," and the receipt therefor of transferable redeemable receipts, or certificates of shares in the United States Steel Corporation.

6. By the certificate of incorporation, the United States Steel Corporation is empowered "while owner of any such stock, bonds, or other obligations" of X, Y, Z, etc., companies, "to exercise all the rights, powers and privileges of ownership thereof, and exercise any and all voting power thereon." The by-laws provide that this power shall be exercised by the chairman of the finance committee, unless otherwise ordered by the board of directors. In this way as majority stockholder, the United States Steel Corporation has the power and it is made its duty to exercise general supervision over the affairs of the X, Y, Z, etc., companies, to elect directors of said companies and to have the affairs of said companies managed and directed in the manner deemed most conducive to the best interests of the holders

7. By the deed of trust the stocks of the various X, Y, Z, etc., companies, "held in trust by said trustees, shall not be sold, assigned or transferred by said trustees, or by the beneficiaries, or by both combined, so long as the trust endures."

8. By the deed of trust "trustees shall be elected by ballot by the owners of trust certificates or their proxies. At all meetings the owners of the trust certificates who may be registered as such on the books of the trustees, may vote in person or by proxy, and shall have one vote for each and every share of trust certificates standing in their names."

9. The trust shall continue during the lives of the

of the stock certificates of the United States Steel Corporation.

7. By the certificate of incorporation, "unless authorized by votes given in person or by proxy by stockholders holding at least two-thirds of the capital stock of the corporation, which is represented and voted upon in person or by proxy, at a meeting specially called for that purpose or at an annual meeting, the board of directors shall not mortgage or pledge any shares of the capital stock of any other corporation."

8. By the by-laws of the United States Steel Corporation "the business and the property of the company shall be managed and controlled by the board of directors." "At each meeting of the stockholders every stockholder shall be entitled to vote in person, or by proxy appointed by instrument in writing, subscribed by such stockholder or his duly authorized attorney; and he shall have one vote for each share of stock standing registered in his name at the time of closing the transfer books for said meeting."

The votes for directors shall be by ballot.

9. The duration of the corporation shall be perpetual.

survivors and survivor of the trustees in this agreement named, and for twenty-one years thereafter—unless dissolved by agreement of parties, etc.

The holding of the court by the official syllabus in the Standard Oil Case¹ is: "Where all, or a majority, of the stockholders comprising a corporation, do an act which is designed to affect the property and business of the company, and which through the control their numbers give them over the selection and control of the corporate agencies, does affect the property and business of the company, in the same manner as if it had been a formal resolution of the board of directors; and the act so done is *ultra vires* of the corporation and against public policy, and was done by them in their individual capacity, for the purpose of concealing their real purpose and object, the act should be regarded as the act of the corporation, and to prevent the abuse of corporate power, may be challenged as such by the state in a proceeding in *quo warranto*."

"An agreement by which a majority of the stockholders in several companies transfer to trustees who are required to hold the stock in trust for the transferers, and to exercise the power of controlling the affairs of the companies which the legal ownership of the majority of the stock confers, in such a manner as will be most conducive to the interests of all parties to the agreement, tends to establish a virtual monopoly of the business for which the companies were organized, and is therefore contrary to public policy and void."² Substantially the same holding was made by the New York courts in the Sugar Trust cases.³

The Steel Corporation was organized by persons that were shareholders or officers of the constituent companies, and by them, or as a result of their conference, clothed with the power to purchase shares of other companies. This express power to

¹ State v. Standard Oil Co., 49 O. S. 137, 34 Am. St. R. 541.

² 49 O. S. 137, 34 Am. St. R. 541.

³ People v. N. Riv. Sugar Ref. Co., 121 N. Y. 582, 18 Am. St. R. 843.

purchase is no greater than the common law powers of T & U (natural persons) to accept a trust—both merely as a power are legal. The Steel Corporation makes a public offer to the shareholders of the Federal Steel, National Steel, etc., companies to purchase upon the terms named, and for the purposes set forth, from them (not the companies), their shares of stock. This is legal also—but not more so than for the proposed trustees (either self-constituted or selected) of the Standard Oil Trust, to offer to take the legal title to the shares, and hold it in trust for the shareholders of the constituent companies of the Standard Oil Trust. The shareholders of the Federal Steel, National Steel, etc., companies accepted the terms of purchase made by the United States Steel Corporation. The shareholders of the various oil companies accepted the offer of the trustees—and one is no more legal, or illegal, than the other. Any shareholder has the common law right to sell his shares or put them in trust, as he may choose. The United States Steel Corporation, in payment for the shares obtained from the shareholders of the Federal, National, etc., companies, paid therefor by issuing its own shares, carrying along with them the power to vote, and the usual incidents of stock ownership. This was legal, because expressly authorized, but not more so than it is for a trustee at common law to accept a trust by giving a trust certificate setting forth the particular points of the trust, and promising to perform them for a lawful consideration. The shareholders of the United States Steel Corporation, by virtue of their ownership of shares have the right to vote the shares in the selection of its directors, and, thereby, direct the general policy of that company. This is legal—but not more so than the power expressed in a *trust certificate*, that the real owner shall select the *trustee* in case of a vacancy, and direct the general policy of performing the trust. All this is legal, in the latter case, as well as the former. The United States Steel Corporation, because it owns the stock of the Federal Steel, National, etc., companies, has the right to vote the shares for directors of those companies, and to the extent of its holding control the policy of such corporations. But this is no more lawful than it is for

A to put his shares in X company, in the hands of T as his trustee to vote the same as he shall direct. This is a valid common law or statutory right. How, then, did it happen that the Standard Oil Trust was unlawful, when every single step taken in its formation was legal? The reason was clear—that the *purpose* was to form a monopoly, and suppress competition; that the *trustees* understood this, and that the shareholders did also, and that it was the same as any other contract for creating a monopoly, that is, *unenforceable*. But no statute then provided for punishing either the shareholders or the trustees. Can the courts come to any other conclusion as to the United States Steel Corporation? It understands why it was formed—for the purpose of preventing competition. Those who sold their shares to it understood this also—they knew it was for the same purpose. There are therefore no innocent parties here any more than in the other case, and if either party was trying to enforce this contract for the purchase of shares the courts certainly would be bound to hold them unenforceable if the question was properly raised.⁴ How, then, does this case differ from the Standard Oil case? The answer is—that *it is in the remedy*. In the sugar and oil cases the *companies X, Y & Z had no express right* to sell out *their* property and management to any person, or place it in the hands of trustees other than those selected in the ordinary way, and the court held that although each shareholder had the undoubted right to put his shares in trust or sell them outright, *the concerted action* of all the shareholders in placing their shares in the hands of others than real shareholders was just the same as if the *corporation* itself had abdicated its own powers of self-management, and that this is a *corporate sin*, for which the state could take the corporate life of X, Y & Z companies, and could enjoin the further carrying out of the trust.⁵

In order to establish a *corporate sin*, the courts said much about the fiction of the corporate personality, but very little about the individual sins of the shareholders and trustees in

⁴ Richardson v. Buhl, 77 Mich. 632, 27 Am. & Eng. C. C. 256, 2 Indus. Com. R. 133.

⁵ 49 O. S. 137, 34 Am. St. R. 541.

attempting to create an illegal monopoly. This may have been because the remedy sought was against the corporations and not against the individuals. The Court of Appeals in New York took away the corporate life of the offending corporation whose shareholders put it in the *sugar trust* because it entered into an *ultra vires* contract of *partnership*,—a purely technical doctrine that appeals to no one but a lawyer. The decisions in the lower courts in this case, and of the Supreme Court of Ohio in the oil case, however, did not evade the real question in this technical way.

It has, however, always seemed to me the courts could have reached the same result in a much more direct way by applying some very simple doctrines of corporation law. These are: The *franchise to be a corporation* belongs to the corporate *members*, and not to the corporation;⁶ every *franchise* is granted primarily upon the *condition* that it will be used to *promote* the *public welfare*, and not to invade it;⁷ for any *abuse* of such franchise that injuriously affects the public, the state may take it away as for a condition broken;⁸ the creation of monopolies is against public policy, and all efforts to create such having the power and tendency to do so, menace the public welfare;⁹ hence when shareholders use their franchise to be a corporation to create a monopoly, they abuse such franchise and violate the condition upon which it is held; for such abuse the state may take it away; and a suit for this purpose may be brought against the corporation in its corporate name, for it is the legal representative of the shareholders in the use or abuse of the franchise granted.¹⁰

⁶ *Fietsam v. Hay*, 122 Ill. 293, 3 Am. St. R. 492; *Memphis, etc., R. R. Co. v. Comms.*, 112 U. S. 609.

⁷ *Holt, J.*, in *King v. Mayor, etc.*, 1 Show. 280; *Higgins v. Downward*, 8 Houst. (Del.), 227, 40 Am. St. R. 141; *California v. Cent. Pac. R. R.*, 127 U. S. 1, 40; *People v. Dashaway Assoc.*, 84 Cal. 114.

⁸ *State v. Neb. Dist. Co.*, 29 Neb. 700; *People v. Milk Exchange*, 145 N. Y. 267, 45 Am. St. R. 609; *Independent Med. Col. v. People*, 182 Ill. 274; *State v. Standard L. Assn.*, 38 O. S. 281.

⁹ *Darcy v. Allein*, 11 Coke, 84; *People v. Gas Trust*, 130 Ill. 268; *State v. Gas Co.*, 153 Ind. 483.

¹⁰ *People v. Rensselaer, etc., Co.*, 15 Wend. 113, 30 Am. Dec. 33; *State v. Debenture Co.*, 51 La. Ann. 1674.

If such had been the basis of the decisions, it would have been clear that the real offense was the agreement between the *shareholders* and the *trustees*, whereby the monopoly was created. The shareholders had the right to put their shares in trust, and the trustees to accept a trust, but neither had such rights for the purpose of creating a monopoly.

(c) *Power of the steel companies to sell and the new company to purchase their stock.*—But it will be said in the case of the United States Steel Corporation the *corporate sin* of abdicating the power of self-management by the constituent steel companies is not present, because all of them have express authority to sell and dispose of all their shares at one time to any other corporation, which wishes to become a real shareholder, and therefore such a sale and purchase is sinless—*whatever the purpose may be*. Such a claim cannot be sustained. Even in the state that grants *such power*, if it is exercised for a purpose that is unlawful—i.e., to create a monopoly—its exercise will be, or ought to be, held unlawful. New Jersey, where these corporations are created, has, apparently, refused to take this view, and has sustained such a power, though the purpose to create a monopoly seemed clear enough.¹¹ But other states having a different policy are not obliged, and are not likely, to follow this New Jersey view. The remedy applied in the Sugar case was to dissolve the offending corporation—it being a corporation created in New York where the case arose.¹² No other state could have taken away the corporate life. In the Standard Oil case the corporations were enjoined from carrying out the trust agreement within the state.¹³ This remedy is available in any state where the offending corporation may be doing business, and this remedy¹⁴ is available against any one, trustee, shareholder, corporation, owner or any one else, that is a party to the offense; and, further, no state can confer any power, by whatever form it legalizes it, upon any group of persons, or any individual that will legally authorize

¹¹ Trenton Potteries Co. v. Oliphant, 58 N. J. Eq. 507, 78 Am. St. R. 612.

¹² 121 N. Y. 582, 18 Am. St. R. 843.

¹³ 49 O. S. 137, 34 Am. St. R. 541.

¹⁴ Harding v. Am. Glucose Co., 182 Ill. 551; State v. Schlitz Brewing Co., 104 Tenn. 45, 59 S. W. 1033. State v. Buckeye Pipe Line Co., 61 O. S. 520; State v. Fireman's Ins. Co., Mo. — 52 S. W. 595; Waters-Pierce Oil Co. v. State, Tex. — 44 S. W. 936, 177 U. S. 23.

it or him to do or continue doing in any state what the laws of that state forbid—and the forms will be swept away, and the substance looked at. If these views are correct, it is not unlikely that in the states having a policy forbidding the creation of trusts and monopolies, the courts will hold it to be an illegal trust within even the strict meaning of that term.

(d) *Ownership of shares by the new corporation.*—It of course may be contended that its *ownership*, and not the mere control, will prevent it from being illegal, and plausible (but I think fallacious) argument can be made in support of that view. To put a case that has been suggested: "Suppose there are five manufacturing plants in a single industry. The owner of one of them starts out as buyer to purchase the other plants so as to establish a monopoly in the industry. He has a right to purchase, and the owners of the other plants have an equal right to sell. It is clear that if the purchase of the four plants is but one scheme to form a single combination, known to all the parties, and entered into for that purpose by them, the contract is illegal as establishing a monopoly, and the combination formed is a trust and the agreement cannot be enforced. But if the purchase of each plant is a separate arrangement, unknown to any of the others, entered into honestly and in good faith by the vendors, * * * and their effect is to create a virtual monopoly, * * * their validity cannot be attacked on the ground that their effect, taken together, will result in the formation of a monopoly."¹⁴ But this latter is not the case of the United States Steel Corporation. Its purpose is clear upon the face of it,—and not disavowed. But suppose it was,—suppose the purpose to prevent competition existed alone in the minds of those who created it, and not those who sold shares to it. The statement above is correct only as to the *innocent* parties,—they only can enforce the contract; the *wrong doer* could not do so, even if the other party is innocent. The court will require A to pay for a revolver he buys of B, even though he buys it to shoot C, if B is wholly innocent; but it will hardly require B to deliver the revolver to A after he has agreed to,

¹⁴ Note 74 Am. St. R. 242; Carter-Crume Co. v. Peurrung, 86 Fed. R. 439.

when it is clear that A wants only for the purpose of murdering C. So, too, when it is clear that A is about to use the revolver for such a purpose, the law does not inquire, before preventing such act by A, whether B had been innocent in selling it to him or not. It makes no difference whether corporation B innocently or wrongfully sells its property to corporation A, who proposes and proceeds to make an unlawful use of it, as to the states's power to call A to account. It may be said, further, that there is a difference between purchasing property of a tangible kind, having a definite location and situs which subjects its owner to the jurisdiction of the state where it is located, so far as its management there is concerned, and owning mere intangible rights to vote shares, and thereby in effect control large property interests located anywhere, without the ordinary incidents of jurisdiction over property arising. It may be asked why does one person, or corporation, own shares in any corporation? Is it merely as an investment? That may be so to some extent,—but a *bond* secured by a mortgage is better and safer; there is an additional and a main reason in the case of one business corporation owning shares in another of like kind,—and that is its power of control over the latter; that is why the United States Steel Corporation owns the shares of the constituent companies instead of their property; if it owned all of their property or that of the sub companies, it would thereby be brought within the jurisdiction of all the states where such property was located, operated, or used. This brings us to the question of jurisdiction.

4. WHAT ARE THE GENERAL POWERS OF THE NATIONAL AND STATE GOVERNMENTS?

(1.) *General theory:*

A. *Power of Congress.*—Congress can regulate everything directly connected with the sale or transportation of goods that are sold to cross state lines. As said by Mr. Justice Peckham, in the *Addyston Case*, Congress “may enact such legislation as shall declare void and prohibit the performance of any contract

between individuals or corporations where the natural and direct effect of such a contract will be, when carried out, to directly and not as a mere incident to other and innocent purposes regulate to any extent interstate commerce,"¹⁵ and the present Anti-Trust Act reaches such cases.

But on the other hand Congress cannot regulate the *making of goods* at all, nor the sale of them except when sold to cross state lines; all preceding that is in the exclusive jurisdiction of the states. A monopoly, created to make things, even though the necessary result of the monopoly of *making* is also a monopoly of controlling and selling, and it is certain much of the selling will be across state lines, cannot be reached by the National arm.¹⁶ In other words, the National Government cannot prevent a New Jersey corporation from combining with a Michigan corporation, to *make* in either state, or elsewhere, a product of prime necessity which will be sold all over the United States.

So, too, a corporation is the creature of the state that creates it; it alone can take its life for violating the laws of its being; no other state, nor the National Government can inflict the penalty of corporate death upon it.¹⁷

Neither can the National Government prescribe terms or conditions upon which a corporation organized in one state may be allowed by that state to enter and do business in another, nor the terms and conditions upon which the latter may receive or exclude it,—unless the business done is interstate or foreign commerce.

Neither can the National Government create, nor license, a corporation to operate within any state contrary to the wishes of that state, unless such corporation is a necessary or convenient instrument of carrying out some one of the express powers of the National Government.

Such in general are the powers and limits of the National Government.¹⁸

¹⁵ U. S. v. Addyston Pipe Co., 175 U. S. 211, 2 Indus. Com. R. 41.

¹⁶ U. S. v. E. C. Knight Co., 156 U. S. 1, 2 Indus. Com. R. 39.

¹⁷ State v. Curtis, 35 Conn. 374, 95 Am. Dec. 263.

¹⁸ Upon the general powers of the National Government see article by Prof. E. W. Huffcut, in Indus. Com. R., Vol. I, p. 1211, *et seq.*

(B) *Power of the states.*—What, then, can states do?

(1.) *Domestic corporations.*

As to the regulation of their own corporations,—it is settled that under the reserved power to repeal or amend charters now contained in nearly every state constitution, they can mold or modify any domestic corporation as they may see fit, short of confiscating its property without due process of law; they can impose any limit as to the amount and kind of property a domestic corporation can acquire or hold, the amount of its stock, the method of paying for it, the method of its transfer, the individual liability of members, they deem desirable; so, too, can they provide that such corporation can do business only within the state, or only without it, if at all.

(2.) *Foreign corporations.*

As to corporations created in other states this involves two points, viz.: (a) The prevention of the foreign corporation from doing business within its territory; and (b) the prevention of foreign corporations, or their members, from obtaining and exercising control of the domestic corporations.

(a) *Doing business in the state.*

As to the first, it is settled that any state can regulate, even to excluding, with or without good reason, any corporation organized anywhere else from entering and doing business within its territory, unless such corporation is organized by the National Government for national purposes, or unless the business it is doing is interstate or foreign commerce.¹⁹ The difficulty here is not as to the power, but to determine what is *doing business* in a state; coming into a state and establishing an office to carry on regularly any part of the ordinary corporate business there is doing business within the state; so, too, owning property within any state, and devoting it to the ordinary uses

¹⁹ *Doyle v. Insurance Co.*, 94 U. S. 535.

of the corporation,²⁰ is doing business in the state, and subjects it to the state's control or exclusion.

But on the other hand making a single purchase of goods or materials, or selling or contracting to sell in one state to be shipped to another state, or even invading such state by traveling salesmen, and selling therein, is *not doing business* within the state, so as to bring it within its power to regulate or exclude. But all of these latter are "interstate or foreign commerce," and subject to regulation by the National Government. Here, then, where the State's arm is too short, the National arm can reach, and between the two by concert of action they can span the difficulty.

(b) *Control of domestic by foreign corporation.*

But there remains to consider the power of the state to prevent the control of domestic corporations or their property by corporations formed in another state. Here is a point of great difficulty, yet unsolved, only partially touched by the courts, and deemed uncertain by lawyer and layman alike. Upon one side, and in the belief of many, it is thought that, as our government is now organized, both the State and National *power* must fail, and confess its inability to grapple with and successfully solve it. The argument upon this side is as follows:

The National constitution guarantees a Michigan citizen the same civil rights in New Jersey that its own citizens have there; therefore, if stock in a New Jersey corporation can be bought and sold there, a citizen of Michigan can buy it; the reverse is true, i. e., a citizen of New Jersey can buy stock in a Michigan corporation. Hence, there is nothing to prevent the shareholders of a Michigan corporation trading their shares to A, B, and C, for shares in a New Jersey corporation; and if

²⁰ Runyan v. Coster, 39 U. S. (14 Pet.) 122; Carroll v. East St. L., 67 Ill. 568, 16 Am. R. 632; U. S. Trust Co. v. Lee, 73 Ill. 142, 24 Am. R. 236. Wooden Ware Assoc. v. Starkey, 84 Mich. 76, 11 L. R. A. 503. See Croy v. Peterson, 104 Tenn. 525, 51 L. R. A. 254. Holbert v. St. L. K. C. & N. R. Co., 45 Ia. 23; Chapman v. Pittsburg & S. R. Co., 18 W. Va. 184; Isle Royal L. Corp. v. Osmun, 76 Mich. 162. Compare Com. v. N. Y. L. E. & W. R'y Co., 132 Pa. St. 591, 7 L. R. A. 634.

the members of one Michigan company can do this, those of any number of other Michigan companies can do the same. In this way A, B, and C may become the controllers of all the Michigan corporations of which they own the stock. The same thing could be done by purchasing property instead, and holding it in trust for the New Jersey corporation. No state can prevent this, for these are rights which under the XIV Amendment the states cannot deny. This is the bulwark behind which most of the trusts are, or soon will be, entrenched. It is said no legal remedy can reach and dislodge them, except an amendment to the United States Constitution, giving Congress power to pass uniform laws regulating monopolies throughout the United States.

Such is the outline of the argument suggested, and although it has great force, yet it is believed to be fallacious and can and will, when a case directly involving it arises, be satisfactorily and completely answered by the Supreme Court of the United States, which alone can finally pass upon it. I may perhaps be permitted to suggest what to my mind is, and will be used as, an outline of the answer. It is this: If Michigan can say to Corporation A and Corporation B, within its territory, that they shall not buy or sell their stock or property, in such a way as to create, or for the purpose of creating, a monopoly within the state, as it undoubtedly can, it can also say to domestic Corporation A that it shall not sell its stock or property to foreign Corporation B in such a way as to enable B to obtain a monopoly; and it can decree such a sale void, punish or dissolve Corporation A for so selling, and enjoin Corporation B within the state from using the property in furtherance of the monopoly. This much has been already held by the Illinois Supreme Court, in the Glucose Company Case.¹ The next step has not yet been passed upon, viz., sales of shares of stock in a domestic corporation, outright to members of a foreign corporation; but when it does arise I believe the same holding will be made. Already in the Standard Oil and Sugar Trust Cases it has been held that what cannot be directly done by the corporations them-

¹ *Harding v. Am. Glucose Co.*, 182 Ill. 551, 74 Am. St. R. 189; *Wooden Ware Assoc. v. Starkey*, 84 Mich. 76, 11 L. R. A. 503.

selves cannot be indirectly accomplished by the members themselves.² But in addition to this, since the right to issue corporate stock at all is a *franchise*³ from the state creating the corporation, the state can say whether any part of it can be owned by any person, either in or out of the state, and prescribe the conditions and terms upon which it may be held. If I am correct in this, then without Constitutional Amendments the State and Nation together can control the trusts so far as the power to do so is concerned; and the present anti-trust acts are sufficient.

(2) UNDER ANTI-TRUST ACTS.

What are these? The states of New York, Ohio, Indiana, Michigan, Wisconsin, Minnesota and the National Government have acts of this kind;⁴ New Jersey and Pennsylvania have none. They are all quite similar. I shall call attention only to the Michigan and the National acts:

(a) *The Michigan act* says:⁵ A trust is a combination of capital, skill or arts by two or more persons, firms, partnerships, corporations or associations of persons, or of any two or more of them for either, any or all of the following purposes:

1. To create or carry out restrictions in trade or commerce.
2. To limit or reduce the production, or increase or reduce the price of merchandise or any commodity.
3. To prevent competition in manufacturing, making, transportation, sale or purchase of merchandise, produce or any commodity.
4. To fix at any standard or figure, whereby its price to the public or consumer shall be in any manner controlled or established, any article or commodity of merchandise, produce or commerce, intended for sale, barter, use, or consumption in this state.

5. It shall be unlawful for two or more persons, firms, part-

² 49 O. S. 137, 34 Am. St. R. 541; 121 N. Y. 582, 18 Am. St. R. 843.

³ *Cooke v. Marshall*, 191 Pa. St. 315; *Railway Co. v. Allerton*, 18 Wall. (U. S.) 233; *Droitwich Salt Co. v. Curzon*, L. R. 3 Exch. 35.

⁴ 2 Rept. Indus. Com.

⁵ *Ibid.*, p. 129; Comp. L. § 11,377, *et seq.*; *Bingham v. Brands*, 119 Mich. 255; *Clark v. Needham* (Mich.), 51 L. R. A. 785; *McMullen v. Hoffman*, 174 U. S. 639. See Appendix, xvii, p. 189, 191.

nerships, corporations, or associations of persons, * * to make, enter into, execute, or carry out any contracts * * of any kind or description * * by which they shall agree to pool, combine or directly or indirectly unite any interests that they may have connected with the sale or transportation of any such article or commodity, that its price might in any manner be affected. Every such trust * * is declared to be unlawful, against public policy, and void.

The attorney general is directed to bring *quo warranto* proceedings against any offending corporation organized in the state, for the forfeiture of its charter; he shall also bring proper proceedings, either *quo warranto* or injunction, against any offending foreign corporation "exercising any of the powers, franchises or functions of a corporation in this state."

Any violation of the law is declared to be a conspiracy against trade, and any person who may become engaged in any such conspiracy or *take part therein*, or aid or *advise* in its commission, or who shall as *principal, manager, director, agent, servant* or *employer*, or in any other capacity knowingly carry out any of the stipulations, purposes, prices, rates, * * shall be punished by a fine of not less than \$50 nor more than \$5,000, or be imprisoned not less than six months nor more than one year, * * or both * *.

In the indictment it shall be sufficient to state the purpose or effects of the trust or combination, and that the accused is a member of, acted with, or in pursuance of it, or aided or assisted in carrying out its purposes, without giving its name or description, or how, when and where it was created. Its character may be established by proof of its general reputation; every person, firm, partnership, corporation or association, who shall in any manner violate this act, after notice given by the attorney general or any prosecuting attorney, shall forfeit \$50 per day,—to be recovered by suit by attorney general or prosecuting attorney; any contract violating this law shall be void and unenforceable. It shall not be lawful for any person, corporation, etc., or any agent thereof, to *issue* or to *own trust certificates*, or for any person, * * corporation, agent, officer or

employee, or the directors or stockholders of any corporation to enter into any combination, contract or agreement with any person, or corporation, or with any stockholder or director thereof, the purpose and effect of which * * shall be to place the management or control of such combination, or the manufactured product thereof, in the hands of any *trustee or trustees* with the intent to limit or fix the price or lessen the production, * * and any person or corporation so offending shall be guilty of a misdemeanor, with from \$50 to \$1,000 fine; a person injured in his business can recover two-fold damages,—and suit may be brought in any county where any agent may be found.

(b) *The National Act*¹ of 1890 created seven different crimes relating to interstate, foreign, or territorial trade or commerce, punishable by a penalty not exceeding \$5,000, or one year's imprisonment, or both, by providing that every person who shall make (1) a contract in restraint of such trade, or (2) engage in a combination in form of a trust or otherwise, or (3) in a conspiracy in restraint of such trade, or (4) monopolize, or (5) *attempt* to monopolize, or (6) combine, or (7) conspire to monopolize such trade shall be guilty of a misdemeanor, to be punished as stated. An injured party can sue for damages, and the combination can be enjoined at the suit of the United States district attorneys. The courts give the common law meanings to the terms used, but the statute converts the things designated into crimes.

From what has been said it seems to be a reasonable inference that somebody, somewhere, has violated several provisions of these acts,—the one or the other, or the acts of the other states where the persons who have formed this corporation live, or do business.

(3) APPLICATION TO THE NEW CORPORATION.

Let us see what we can do in locating them and ascertaining, so far as possible, the questions of jurisdiction. It is necessary to remember (a) *the powers and organization* of the United States Steel Corporation in order to determine this.

¹ 2 Rept. Indus. Com., p. 29, 26 Stat. at L. 209.

It is a New Jersey corporation with five classes of powers,—to engage in (1) mining, (2) manufacturing, (3) transportation, (4) trading, anywhere in the world, and (5) owning and controlling the shares of any corporation in the world. At present it seems to own mining property, purchased in its own name in *Michigan*, and possibly in *Minnesota*, and also possibly some vessels engaged in lake or ocean traffic. It owns substantially 98 per cent of the capital stock of ten other corporations; all of these are *New Jersey* corporations, each of which, so far as I have been able to examine their charters (including the *Carnegie*, the *Federal Steel*, the *National Steel*, the *American Steel & Wire*, and the *American Tin Plate Companies*), are clothed with the power to engage in the same five things that the *United States Steel Corporation* is; each of these own property located in various states, and also own a majority of the shares of stock of other corporations (usually organized under various state laws, with more restricted powers), but which in turn own property and do business of a special and restricted kind under their own charters, but some of which are the holders of shares of stock in still other corporations, so that (b) a diagram of the sources and powers of management of three of the constituent companies of the *United States Steel Corporation* is as follows: (See next page.)

UNITED STATES STEEL CORPORATION

(N. J. 1901, Capital Stock, \$1,100,000,000.)

- Powers:—1. Mining.
2. Manufacturing.
3. Transportation.
4. Trade.
5. Owns stock in other corporations.

OWNS.....

983 or over of the stock of the following ten companies:

1. CARNEGIE CO.
(N. J., 1900,
Capital Stock,
\$160,000,000.)
OWNS.....

2. FEDERAL STEEL
(N. J. Corp., 1898,
\$200,000,000.)
OWNS.....

3. NATIONAL TUBE.

PROPERTY: { Mines in Michigan and Minnesota.

{ Vehicles of transportation in Penna., Ohio, Mich., Minn. and Wis.
{ Docks in Ohio: Furnaces in Pennsylvania, etc.
{ Vehicles of transportation in Penna., Ohio, etc.

Manufacturing Companies.	Carnegie Steel Co., Ltd., (Pa. Joint Stock Co., 1892, \$25,000,000) and which... Succeeded	Carnegie Bros. Co., Ltd., (Pa. Joint Stock Co., 1881, \$5,000,000.) which owned vanua.	Carnegie, Phipps & Co., Ltd., (Pa. Joint Stock Co., \$5,000,000.), which owned	The Home- stead Works in Penn- sylvania. Stock of—Keystone Bridge Co., in Penn- sylvania.
Transportation Companies.	Gas Company—Carnegie Natural Gas Co. Coke Co.: { H. C. Erick Coke Co., which (Pa. Corp. \$10,000,000.) owns	{ 40,000 acres coal land (Pa.) 20,000 acres surface land (Pa.) 2,688 cars. 13,252 coke ovens (Pa.)	Union R. R. (Pa.)..... 39.0 miles. Youghiogheny & N. E. R. (Pa.)..... 2.4 Pittsburgh & L. E. R. (Pa. and Ohio). 303.0 Pitts. S. S. Co., 18 ships, 2 tugs. Stock: { 42%, P. & L. R. Dock Co. { 25%, N. Y. P. & O. Dock Co.	Oliver Mining Co. owns... Pittsburgh Limestone Co. (Pa.)

Mining Company.	Minnesota Iron Company, (Minn. Corp., \$16,500,000.) —owns....	Duluth & Iron Range R. R., —175.0 miles. Minnesota Steamship Co., —12 steamers, 10 barges, Minnesota Dock Co., —Docks at Ashabula, O. Chicago, Ill., Joliet, Ill., Milwaukee, Wis. Lands, Penna. and West Virginia, Chicago, L. S. & E..... 156 miles. Elgin, Joliet & E..... 193.0	Mines—Wisconsin and Michigan.
Manufacturing Companies.	Lorain Steel Company, (Ohio, \$9,000,000.) Lorain Steel Company, (Pa., \$3,000,000.)	Stocks—Transporta- tion Co's.	Mines—Minn.—150,000 acres; 6 mines. Stock: { 98.5%, Lake Sup. Iron Co.—Mines, Minn. { 98.0%, Security Land & Ex. Co.—Mines.

4. AMERICAN BRIDGE. **5. LAKE SUP. CONS. MINES.** **6. AMERICAN STEEL & WIRE CO.**—See next page.

UNITED STATES
STEEL
CORPORATION.

CONTINUED.

6. AMERICAN
STEEL & WIRE
CO.

(N. J. 1892, Capital
Stock \$90,000,000.)
OWNS.....

7. NATIONAL
STEEL

8. AMERICAN
SHEET STEEL

9. AMERICAN
TIN PLATE.

10. AMERICAN
STEEL HOOP.

1. Property by direct
purchase.....

2. Property by pur-
chase of stock and
property of the com-
panies—the stock
being canceled,
and the companies
dissolved after
conveying the prop-
erty to the Am.
Steel & Wire Co.,
of New Jersey.....

3. Stock owned and
controlled in that
way.....

Mines.....	Minnesota { Clark and Sautry (Virginia, Minn.) Alpena (Virginia, Minn.) Cuff Iron Co. (Iron Mountain, Mich.) New York..... { Wetherbee, Sherman & Co. (Essex Co., N. Y.) Pennsylvania..... { Puritan Coke Co. (Baggaley, Pa.) 50,000 acres land, 27 miles rail'rd. Furnaces Tenement Property.
Manufacturing..	New York..... { Crown Point Iron Co., which owns..... Newburgh Wire Co., Newburgh, N. Y. Portage Iron Co., Duncansville, Shenango Valley Steel Co., New Castle, Oliver Snyder Steel Co., Pittsburg. Ohio..... { Union Rolling Mill, Cleveland. Indiana..... { Indiana Wire Fence Co., Crawfordsville. Garden City Wire & Spring Co., Chicago. Laidlaw, Balle & Tice Co., Joliet. Illinois..... { Consolidated Barb Wire Co., Joliet. Kansas..... { Consolidated Barb Wire Co., LeWronce, Kan. Washington..... { Purcut Sound Wire & Nail Co., Everett, Wash. Pennsylvania..... { Puritan Store Co., Baggaley, Pa. Neville Island.
Store. Land.....	

By issue of \$35,000,000 in stock, for the stock and property of the Am. Steel & Wire Co. of Illinois (1898, Capital Stock \$24,000,000), which owned the plants of the following....	Consolidated Steel & Wire Co. Mills at.... { Cleveland, O. Alienora, Pa. Beaver Falls, Pa. Rankin, Pa. Joliet, Ill. De Kalb, Ill. Salem, O. Findlay, O. Cleveland, O.
Manufacturing Companies.	Elwood Mfg. Co..... Elwood Wire Nail Co..... Salem Wire Nail Co..... H. P. Nail Co..... American Wire Co..... St. Louis Wire Mills, St. Louis, Mo. Washburn & Moen Mfg. Co., Worcester, Mass. Worcester Wire Co., Worcester, Mass. Cleveland Rolling Mills, Cleveland, O. Pittsburgh Wire Co..... Allegheny Furnace Co..... { Pittsburgh, Pa.
By cash for the stock of	Transportation Co..... { American Mining Co., Pa. Schoenberger Steel Co. (Cap. Stock, \$3,000,000), Pa. Columbia Wire Co. Edgar Zinc Co. { St. Louis, Mo. Waukegan & Mississippi Valley R. R. Zenith Transportation Co. { Minn. and Pa.—13 vessels. P. & L. E. Dock Co. American Steamship Co..... American Supply Co. Hutchins House (Hotel Co.), Houston, Tex.

Mines.....	American Mining Co. { Pa. Schoenberger Steel Co. (Cap. Stock, \$3,000,000), Pa. Columbia Wire Co.
Manufacturing..	Edgar Zinc Co. { St. Louis, Mo. Waukegan & Mississippi Valley R. R. Zenith Transportation Co. { Minn. and Pa.—13 vessels. P. & L. E. Dock Co. American Steamship Co.....
Transportation..	American Supply Co. Hutchins House (Hotel Co.), Houston, Tex.
Other.....	

(c) *Problems involved.*—In other words, the solution of the following problems is necessary:

1. United States Steel (New Jersey) owns property in Michigan.

2. United States Steel (New Jersey) owns controlling stock in Federal Steel (New Jersey), which owns property in Michigan.

3. United States Steel (New Jersey) owns controlling stock in Federal Steel (New Jersey), which owns controlling stock in Illinois Steel (Illinois), which owns property in Michigan.

4. United States Steel (New Jersey) owns controlling stock in Federal Steel (New Jersey), which owns controlling stock in Illinois Steel (Illinois), which owns controlling stock in Elgin, J. & E. R. R. (Illinois), which owns property in Illinois and Indiana.

Substantially the same questions arise in all of the other states where property is owned; and in every case the question will arise as to the four lines of business,—mining, manufacturing, transportation, and trading.

(d) *Consideration of these problems.*—Under the decision of the United States Supreme Court in the Knight Case,¹ manufacturing, or making things, is not commerce,—even though made to sell across state lines; that is a matter that belongs to the states to regulate. Wherever this corporation itself owns a manufacturing establishment, the state where it is located has jurisdiction of it, and can determine the conditions upon which it may be owned or managed there;² and there can be no question but that the same rule applies to mining.³ It is said that the property owned by the United States Steel Corporation in Michigan is the Aragon mine on the Menominee range. Its operation by the agents or servants of the company is “doing business”

¹ U. S. v. E. C. Knight Co., 156 U. S. 1, 2 Indus. Com. R. 39.

² Runyan v. Coster, 39 U. S. (14 Pet.) 122; Thompson v. Waters, 25 Mich. 214, 12 Am. R. 243; Carroll v. East St. L., 67 Ill. 568, 16 Am. R. 632; U. S. Trust Co. v. Lee, 73 Ill. 142, 24 Am. R. 236; Santa Clara Female Acad. v. Sullivan, 116 Ill. 379, 56 Am. R. 776; Clark v. Needham (Mich.), 51 L. R. A. 785.

³ Isle Royal L. Corp. v. Osmun, 76 Mich. 162.

in the state of Michigan,—and if the courts of Michigan should hold (as they probably would if the case was properly brought before them) that the corporation was a trust as defined above, the state would have the right to enjoin the further operation of the mine in Michigan, and could fine, or imprison every one of the employees who took part in doing this business for it within the state. In Illinois it has been held that merely owning land and exercising the rights of ownership by a foreign corporation within Illinois is *doing business* in the state,⁴ so as to give the state jurisdiction over it, at least in connection with the management of the land.

2. The next case is different, in that the owner is the Federal Steel Company,—it owns the Michigan mine, and the United States Steel Corporation does not apparently; therefore the United States Steel Corporation is not doing business in the state,—only the Federal Steel Company is; the state certainly can enjoin the operation of the mine owned by the Federal Steel Company, if it is a party to and uses this property in furthering the illegal trust, just as well as it could if owned and operated by the United States Steel Corporation; enjoining the Federal Steel Company, or any of its agents from so operating, would have the same effect as enjoining the United States Steel Company itself, for by its own form of organization it can control the property of the Federal Steel only by acting through its organization.

3. The next case is still different,—here the property is owned by an Illinois corporation; it is managed by directors who are elected by the directors of the Federal Steel Company, whose directors are elected by the United States Steel Corporation; does this make it a party, “directly or indirectly,” of the trust? It seems to me that the courts would hold that the connection here was clear,—and would be the same, however many steps removed the control was, so long as the control was in fact exercised so.⁵ If so, the injunction would be effective as in the

⁴ See citations in note 2, p. 98.

⁵ This view it may, perhaps, be argued is in conflict with *Commw. v. N. Y. L. E. & W. R. Co.*, 132 Pa. St. 591, 7 L. R. A. 634, holding that

other cases, but here, the act of the Illinois Company in becoming a party to the trust would violate the Illinois law, and that state could also complain and forfeit the charter for such violation.

4. The fourth case is slightly different; here the property owned is owned by a domestic corporation,—the Railroad Company having the right to acquire and operate this property, and it is managed by directors chosen by directors of the Illinois Steel Company, who in turn are chosen by directors of the Federal, who are chosen by the United States Steel. The courts of Michigan have no jurisdiction here,—no part of the property being located in that state; the courts of Illinois however do,—and certainly could enjoin the use of the property, or dissolve either corporation if they allow themselves to be controlled in such a way as to make them servants of the trust. All that has been mentioned so far is simply the state's power to enjoin the use of property for the illegal purpose, punish the agents, who operate the property, or forfeit the charter of the offending companies in the state granting the charter.

Perhaps all the foregoing can be stated in one general proposition: *It is within the lawful power of the state to prevent, by any remedy it may provide, the use, within its territory, by any person, of any property, in any way, it shall declare is injurious to the public welfare.* What it has so declared is a matter of the positive law of the state; what should be so declared is a matter of policy, —which we are not discussing.

a "foreign corporation, owning all the stock of a domestic corporation where statutes allow its stock to be held by other corporations, does not thereby *acquire* or *hold* the real estate of the domestic corporation" so as to violate the Penn. Act of Apr. 26, 1885, against acquiring or holding real estate, "directly in the corporate name or by or through any trustee, or other device whatsoever, unless especially authorized," under penalty of escheat. Although, this seems to be a piece of judicial sophistry that overruled the better view shortly before taken in *Com. v. N. Y. L. E. & W.*, 114 Pa. St. 340, it does not in fact conflict with the view expressed above; the question of *control in fact*, and not of title in the corporate name, is involved; it is submitted that most courts can see through such devices to evade the law.

Of course it may be contended that voting stock by the United States Steel Corporation, at the office of the Federal Steel Corporation in New York City, electing the directors there, and then one or more of the directors with authority to do so, proceeding to Chicago, and electing directors there of the Illinois Steel Company, and these in turn at Chicago electing directors of the Elgin, Joliet & Eastern R. R., who manage its property in that state, are in no sense doing business by any of these corporations except the railroad company in that state; perhaps all of that may be conceded; yet if it can be established that through all this elaborate machinery, legal in form, but designed to have, and in fact having, the effect of placing the control of the railroad in the hands of the trust,—then the operation of the road by parties so selected certainly can be enjoined, and the parties so undertaking to operate it, that are in fact within the state, can be punished for so doing. But this particular railroad is an interstate railroad,—not one wholly subject to the law of Illinois; so far as it is interstate, or rather, so far as it carries on interstate commerce, if it is managed by the agents of a trust, or so far at least as its interstate traffic is managed by the agents of a trust, it comes under the National Act. So far as the United States Steel Corporation buys and sells goods of any kind that are to cross state lines it is then, so far as these transactions are concerned, beyond the jurisdiction of the states, and within the exclusive jurisdiction of the National Government. It is proposed by the *new corporation* to leave the constituent companies in existence, and allow them to deal with the public and with one another in their own names; the Illinois Steel Company (controlled by the Federal Steel Company) will sell its products in its own name,—so will the Lorain, so will the Carnegie, so will the National Steel; there is but little if any doubt that the Executive Committee, or President Schwab, or the officers or sales agents selected by the United States Steel Corporation, will be *required*, as a part of their duty, to see to it that so far as these various plants make the same products that would naturally come into competition, they will not bid against one another in

any way very effective in lowering prices;⁶ they may keep up the semblance of competition by putting in sham bids, as in the Addyston Pipe Case,—but even if this is done, the courts will be able to see through the matter. The probability is that there will be one general sales agent for the products that would otherwise be competitive, and all orders, from whatever source, and given to either constituent company, will be referred to this sales agent before it is filled. If such a scheme is adopted, it will be a direct “interference with interstate commerce,” within the decision of the Addyston Case. It perhaps may be said that the goods bought and sold will be bought and sold by the constituent companies of one another; this may be true, but if it is, it will not be, according to the theory of the new corporation, a sale by itself to itself. Hence if the goods are to cross state lines, this transaction will be within the province of the National Government also. But the corporation proposes to engage in transportation also, between states; this brings it within the jurisdiction of the National Government, at least so far as those persons are concerned who actually carry on this business for it.

(4) OTHER SUGGESTED REMEDIES.

There is another remedy that is available, and could be made effective, but has not yet been applied. This is the *National power of taxation*; this is not limited as the interstate commerce power is limited, but extends to all persons within the states; any tax by the National Government would have to be of the *indirect* character,—for the apportionment rule of direct taxes

⁶ Since the foregoing was written it is said, “In keeping with the recent decision of the management of the U. S. Steel Corp. to reduce the number of constituent companies, by merging those whose productions are similar, and were formerly competitive, the Carnegie Steel Co. has leased the properties of the National Steel Co., and the Am. Steel Hoop Co., and from July 1st, will operate the same and conduct the sales departments of those companies under its own name. * * * The Carnegie Steel Co., through the combining of the sales offices and the placing of its own agents in general charge, now also directs the selling of the products of both its own and the Illinois Steel Company’s plants, although all the business of the latter organization continues to be done in its own name.” 89 Age of Steel, June 29, 1901, p. 15.

would make it impossible to apply. Any person, natural or artificial, who engages in any interstate or foreign commercial business certainly can be subjected to a National tax upon such business, under the general welfare clause of the National constitution,—to lay and collect taxes, duties, and imposts, to pay the debts and provide for the common defense and general welfare. As held in the case of *Bank v. Fenno* (8 Wall. 533), the National Government can practically tax a state corporation out of existence even in the very state that creates it. If so, it would seem to have as great power when such corporation is engaged in interstate commerce (which is a power or privilege derived from the National Government) as it has over a state bank that is authorized to issue bills and notes.

Many other remedies suggested, including Mr. Bryan's (if I understand it correctly), either involve or require the National Constitution to be amended, in order to give Congress entire control. If it is possible to avoid this, I think it should be avoided, for such an amendment would seriously disturb the balance of power between the Nation and the States, and would be a tremendous, untried, and unknown power in the National hands. It should be resorted to only when all others fail. Still other ways proposed are: (1) Punish discrimination; (2) Repeal the tariff; (3) Require corporations to make uniform prices to all, and (4) Publicity. As to punishing discrimination, this certainly would be effective but harsh and hard to apply. The last Interstate Commerce Commission report says: "There is probably no one thing today which does so much to force out the small operator and build up trusts and monopolies as discrimination in freight rates." And "Men, reputable citizens in all other respects, are guilty of acts which, if the statute law was enforced, would subject them to fine and imprisonment."

* * The difficulties in the way of securing legal evidence necessary to a conviction are such as to be in most cases insurmountable." The Commission, justly I think, urges the legalizing of railway associations and traffic agreements as the most promising plan of preventing discrimination.

(2) *Repeal the tariff.*—The effect of the tariff is uncertain.

Great monopolies have been built up without its help; others have been fostered and sustained by it. Since a protective tariff is justifiable, only to *promote the general welfare*, it should be withheld or withdrawn whenever it can be used to subvert that end.

(3) *Require corporations to make one price for all.*—This is the favorite remedy of Professor John B. Clark of *Columbia University*. It seems to me that it has not yet been given the consideration due it. I think it can be made fairly effective. It is objected that it could not be applied to individuals or partnerships having no franchise from the state. This may be true (though I do not think so); but in any event the danger from these is not so great as from great combinations in corporate form. As to these a state certainly can provide that those holding its franchise, if they make a low price in one locality, either in or out of the state, they must make the same price to all, under penalty of forfeiture. So, too, the National Government probably can say to a corporation that if it sells at a certain price in one state it must not make a higher price upon like goods to go into another state, otherwise it may not engage in interstate or foreign commerce. If I am correct here, then the State and Nation together can preserve the permanent value of low prices established by large combinations, and at the same time preserve and make vastly more effective the constant menace of potential competition.

(4) *Publicity.*—The one single remedy that all members of both the trust conferences would have agreed to, and the one advised by the Industrial Commission, is to adequately provide for publicity of the details of trust operations. I believe thoroughly in the value of this. If a great searchlight could be thrown over and through the trusts, the evil they are doing or contemplating, if any, would remain undone,—or if none, the dread of danger would be gone.

I have thus far in this hurried way considered the legal difficulties involved, and suggested, with reasons, such remedies as now seem possible. Present laws (if enforced) are in the main sufficient for present purposes, except in the way of providing

for publicity. Methods for securing this in an adequate, efficient and continuous way should be vigorously pushed forward both by National and State governments; by the time results in this direction are obtained and made available, the courts will have made certain the power of the state, and demonstrated the desirability or absurdity of the present anti-trust laws; and these together will show whether destruction or regulation, from a business point of view, is most desirable. If the latter is found best, there will then remain for consideration the social question, —the effect upon individual effort, initiative, and welfare. For the fair solution of this, vastly more information than we now have, and much more careful study, are necessary.

Is it not possible for the state to say to those who hold its franchises, granted to them for public reasons, that they must give those whose labor makes their wealth a share in its direction and creation, to such an extent as to preserve and develop their manhood?

It seems to me that the state owes it to all her citizens, to say to those who seek, and to whom are granted, her franchises, that the grantees must render a full and complete account of their stewardship; that they must bear in mind that the *public welfare* is the absolute and unqualified condition of their tenure. Remembering that the state itself exists for the *common weal* of all its citizens, and not for any part of them, and therefore, that from him unto whom much is given, much shall be required, let us investigate the truth in soberness, and with malice toward none, but with charity for all, solve justly and fairly the industrial problem the nineteenth century has bequeathed to us.

TABLE I. Comparison of Capitalization of U. S. Steel Corporation with various other things.

United States Steel Corporation, total authorized stock and bonds, Wealth of the United States, 1900, estimated	\$ 1,404,000,000	
Wealth of the United States, 1850, estimated	94,000,000,000	Carroll D. Wright, Cent. Mag., Jan., 1901.
Total gold and silver production of the world, 1493-1899	7,135,780,228	Carroll D. Wright, Cent. Mag., Jan., 1901.
Total value of manufs., fisheries, minerals, and farm products, U. S., 1900	21,005,406,500	Stat. Abs., 1900, p. 40.
Total value of manufactures, fisheries, and minerals, U. S., 1850..	19,222,570,939	Carroll D. Wright, Cent. Mag., Jan., 1901.
Railroads,—mileage, 1893.....	1,029,106.798	Carroll D. Wright, Cent. Mag., Jan., 1901.
" total stock and debt, 1899.....	187,781	Stat. Abs., 1900, p. 377.
" gross receipts, 1899.....	11,692,817,066	Stat. Abs., 1900, p. 377.
" net earnings, 1899.....	1,336,096,379	Stat. Abs., 1900, p. 377.
Resources of 3371 National Banks, Sept. 5, 1900.....	447,741,014	Stat. Abs., 1900, p. 377.
Deposits in Savings Banks, 1899-1900.....	5,048,100,000	Stat. Abs., 1900, p. 47.
Deposits in Savings Banks, 1890....	2,449,547,885	Stat. Abs., 1900, p. 60.
Farm Products,—corn, farm value, 1900,	1,524,844,506	N. Y. Ind., Nov. 8, 1900.
wheat, " " "	751,220,084	Stat. Abs., 1900, p. 356.
rye, " " "	323,825,177	Stat. Abs., 1900, p. 357.
oats, " " "	12,205,417	Stat. Abs., 1900, p. 358.
barley, " " "	209,669,233	Stat. Abs., 1900, p. 359.
buckwh't, " " "	24,075,271	Stat. Abs., 1900, p. 360.
potatoes, " Dec. 1, "	5,841,413	Stat. Abs., 1900, p. 361.
Total of foregoing..	90,811,167	Stat. Abs., 1900, p. 371.
cotton, value 1899.....	334,847,868	Stat. Abs., 1900, p. 367.
wool, " Jan. 1900.	105,352,377	Statist. Abstract, 1900, pp. 373, 427.
Total imports and exports, U.S., 1900	2,244,424,266	Stat. Abs., 1900, p. 82.
" exports, U. S., 1900.....	1,394,483,082	Stat. Abs., 1900, p. 82.
" imports, U. S., 1900.....	849,941,184	Stat. Abs., 1900, p. 82.
Public debt, U. S., less cash in treasury Jan. 1, 1901.....	711,392,433	
Total receipts, U. S. Govern't, 1900,	669,595,431	Stat. Abs., 1900, p. 22.
" expenses, " " 1900.	590,068,871	Stat. Abs., 1900, p. 27.
Money in circulation in U. S., Apr. 1, 1901.....	2,187,243,580	Com. & Fin. Chr., Apr. 27, 1901, Vol. 72, p. 905.
Money in circulation in U. S., July 1, 1899.....	1,880,361,649	Stat. Abs., 1900, p. 39.
Gold and silver production of the world, 1899.....	522,794,000	Stat. Abs., 1900, p. 40.
Total expenditures, public schools of the U. S., 1899.....	137,281,603	Stat. Abs., 1900, p. 407.
Population of the United States, estimated, April 1, 1901.....	77,427,000	
Population of the world, estimated, 1890.....	1,487,600,000	
Miles of silver dollars, edge to edge, in \$1,404,000,000.....	32,043	
Miles of silver dollar certificates, end to end, in \$1,404,000,000.....	163,423	
Miles of silver dollars, one on top of another, in \$1,404,000,000.....	2,216	
Car loads of 20 tons each in \$1,404,000,000.....	2,064	

TABLE II. Leading Railroad Systems of the United States.

VANDERBILT.		HARRIMAN.		PENNSYLVANIA.		GOULD.		HILL.		MORGAN.	
ROAD.	MILES.	ROAD.	MILES.	ROAD.	MILES.	ROAD.	MILES.	ROAD.	MILES.	ROAD.	MILES.
N. Y. Central....	3,222	Union Pacific....	2,939	Penn. R. R. Sys....	9,039	Missouri Pac....	5,324	Northern Pac....	5,810	Erie.....	2,699
Lake Shore....	1,413	Ore. Ry. & Nav....	1,165	Buffalo, R. & P....	472	Texas Pac....	1,529	Great Northern...	5,475	Central N. J.....	679
N. Y. Chicago & St. L.	513	Ore. Short Line....	1,461	West N. Y. & Pa....	643	St. Louis So....	1,258	C., B. & Q.....	7,840	Reading.....	1,461
Mich. Central....	1,638	Chi. & Alt.....	1,000	Ches. & Ohio....	1,476	Int. & Grt. N....	1,625	Del., L. & W.....	938	Del., L. & W.....	938
Canada Sou'n'n....	457	Kans. City So....	873	Nor. & West....	1,555	D. & R. G.....	1,975	Lehigh Valley....	2,225	Lehigh Valley....	2,225
Lake Erie & W....	725	Chicago T.....	297	Balt. & Ohio....	3,600	M., K. & T.....	2,424	Chi., Ind. & L....	543	Chi., Ind. & L....	543
U. C. O. & St. L....	2,234	Southern Pacific.	9,604	Long Island....	379	Wab., St. L. & P..	2,853	Southern.....	7,893	Southern.....	7,893
Chicago & N. W....	7,031			U., L. & W.....	192			Mobilo. & Ohio....	876	Mobilo. & Ohio....	876
Ch., St. P., M. & O.	1,557							C., H. & D.....	653	C., H. & D.....	653
Northern O.....	165										
Pittsb. & T. E....	180										
Dunk., A. V. & P..	91										
St. Lawr. & A. d....	56										
Terminal at Falalo	12										
I. & E.....	11										
TOTALS.....	19,225	Steamship Lines.	17,270		17,363		15,383		19,125		17,905
			3,665								
			20,765								

This table was prepared from figures given in the Supplement to the Commercial & Fin. Chr. for April, 1901. An Article in the Aug. No. of the Rev. of Rev., received since the foregoing was compiled, gives the following totals: Vanderbilt system, 19,455 miles; Harriman, 18,800; Pennsylvania, 13,772; Pennsylvania and New York Central, 3,008; Gould, 13,795; Morgan-Hill, 20,488; Morgan, 11,735. An Article in World's Work, April, 1901, p. 676, gives the following: Vanderbilt, 17,427 miles; Harriman, 14,168; Pennsylvania, 17,372; Gould, 15,215; Morgan, 15,715

Since the above was prepared, the battle for the control of the Northern Pacific has been settled by allowing Mr. Morgan to select five directors for that road; he did this July 17, by naming J. J. Hill, E. H. Harriman, William Rockefeller (director of St. Paul road), H. McK. Twombly (director Chi. & N. W.), and Sam'l Bea of the Penna. R. R., saying, "every important interest will have its representative, who will be brought into close touch with the situation as a whole." W. K. Vanderbilt was made referee, and in his absence, Frest. A. J. Cassatt of the Penna. Co., will serve in his place.—N. Y. Ind., July 25, 1901, p. 1764.

TABLE III. Financial Details of the United States Steel Corporation; Outstanding Stock and Bonds, and Amounts of New Stock and Bonds Issued for the same.

NAME OF COMPANIES.	OUTSTANDING STOCK AND BONDS.				STOCK AND BONDS OF NEW COMPANY ISSUED FOR EACH \$100 OF STOCK OF THE OLD COMPANIES.				AMOUNT OF STOCK AND BONDS OF NEW COMPANY ISSUED FOR STOCK OF OLD COMPANIES.					
	STOCK.		BONDS.		TOTAL.		Preferred.	Common.	Bonds.	Total.	Preferred.	Common.	Bonds.	Total.
	Preferred.	Common.	Millions.	Millions.	Millions.	Millions.								
	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.	Millions.
Carnegie Co.....	53.3	160.0	160.0	320.0	110	107½	100	(c) 163.4	(c) 155.2	304.0	(c) 622.6			
Federal Steel Co.....	40.0	46.5	26.8	123.6	4	125	.....	60.4	50.0	.....	110.4		
National Tube Co.....	30.5	40.0	.....	80.0	8½	105	.....	53.5	50.0	.....	103.5		
American Bridge Co.....	40.0	30.5	.....	61.0	110	136	.....	33.6	32.0	.....	65.6		
Lake Superior Consol. Mines.....	40.0	28.7	(a) 6.0	84.7	135	136	.....	38.8	38.8	.....	77.6		
American Steel and Wire Co.....	27.0	32.0	(b) 5.7	86.7	117½	102½	.....	47.0	51.3	.....	98.3		
National Steel Co.....	14.0	19.0	4.4	33.4	125	125	.....	33.7	40.0	.....	73.7		
American Steel Hoop Co.....	18.3	28.0	.....	46.3	100	100	.....	14.0	19.0	.....	33.0		
American Tin Plate Co.....	24.5	24.5	2.0	51.0	20	125	.....	28.5	35.0	.....	63.5		
American Sheet Steel Co.....	24.5	24.5	.....	51.0	100	100	.....	24.5	24.5	.....	49.0		
TOTALS	287.6	459.2	264.9	911.7	.....	.....	.....	407.4	495.8	304.0	1297.2		
United States Steel Corp.....	.....	.....	.....	.....	.....	.....	.....	550.0	550.0	304.0	1404.0		
Balance left with Syndicate (d).....	.....	.....	.....	.....	.....	.....	.....	52.6	54.2	.....	106.8		

(a) Not the debt of the Mining Company, but of the Duluth M. & N. E. R., controlled.

(b) American Steamship Co. bonds, guaranteed by the American Steel and Wire Co.

(c) This is the amount resulting from subtracting the totals for the other companies from the total amount reported to have been issued, in the Commercial and Financial Chronicle Supplement, April 27, 1901, p. 171.

(d) As these sheets are being printed a statement comes to hand that there has been issued a little over \$503,000,000 of common, and \$510,000,000 of preferred, stock, leaving about \$81,000,000 yet unissued.—N. Y. Independent, Oct. 10, 1901, p. 24-25

TABLE IV. Financial Details, Balance Sheets.¹

	Plants, real estate, etc.	Million. \$	Other Investments. Million. \$	Bills and accounts receivable. Million. \$	Inventory and fur- niture. Million. \$	Cash. Million. \$	Total. Million. \$	Accounts payable. Million. \$	Depreciation. Million. \$	Fixed charges. Million. \$	Net surplus. Million. \$	Notes.
Carnegie.....	(a)	72.9	(a)	(a)	(a)	(a)	(b)	(a)	(a)	(d)	39.0	Com. and F. Ch., 70 V., 684.
Federal.....	(c)	3.8	(c)	(c)	(c)	(c)	(c)	2.4	0.5	4.7	11.8	Com. and F. Ch., 71 V., 235-40, June 30, 1900.
National Tube.....	(a)		(a)	(a)	(a)	(a)	(a)			3.4	13.9	
Am. Bridge.....	(a)		(a)	(a)	(a)	(a)	(a)			0.3	7.4	
Lake Sup. Mines.....	(a)	79.6	(a)	(a)	(a)	(a)	(a)	4.7	1.2	(f)	42.2	Com. and F. Ch., 72 V., 242.
Am. Steel & Wire.....	(a)	49.4	(a)	(a)	(a)	(a)	106.2	5.8	3.5	(f)	3.7	Com. and F. Ch., 70 V., 592, Feb. 28, 1900.
National Steel.....	(a)	30.4	(a)	(a)	(a)	(a)	76.7	1.1	1.0	(f)	4.0	Com. and F. Ch., 70 V., 1095, April 30, 1900.
Am. Steel Hoop.....	(a)		(a)	(a)	(a)	(a)	38.2	1.7	1.3	(f)	5.9	" " " 71 V., 135.
Am. Tin Plate.....	(a)	43.4	(a)	(a)	(a)	(a)	60.9	1.7	1.7		3.8	
Am. Sheet Steel.....	(a)	275.7	(a)	(a)	(a)	(a)	441.8			27.9	101.7	
U. S. Steel Corp.....			23.3	23.7	28.4	15.1				53.7		

(a) No report.
 (b) From statement in Frick Suit—does not include H. G. Frick Coke Co.
 (c) The Federal Steel Co. does not claim to own the plants of its constituent companies, but only their capital stock; hence it does not report the value of the plants controlled as a part of its assets. This is also the policy of the new company.
 (d) Includes interest on bonds.
 (e) Includes interest on bonds of the D. M. & N. Ry. Co.
 (f) Includes interest on bonds of American Steamship Co., guaranteed by the American Steel and Wire Co.
 1 This table is necessarily fragmentary; its main object was to obtain the total value of the properties as given by the various companies (\$441.8 millions), and the fixed charges (\$27.9 millions). The figures were obtained mostly from reports of the companies made to the New York Stock Exchange, and published by the Com. and Fin. Chronicle; also from the Supplements to the Iron Age—The Consolidations and Listed Stock Companies in the Iron and Allied Trades.—Feb. 22, 1900, and Dec. 27, 1900; also, "Statistical Tables" of Spencer Trask & Co., Bankers, N. Y., January, 1901.

TABLE V.—Net earnings and estimated value of plants.

NAME.	Stock Quotations, N. Y., Jan. 2, 1901		ESTIMATED VALUE OF PROPERTIES.												
	Net Earnings Millions	Preferred Per \$100	Common Per \$100	Net Earnings Capitalized		Value of Stock and Bonds Outstanding at Prices Quoted (Bonds at Par)				Book Estimates Balance Sheets		Value as Esti- mated at 64.4% of Stock	As Estimated By Parties So Far as Available	Amount of Stock Issued in Exchange by U. S. Steel Corp.	
				At 6%	At 10%	Pre-ferred	Com- mon Stock	Bonds	Total	Millions	Millions				
Carnegie.	39.0	.....	.....	650.0	300.0	.....	.....	.....	.....	.....	.....	.....	.....	.....	622.6
Federal.	11.8	79.0	59.0	196.0	118.0	42.0	27.4	26.8	100.0	96.2	.....	.....	.....	.....	110.4
National Tube.	14.4	105.0	70.0	240.0	144.0	42.4	23.0	.....	.....	70.4	.....	.....	.....	.....	103.5
American Bridge.	.....	65.0	46½	.....	.....	29.3	14.1	.....	.....	43.4	.....	.....	.....	.....	65.5
Lake Sup. Mines.	(1) 7.4	.....	(K) 135.0	123.0	74.0	.....	.....	.....	.....	44.7	.....	.....	.....	.....	77.6
Am. Steel & Wire.	13.4	88.5	47½	223.0	134.0	35.4	23.8	5.7	64.9	64.9	.....	.....	.....	.....	98.3
National Steel (G).	7.3	52.5	44½	122.0	73.0	35.2	14.3	4.4	4.4	43.8	.....	.....	.....	.....	73.7
American Steel Hoop (G).	5.0	78.0	33½	83.0	50.0	10.0	6.4	.....	.....	17.3	.....	.....	.....	.....	33.0
Am. Tin Plate (G).	5.9	69.5	57½	98.0	59.0	16.0	.....	.....	.....	32.6	.....	.....	.....	.....	63.5
American Sheet Steel (G).	(1) 3.8	79.0	26.0	63.0	38.0	19.4	6.4	2.0	.....	27.8	.....	.....	.....	.....	49.0
Totals	106.0	.....	.....	1800.0	1080.0	221.2	335.0	204.9	701.1	1239.4	.....	.....	.....	.....	1237.2

(A) Not deducting for depreciation, dividends, or interest paid.
 (B) To this should be added the value of the Frick Coke Co., probably \$25 millions; the \$75.6 millions are the figures given in Mr. Carnegie's answer in the Frick suit.
 (C) Putting these in at par; they are not sold on the stock exchange.
 (D) This seems to be the estimate the owners put upon the Carnegie and Frick Coke Co. properties when the Carnegie Co. was organized in adjusting the Frick difficulty.
 (E) This includes \$45 millions as original value of property; \$10 millions cash; \$31 millions increase in value of property, and \$14 millions cash furnished by syndicate when the company was organized.
 (F) Mr. Gates' estimate as given in testimony before Indus. Com., Vol. 1, p. 1021; the official statement to the N. Y. Stock Exchange, shortly after company was organized, was that the value of the plants was \$23.4 millions, and \$17.3 millions cash for working capital, making \$40.7 millions.
 (G) The testimony of W. H. Moore, before the Indus. Com., was to the effect that the cash value of all the plants of these companies, including good will, was considered to be equal to the face value of the preferred stock issued. Testimony Indus. Com., Vol. 1, pp. 939-63.
 (H) The testimony before the Indus. Com. showed that the value of the plants alone, when acquired, was about \$13 millions; \$5 millions cash capital was furnished to the new company (Report Indus. Com., Vol. 1, p. 91).
 (I) Estimated, no report made public. The total net earnings of all the companies have been stated to be \$108 millions (Com. and Fin. Ch.)
 (J) The earnings of the Am. Sheet Steel Co. have not been officially stated, but the total of the Moore Cos., Nat'l Steel, Steel Hoop, Tin Plate, and Sheet Steel, has been stated to be about \$22 millions; this leaves \$38 millions for the Sheet Steel Co. (Iron Age, Feb. 23, 1901).
 (K) Price at which it is supposed to have been estimated in the purchase by the U. S. Steel Cor. A year ago the stock brought only \$40 per \$100 share.
 (L) In the column of book estimates, many of the figures could not be obtained; the figures in () were obtained by making these figures bear the same relation to the market value of the stocks in the preceding column, in these cases, as the average of those for which figures were had, viz: 165%.
 (M) Those figures in () are estimated upon the Am. Tin Plate plan; that is, the preferred stock represents substantially the "business value" of the plants. Other figures could not be obtained. The other figures in this column have been obtained from various sources, but mainly from Rept. of Indus. Com., and the Commercial and Fin. Chronicle.
 (N) This estimate as stated by Prof. Jenks in Bulletin of Dept. of Labor No. 29, July, 1900, p. 571, includes "per cent of cost of reproducing active plants of stock issued," and "net cost of working capital of stock issued." Although the names of the companies from which the estimate there was made are not given, it is very probable that several of the steel companies were included.

TABLE VI.—Number of Plants (including manufacturing, transportation, water, gas, coke, etc., but not including mines), with location of the same in each state, and location of lands, mines and other property of the company.

NAME.	NUMBER AND LOCATION OF PLANTS, ETC.																		
	(A) Total No.	Mass.	Conn.	N. Y.	N. J.	Del.	Md.	Pa.	W. Va.	Ohio	Ind.	Ill.	Mich.	Minn.	Wis.	Mo.	Kans.	Cal.	Wash.
Carnegie	23							20	+	+	+	4	+	+	+				
Federal	7							17	2	3	1		+						
National Tube	25				1	1		6		3	2		+	+	1				
Am. Bridge Co.	24	1		2				17		3	1		+	+					
Lake Sup. Mines	43							13		9	2	8		+		2	3	1	1
Am. Steel & Wire	43	3		2				8		6									
National Steel	13							2		6									
Am. Steel Hoop	14							8		6									
Am. Tin Plate	59			1			3	12	1	10	7	1							
Am. Sheet Steel	(C) 27							12		13	2								
Totals.....	213	3	1	12	1	2	3	130	3	51	15	15	+	1	2	2	2	1	1

(A) It is difficult to tell what a plant is; this list is made up from what each company seems to designate a plant, whether steel works, bridge company, deck company, steamship company, or railroad company, in their list of property as given in Supplement to the Iron Age, Dec. 27, 1900.

(B) This mark, +, indicates that the company has mines, coal lands, or other property in the state indicated.

(C) Does not include those acquired from Republic Iron and Steel Co., the number and location of which were not obtained.

TABLE VII. Industrial Details, Plants, Mines and Products.

NAME.	Plants consol. No.	Mines, No.	Ore, million tons.	Coke ovens, No.	Coke, million tons.	Blast furnaces, No.	Open-hearth furnaces, No.	Pig iron, million tons.	Steel, million tons.	Steel rails, million tons.	Finished product, million tons.	Rod mills, No.	Sheet mills, No.	Wire, million tons.	Wire nails, million keys.	Tin mills, No.	Tin, million boxes.	Bridges, &c., million tons.	Rods, million tons.
Carnegie.....	20	17	5.3	14,270	6.0	10	52	2.8	2.9	.....	2.5	2	.....	.....	.....	.....	.....	.....	.....
Federal.....	7	6	2.9	2,733	1.8	21	10	1.6	1.7	.....	1.8	.....	.....	.....	.....	.....	.....	.....	.....
National Tube.....	25	.....	.....	.....	.....	(a)	.....	.....	.....	.....	1.1	.....	.....	.....	.....	.....	.....	.....	.....
American Bridge.....	24	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.6	.....	.....	.....	.....	.....	.....	.....	.....
Lake Sup. Con. Mines.....	6	6	1.5	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Am. Steel and Wire.....	43	6	1.1	9,200	0.9	9	17	0.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
National Steel.....	13	14	1.5	1,300	0.5	20	.....	1.8	1.8	.....	2.6	23	160	1.45	19.4	300	9.0	.....	1.2
American Steel Hoop.....	14	.....	.....	.....	.....	.....	.....	.....	.....	.....	0.7	.....	.....	.....	.....	.....	.....	.....	.....
American Tin Plate.....	30	1	.....	.....	.....	.....	.....	0.2	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
American Sheet Steel.....	(a)	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
U. S. Steel (direct ownership).....	(a)	1	0.4	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
TOTALS.....	213	41	12.7	20,508	9.2	(b)	79	6.8	6.4	1.6	11.4	25	160	1.45	13.4	300	9.0	0.5	1.2
United States.....	.....	.....	25.0	47,142	17.6	.....	.....	13.8	10.5	2.9	.....	.....	215	1.54	14.0	328	9.4	0.7	1.9

(a) Not including those formerly belonging to Rep. I. and Steel Co., the number and location of which are not given.

(b) These totals are too small; no data could be found in some cases. It has been generally stated that the Company has 78 blast furnaces.

NOTE. The figures in this table are mainly from reports made to the New York Stock Exchange, and printed in the Com. and Fin. Chr., The Iron Age, Age of Steel, etc.

TABLE VIII.—Employees and Vessels.

	Whole Number.	Number in Pittsburgh District. (A)	VESSELS. 7	
			No.	Tonnage Millions.
Carnegie.....	50,000 ¹	18,500	13	1.5 ⁸
Federal.....	21,859 ²	.....	22	2.0
National Tube.....	B	11,000	.....	.....
American Bridge ³.....	.....	.....	.....	.....
Lake Superior Min. ³.....	.....	.....	56	6.3 ¹⁰
American Steel & Wire.....	36,000 ⁴	7,600	12	2.0
National Steel.....	8,000 ⁵	.....	9	1.0
American Sheet Steel.....	B	7,000	.....	.....
American Tin Plate.....	B	3,300	.....	.....
American Steel Hoop.....	B	2,400	.....	.....
Totals	115,859	49,800	112	12.8
Add those in Pittsburgh, not included here.....	23,700	.....	Total Tonnage of ore vessels of the lakes, 1899, 17.8 ⁹	
Total	(B) 139,559	.....	
Estimated total ⁶	250,000	.....	.....	.....

(A). Does not include office employees; the figures are from Age of Steel, April 13, 1901.

(B). No other data obtained except as to those employees in the Pittsburgh field.

(1). World's Work, April 1901, p. 618.

(2). Testimony Indus. Com., Vol. 1, p. 991.

(3). No figures obtained.

(4). Testimony Indus. Com., Vol. 1, p. 1012.

(5). Does not include employees at mine; Indus. Com., Vol. 1, p. 951.

(6). This is the number given in Cosmopolitan, May, 1901.

(7). Does not include Leyland Co. steamers.

(8). Com. & Fin. Chr., Vol. 71, p. 596, March 24, 1900.

(9). Com. & Fin. Chr., Vol. 69, p. 903, Oct. 28, 1899.

(10). Ibid.

TABLE IX.—Capital and Product of Compellers¹

NAME.	Stock (Authorized) & Bonds Millions	Total Product Annually Thousand Tons
Alabama Consol. Ir. Co.....	\$ 5.0	150.
Am. Car Found. Co.....	60.0	250.
Am. Iron & S. M. Co.....	20.0	150.
Bethlehem (C).....	15.0	230.
Cambria.....	16.0	500.
Central F. & I. Co.....	18.0	250.
Col. F. & I. Co.....	31.0	870.
Crucible Steel Co.....	50.0	300.
Diamond State Steel Co.....	3.0	195.
Empire Steel & I. Co.....	10.0	300.
Jones & Laughlins.....	4.0	300.
Lackawanna Steel Co.....	3.8	350.
Midvale.....	(A)	(A)
Nat'l Enam. & S. Co.....	30.6	90.
New Haven I. & S. Co.....	.5	20.
Penn. Steel.....	6.3	1440.
Repub. Iron & Steel.....	55.0	1700.
Sharon Steel.....	(A)	(A)
Shelby Steel Tube (C).....	15.0	(B)
Sloss Sheffield.....	23.8	350.
Susquehanna.....	1.5	50.
Tenn. C. & I. & R. Co.....	32.0	650.
Thomas.....	2.5	250.
U. S. Cast I. P. & C. Co.....	30.0	450.
Virginia I. C. & Co.	20.0	633.
Warwick.....	1.5	185.
Total.....	454.5	9,563.
Carnegie.....	320.	2500.
Federal.....	200.	1800.
National Tube.....	80.	1131.
Am. Bridge.....	70.	600.
Am. Steel & W.....	90.	2500.
Am. Tin Plate.....	50.	400.
Nat'l Steel.....	59.	1800.
Am. Steel Hoop.....	33.	700.
Am. Sheet Steel.....	52.	(A)
Total.....	954.	11,431.
Total of all.....	2408.5	21,094.

TABLE X.—Summary of References.

IN GENERAL: Supplement Iron Age, Dec. 27 1900. Century Mag. (Jan.-May 1901). World's Work, April, 1901. Review of Reviews (Feb.-May, 1901).

CARNEGIE CO.:
 Com. & Fin. Chr. Vol. 68, pp. 925, 973, 1022, 1074.
 Vol. 69; 81, 387, 542, 592, 745, 853, 870, 908, 1036, 1105.
 Vol. 70; 330 533, 586, 635, 638.
 Vol. 71; 86, 603, 1014.
 Vol. 72; 139.
 Iron Age, 1900, Feb. 15, p. 23; March 1, p. 21; March 15, p. 14; March 29, p. 17, 1901; April 18, p. 44.

FEDERAL STEEL:
 Com. & Fin. Chr. Vol. 67; 483, 530, 578, 633.
 Vol. 70; 684, 790.
 Vol. 71; 545.
 Indus. Com. Test. Vol. 1, p. 982 et seq.

NATIONAL TUBE:
 Com. & Fin. Chr. Vol. 68; 332, 380, 429, 619, 672, 928.
 Vol. 70; 384, 744, 746.
 Vol. 71; 235, 240, 392, 545, 866
 Vol. 72; 91.

AMERICAN BRIDGE:
 Com. & Fin. Chr. Vol. 70; 1150.
 Vol. 71; 86, 1014, 1121.

AMERICAN STEEL & WIRE CO.:
 Com. & Fin. Chr. Vol. 66; 615.
 Vol. 67; 72, 632.
 Vol. 68; 83, 123, 185, 377, 523, 668, 1131.
 Vol. 69; 25, 386, 493, 543, 645, 744, 1013, 1249.
 Vol. 70; 228, 383, 896, 947, 1046.
 Vol. 71; 545, 1014, 1122, 1163, 1222.
 Age of Steel, Vol. 85, p. 16.
 Indus. Com. Rep. Test. 1005 et seq.

AMERICAN TIN PLATE:
 Com. & Fin. Chr. Vol. 67; 1065, 1163, 1231.
 Vol. 68; 329.
 Vol. 69; 1347.
 Vol. 70; 843.
 Vol. 71; 135, 545
 Vol. 72; 89, 138.
 Indus. Com. Test. pp. 174, 856, 833.

NATIONAL STEEL:
 Com. & Fin. Chr. Vol. 68; 272, 283, 380, 923.
 Vol. 69; 230, 1348.
 Vol. 70; 384, 897.
 Indus. Com. Rep. Test. p. 944.

AM. SHEET STEEL:
 Com. & Fin. Chr. Vol. 70; 332, 634.
 Vol. 71; 183, 1163.
 Vol. 72; 89.

AM. STEEL HOOP:
 Com. & Fin. Chr. Vol. 68; 721, 870.
 Vol. 69; 552.
 Vol. 70; 77, 1093.
 Vol. 71; 545.
 Indus. Com. Rep. Test. 953.

LAKE SUP. CONSOL. MINES:
 Com. & Fin. Chr. Vol. 66; 811.
 Vol. 72; 678, 778.

¹ This table is compiled from data given in Supp. to Iron Age, Dec. 27, 1900. See also Com. & Fin. Chr., May 13, 1899, Vol. 68, p. 899; also 89 Age of Steel, May 18, 1901, p. 22, and Iron Age, Feb. 14, 1901.

(A) No data.

(B) Product 100,000,000 feet of tubes.

(C) Reported to have since been absorbed by the U. S. Steel Corp.

APPENDIX OF DOCUMENTS.¹

I.

CIRCULAR OFFER TO STOCKHOLDERS OF VARIOUS COMPANIES.²

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, March 2, 1901.

To the stockholders of Federal Steel Company, National Steel Company, National Tube Company, American Steel and Wire Company of New Jersey, American Tin Plate Company, American Steel Hoop Company, American Sheet Steel Company.

The United States Steel Corporation has been organized under the laws of the State of New Jersey, with power, among other things, to acquire the outstanding preferred stocks and common stocks of the companies above named and the outstanding bonds and stock of the Carnegie Company.

A Syndicate, comprising leading financial interests throughout the United States and Europe, of which the undersigned are managers, has been formed by subscribers to the amount of \$200,000,000 (including among such subscribers the undersigned and many large stockholders of the several companies), to carry out the arrangement hereinafter stated and to provide the sum in cash and the financial support required for that purpose. Such Syndicate, through the undersigned, has made a contract with the United States Steel Corporation, under which the latter is to issue and deliver its preferred stock and its common stock and its five per cent gold bonds in consideration for stocks of the above-named companies and bonds and stock of the Carnegie Company and the sum of \$25,000,000 in cash.

The Syndicate has already arranged for the acquisition of substantially all the bonds and stock of the Carnegie Company, including Mr. Carnegie's holdings. The bonds of the United States Steel Corporation

¹ Only such documents are here given as seem necessary to a full understanding of the questions discussed in previous pages. The charters and by-laws of the National Steel, the American Steel & Wire, and the American Tin Plate Companies, are given in full in Vol. I. of the Report of the Industrial Commission, and are quite similar to those of the U. S. Steel, The Carnegie, and Federal Steel here given. The Sugar Trust Deed is given in full in 121 N. Y. Report, p. 582, and 18 Am. St. Report, p. 843.

² Printed from circular sent by J. P. Morgan & Co. See 72 Commercial and Financial Chronicle, March 9, 1901, pp. ix-xi; also same, March 16, 1901, pp. vii-ix.

are to be used only to acquire bonds and 60 per cent of the stock of the Carnegie Company.

The undersigned, in behalf of the Syndicate, and on the terms and conditions hereinafter stated, offer, in exchange for the preferred stocks and common stocks of the companies above named, respectively, certificates for preferred stock and common stock of the United States Steel Corporation, upon the basis stated in the following table, viz.:

For each \$100 par value of stock of the class mentioned below, the amount set opposite thereto in preferred stock or common stock of United States Steel Corporation at par:

NAME OF COMPANY AND CLASS OF STOCK.	AMOUNT OF NEW STOCK TO BE DELIVERED IN PAR VALUE.	
	<i>Preferred Stock.</i>	<i>Common Stock.</i>
Federal Steel Co., preferred stock.....	\$110.00	
Federal Steel Co., common stock.....	4.00	\$107.50
American Steel & Wire Co. of N. J., preferred stock..	117.50	
American Steel & Wire Co. of N. J., common stock...		102.50
National Tube Co., preferred stock.....	125.00	
National Tube Co., common stock.....	8.80	125.00
National Steel Co., preferred stock.....	125.00	
National Steel Co., common stock.....		125.00
American Tin Plate Co., preferred stock.....	125.00	
American Tin Plate Co., common stock.....	20.00	125.00
American Steel Hoop Co., preferred stock.....	100.00	
American Steel Hoop Co., common stock.....		100.00
American Sheet Steel Co., preferred stock.....	100.00	
American Sheet Steel Co., common stock.....		100.00

With reference to the last four companies the aggregate amount of stocks so to be offered was arranged with the principal stockholders of those companies, who have requested the distribution of such amount among the four companies to be made in the percentages above stated.

Proper adjustment will be made in respect of dividends upon all the deposited preferred stocks, so that the registered holders of receipts for such preferred stocks will receive the equivalent of dividends thereon, at the rates therein provided, from the last dividend period up to April 1, 1901, from which date dividends on the preferred stock of the United States Steel Corporation are to begin to accrue. Deposited common stocks must carry all dividends or rights to dividends declared or payable on or after March 1, 1901, and no adjustment or allowance will be made in respect thereof.

For the purpose of avoiding the necessity of interruption in the declaration and payment of dividends, when earned, upon the common stock, concurrently with the payment of dividends upon the preferred stock, there has been inserted in the charter of the United States Steel Corporation a provision to the effect that whenever all

quarterly dividends accrued upon the preferred stock for previous quarters shall have been paid, the Board of Directors may declare dividends on the common stock out of any remaining surplus or net profits.

Statements furnished to us by officers of the several companies above named, and of the Carnegie Company, show that the aggregate of the net earnings of all the companies for the calendar year 1900 was amply sufficient to pay dividends on both classes of the new stocks, besides making provision for sinking funds and maintenance of properties. It is expected that by the consummation of the proposed arrangement the necessity of large deductions heretofore made on account of expenditures for improvements will be avoided, the amount of earnings applicable to dividends will be substantially increased and greater stability of investment will be assured, without necessarily increasing the prices of manufactured products.

The certificates for stocks of the companies above named must be deposited as stated below, in exchange for transferable receipts issued by the respective depositories, for which application will be made for listing on the New York Stock Exchange. The deposited certificates must be accompanied by suitable assignments and powers of attorney in blank, duly executed and having attached thereto the proper war revenue stamps, and also, if required, suitable assignments or transfers of all dividends or rights to dividends upon deposited common stocks declared or payable on or after March 1, 1901. Every deposit shall be upon the following further terms and conditions:

1. The undersigned, acting in behalf of the Syndicate, shall have full control over the deposited certificates, including power to deliver the same under said contract to the United States Steel Corporation in consideration of the issue of preferred stock and common stock of said Corporation.

2. The certificates for shares of the United States Steel Corporation, deliverable to depositors, shall be delivered at an office or at offices in the City of New York to be designated by the undersigned by advertisement in at least two newspapers in the City of New York. Such certificates may be issued in the names of the respective holders of the receipts entitled thereto or may be issued in such other names as the undersigned may select, in which event they shall be endorsed for transfer in blank at the time of delivery. The undersigned at their option may deliver temporary certificates for such shares pending the preparation and delivery of engraved certificates.

3. At any time prior to the deposit hereunder of two-thirds in amount of all outstanding shares of the capital stock of any one or more of the above-named companies (which two-thirds in each instance shall include two-thirds of the outstanding preferred stock of such company), the undersigned in their discretion may withdraw the offer herein made to depositors of shares of any such company of whose capital stock two-thirds shall not have been deposited; and, in such

case, no act or notice of withdrawal shall be required other than advertisement thereof at least once in each of two daily newspapers in the City of New York. Upon any such withdrawal, the deposited shares of such company shall be returned without charge, upon surrender of the respective receipts issued therefor. The undersigned, in their discretion, may consummate the proposed transaction as to the stocks of any companies herein named, irrespective of the deposit of the stocks of any other company or of any withdrawal as to any other company.

4. The undersigned are authorized to proceed with the proposed transaction whenever in their sole judgment a sufficient amount of the stocks of said companies, or of any of them, shall have been deposited. They reserve the right, at any time, in their discretion, to wholly abandon the transaction and to withdraw their offer herein contained, as to all the depositors, by publication of notice of such withdrawal in two daily newspapers in the City of New York; and in that event all the deposited shares shall be returned without charge upon surrender of the respective receipts therefor. In case of any such withdrawal of the offer hereunder as to all or to any depositors, such depositors shall have no claim against the undersigned, and shall only be entitled to receive their deposited securities upon surrender of the respective receipts therefor.

5. The authorized issue of capital stock of the United States Steel Corporation presently provided for in said contract is \$850,000,000, of which one-half is to be seven per cent cumulative preferred stock and one-half is to be common stock. The company will also issue its five per cent. gold bonds to an aggregate amount not exceeding \$304,000,000. In case less than all of the bonds and stock of the Carnegie Company or less than all of the stocks of the other companies above referred to shall be acquired, the amounts of bonds and stocks to be issued will be reduced as provided in said contract.

The forms of the new bonds and of the indenture securing the same, and of the certificates for the new preferred and common shares, and the entire plan of organization and management of the United States Steel Corporation, shall be determined by J. P. Morgan & Co. Every depositor shall accept in full payment and exchange for his deposited stock the shares of the capital stock of the United States Steel Corporation, to be delivered at the rates above specified, in respect of the stock by him so deposited; and no depositor or holder of any receipt issued hereunder shall have any interest in the disposition of any other of the shares of stock, or of the bonds of the United States Steel Corporation, by it to be issued and delivered to or for account of the Syndicate or of any proceeds thereof. All shares of the United States Steel Corporation deliverable to or for account of the Syndicate, which shall not be required for the acquisition of the stock of the Carnegie Company or for delivery to depositors under the terms of this circular, are to be retained by and to belong to the Syndicate.

6. The respective depositories may make all such rules as shall be

approved by the undersigned, governing the transfer and registration of receipts for deposited shares, and for the closing of the transfer books for such receipts for any purpose. The undersigned shall not be responsible for any default of any depository.

7. Each deposit hereunder shall be irrevocable, and shall operate as a separate and independent agreement, and as a transfer of the interest of the depositors to the undersigned on the terms hereof.

8. Deposits must be made with the following depositories respectively:

Federal Steel preferred and common stock with Colonial Trust Co., N. Y., or with Old Colony Trust Co., Boston.

National Tube preferred and common stock with Morton Trust Co., N. Y., or with Kidder, Peabody & Co., Boston.

American Steel & Wire preferred stock with Standard Trust Co., N. Y.

American Steel & Wire common stock with Guaranty Trust Co., N. Y.

National Steel preferred and common stock with Central Trust Co. N. Y.

American Tin Plate preferred and common stock with Mercantile Trust Co., N. Y.

American Sheet Steel preferred and common stock with Farmers' Loan & Trust Co., N. Y.

American Steel Hoop preferred and common stock with New York Security & Trust Co., N. Y.

Deposits must be made on or before the 20th day of March, 1901. After that date no deposit will be received except in the discretion of the undersigned, and on such terms as the undersigned may prescribe.

The undersigned reserve the right in their discretion to terminate the privilege of deposit hereunder at an earlier date upon two days' notice to be given by publication at least once in two daily newspapers in New York City.

It is proper to state that J. P. Morgan & Co. are to receive no compensation for their services as syndicate managers beyond a share in any sum which ultimately may be realized by the Syndicate.

J. P. MORGAN & Co.,
Syndicate Managers.

II.

LETTERS ACCEPTING OFFER OF TRANSFER OF
SHARES.¹

FEDERAL STEEL COMPANY,

New York, March 2, 1901.

Dear Sir: The undersigned shareholders of the FEDERAL STEEL COMPANY have carefully considered the circular notice of Messrs. J. P. Morgan & Co., dated March 2, 1901, wherein Messrs. J. P. Morgan & Co., acting in behalf of a syndicate in which some of the undersigned are included, offer to the shareholders of the FEDERAL STEEL COMPANY, and of certain other companies, to cause to be delivered to them, in payment and exchange for their shares, the preferred and common stocks of the UNITED STATES STEEL CORPORATION, upon the terms and conditions stated in such circular notice, and have decided to accept the shares of the UNITED STATES STEEL CORPORATION.

We believe that the consummation of the proposed arrangement will result in decreased expenses, in lower and more stable cost of manufacture, and without advance of prices of manufactured products, in larger net earnings applicable to dividends.

(Signed)	H. H. PORTER,	SAMUEL SPENCER,
	H. H. ROGERS,	ROBERT BACON,
	J. PIERPONT MORGAN,	C. C. CUYLER,
	MARSHALL FIELD,	A. R. FLOWER,
	D. O. MILLS,	CHARLES MACVEAGH,
	N. B. REAM,	JAMES SIM,
	NATHANIEL THAYER,	E. H. GARY.
	SAMUEL MATHER,	

(The signatures were followed by notice of the place to make deposit of stock.)

Precisely similar letters were signed by the following persons, on behalf of the NATIONAL TUBE Co.:

E. C. CONVERSE,	ROBERT BACON,	WM. P. HAMILTON,
F. J. HEARNE,	WM. N. CROWELL,	J. R. DELAMAR,
FRANCIS L. POTTS,	JOHN D. CULBERTSON,	WM. B. RHODES,
WM. H. LATSHAW,	DANIEL O'DAY,	WM. B. SCHILLER,
JOSHUA RHODES,	JOHN DON,	CHARLES STEELE,
ARTHUR F. LUKE,	WM. S. EATON,	J. R. TOBEY,
A. S. MATHESON,	JOHN EATON,	J. N. VANCE.

¹ See 72 Commercial and Financial Chronicle, March 9, 1901, p. xi; also same, March 16, 1901, p. ix.

THE AMERICAN STEEL & WIRE Co.:

J. W. GATES,
 WM. EDENBORN,
 ALFRED CLIFFORD,
 WM. P. PALMER,
 JAMES HOPKINS,
 L. D. WARD,

THOMAS DOLAN,
 CHARLES DOUGLASS,
 F. M. DRAKE,
 P. A. B. WIDENER,
 H. C. PIERCE,
 JOHN LAMBERT,

THOMAS F. RYAN,
 RANDAL MORGAN,
 JOHN A. DRAKE,
 S. H. CHISHOLM,
 J. J. MITCHELL.

NATIONAL STEEL Co.,
 AMERICAN TIN PLATE Co.,
 AMERICAN STEEL HOOP Co.,
 AMERICAN SHEET STEEL Co.

WM. H. & J. H. MOORE. (Their letter adds:
 "As it is important that the transaction
 should be completed without delay, you
 will please deposit your stock promptly
 with," etc.)

III.

CIRCULAR LETTER ANNOUNCING PLAN HAS BECOME OPERATIVE.¹

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, March 21, 1901.

To the stockholders of Federal Steel Company, National Steel Company, National Tube Company, American Steel and Wire Company of New Jersey, American Tin Plate Company, American Steel Hoop Company, American Sheet Steel Company.

Referring to our circular dated March 2, 1901, we announce that holders of the following percentages of the entire outstanding amounts of the preferred and common stocks of the above-named companies have accepted the offer made by us in said circular, viz.:

	<i>Percentage of Preferred Stock.</i>	<i>Percentage of Common Stock.</i>
Federal Steel Company.....	97	96
National Steel Company.....	97	98
National Tube Company.....	98	93
American Steel and Wire Co. of New Jersey	97	92
American Tin Plate Company.....	94	99
American Steel Hoop Company.....	97	98
American Sheet Steel Company.....	97	94

The plan proposed in our circular has therefore become operative.

In view of the fact that there are stockholders who desire to participate in the plan, but who have been unable to deposit the certificate for their stock within the time limited in our circular, we have extended the time for deposit of stocks under the terms and conditions of our said circular of March 2, 1901, until and including Monday, April 1st, 1901, after which date no deposits of stock will be received except in our discretion and on such terms as we may prescribe.

The common stock of any company offered for deposit after the date of closing the transfer books of such company for the payment of dividends upon the common stock, must be accompanied by an order for such dividend.

Deposits must be made with the following depositaries respectively:

¹ Printed from circular sent by J. P. Morgan & Co. See 72 Commercial & Financial Chronicle, March 23, 1901, p. x; also same, March 30, 1901, p. viii.

Federal Steel preferred and common stock with Colonial Trust Co., N. Y., or with Old Colony Trust Co., Boston.

National Tube preferred and common stock with Morton Trust Co., N. Y., or with Kidder, Peabody & Co., Boston.

American Steel & Wire preferred stock with Standard Trust Co., N. Y.

American Steel & Wire common stock with Guaranty Trust Co., N. Y.

National Steel preferred and common stock with Central Trust Co., N. Y.

American Tin Plate preferred and common stock with Mercantile Trust Co., N. Y.

American Sheet Steel preferred and common stock with Farmers' Loan & Trust Co., N. Y.

American Steel Hoop preferred and common stock with New York Security & Trust Co., N. Y.

J. P. MORGAN & Co.,
Syndicate Managers.

IV.

CIRCULAR OFFER TO BRIDGE AND MINES COMPANIES.¹

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, April 2, 1901.

To the stockholders of American Bridge Company, Lake Superior Consolidated Iron Mines.

The offer made in our circular of March 2, 1901, in behalf of the Syndicate, having been accepted by more than 98 per cent of the holders of stock in the several companies therein mentioned, the plan proposed in said circular has become operative. We now offer, by authority and for account of the United States Steel Corporation, in exchange for the preferred and common stock of the American Bridge Company and for the stock of the Lake Superior Consolidated Iron Mines, respectively, certificates for preferred stock and common stock of the United States Steel Corporation upon the following basis:

For each \$100, par value, of preferred stock of the American Bridge Company, \$110, par value, in the preferred stock of United States Steel Corporation.

For each \$100, par value, of common stock of the American Bridge Company, \$105 in the common stock of United States Steel Corporation.

For each \$100, par value, of stock of the Lake Superior Consolidated Iron Mines, \$135, par value, in the preferred stock and \$135, par value, in the common stock of United States Steel Corporation.

Such preferred stock of the American Bridge Company will be received ex dividend payable April 24, 1901, but must carry all other dividends and rights to dividends declared or payable after that date. Such common stock of the American Bridge Company and such stock of the Lake Superior Consolidated Iron Mines must carry all dividends and rights to dividends declared or payable after March 15, 1901.

Dividends on the preferred stock of United States Steel Corporation to be delivered to depositors are to begin to accrue from April 1, 1901.

Arrangements have already been made for the acquisition upon the above basis of more than eighty-five per cent of the stock of the Lake Superior Consolidated Iron Mines, embracing therein the interests of Mr. John D. Rockefeller. Arrangements have also been made for the acquisition by the United States Steel Corporation of all the outstanding interest in the Oliver Iron Mining Company and the Pittsburgh Steam-

¹ Printed from circular sent by J. P. Morgan & Co. See 72 Commercial and Financial Chronicle, April 6, 1901, p. viii; also same, April 13, 1901, p. viii.

ship Company, not owned by the Carnegie Company. The offer herein made for stock of the American Bridge Company is conditional upon the deposit and sale hereunder of at least two-thirds in amount of all outstanding shares of the capital stock of said Company, which two-thirds shall include two-thirds of the outstanding preferred stock.

Certificates for stocks of the American Bridge Company and of the Lake Superior Consolidated Iron Mines must be deposited with us as stated below in exchange for our transferable receipts. The deposited certificates must be accompanied by suitable assignments and powers of attorney in blank, duly executed, and having attached thereto the proper war revenue stamps and also, if required, suitable assignments or transfers of all dividends and rights to dividends as above stated. Every deposit must be made upon the following further terms and conditions:

1. The undersigned shall have power to deliver the deposited certificates to United States Steel Corporation, but until so delivered the undersigned shall have full control over such certificates. The transfer and delivery to the Steel Company of the deposited shares of any company may be completed whenever the undersigned deem that a sufficient amount of the stocks of said company shall have been deposited.

2. The certificates for shares of the United States Steel Corporation, deliverable to depositors, shall be delivered at an office or at offices in the City of New York, to be designated by the undersigned by advertisement in at least two newspapers in the City of New York. Such certificates may be issued in the names of the respective holders of the receipts entitled thereto, or may be issued in such other names as the undersigned may select, in which event they shall be endorsed for transfer in blank at the time of delivery. Every depositor agrees to accept in full payment and exchange for his deposited stock, certificates for shares in the capital stock of the United States Steel Corporation, to be delivered at the rates above specified in respect of the stock by him so deposited. The undersigned, at their option, may deliver temporary certificates for such shares pending the preparation and delivery of engraved certificates. The authorized capital stock of the United States Steel Corporation has been increased to \$550,000,000 of preferred stock and \$550,000,000 of common stock. The corporation has appropriated and has agreed to issue \$425,000,000 of such preferred stock and \$425,000,000 of such common stock under the contract referred to in said circular of March 2, 1901; and it proposes to issue the remainder of such authorized capital stock for future requirements and acquisitions, including the acquisition of the stocks deposited under this circular.

3. The undersigned may make all such rules as they shall deem expedient governing the transfer and registration of receipts for deposited shares and for the closing of the transfer books for such receipts for any purpose.

4. The United States Steel Corporation may revoke the offer hereby made as to all or any depositors of stock of the American Bridge Com-

pany, or of the Lake Superior Consolidated Iron Mines at any time before the stocks of United States Steel Corporation actually shall have been issued and delivered in exchange therefor; and in such case no act or notice of revocation shall be required other than an advertisement thereof at least once in each of two daily newspapers in the City of New York. In the event of any such revocation the deposited stocks, then remaining unexchanged, shall be returned without charge upon surrender of the respective receipts issued therefor, and the depositors and receipt holders respectively shall have no claim against the United States Steel Corporation or against the undersigned.

Deposits of Lake Superior Consolidated Iron Mines stock must be made at our office, No. 23 Wall Street, New York. Deposits of preferred and common stock of American Bridge Company may be made either at our office, No. 23 Wall Street, New York, or at the office of Messrs. Kidder, Peabody & Co., Boston, Mass. All deposits must be made on or before the 15th day of April, 1901. After that date no deposit will be received except in our discretion and on such terms as we may prescribe.

The right is reserved to the undersigned to terminate the privilege of deposit hereunder at an earlier date upon two days' notice to be given by publication at least once in two daily newspapers in New York City.

J. P. MORGAN & Co.,

Syndicate Managers.

V.

CIRCULAR ANNOUNCING TRANSFER OF SHARES
AND NOMINATION OF OFFICERS.¹

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, April 8, 1901.

To holders of certificates of deposit for stock of Federal Steel Company, National Steel Company, National Tube Company, American Steel and Wire Company of New Jersey, American Tin Plate Company, American Steel Hoop Company, American Sheet Steel Company.

The stocks deposited under our circular letter dated March 2, 1901, and also 96 9-10 per cent of the capital stock and \$113,760,000 of the bonds of the Carnegie Company have been transferred by us to the United States Trust Company of New York in trust for the United States Steel Corporation. For such stocks and bonds and the sum of \$25,000,000, the United States Steel Corporation, in part performance of the contract referred to in our said circular, has issued to or for account of the syndicate part of the \$425,000,000 of preferred stock and \$425,000,000 of common stock and \$304,000,000 of five per cent gold bonds to be received by the syndicate under said contract; the remainder of said amounts of stocks and bonds from time to time to be issued to or for account of the syndicate upon transfer of additional stocks of the companies above named and bonds of the Carnegie Company.

The authorized capital stock of the United States Steel Corporation has been increased to \$550,000,000 of preferred stock and \$550,000,000 of common stock. Provision is thus made for the acquisition of shares of the capital stock of the American Bridge Company and of the Lake Superior Consolidated Iron Mines, and for other acquisitions and also for future requirements. By authority and for account of the United States Steel Corporation we have made to the stockholders of the American Bridge Company and of the Lake Superior Consolidated Iron Mines a public offer to exchange for their shares the preferred stock and the common stock of the United States Steel Corporation upon the basis set forth in our circular dated April 2, 1901, which was widely advertised in the public press, and of which copies may be obtained at our office. Copies of the amended certificate of incorporation and

¹ Printed from circular sent by J. P. Morgan & Co. See 72 Commercial & Financial Chronicle, April 13, 1901, p. ix; also, same, April 20, 1901, p. ix, where this circular, omitting the names of directors and officers nominated, is printed.

of the by-laws of the United States Steel Corporation also may be obtained at our office upon application.

The Board of Directors and principal officers of the United States Steel Corporation have been nominated by us, as follows:

DIRECTORS.

J. Pierpont Morgan, John D. Rockefeller, Henry H. Rogers, Charles M. Schwab, Elbert H. Gary, Robert Bacon, Edmund C. Converse, Percival Roberts, for three years.

Francis H. Peabody, Charles Steele, William H. Moore, Norman B. Ream, Peter A. B. Widener, James H. Reed, Henry C. Frick, William Edenborn, for two years.

Marshall Field, Daniel G. Reid, John D. Rockefeller, Jr., Alfred Clifford, William E. Dodge, Nathaniel Thayer, Abram S. Hewitt, Clement A. Griscom, for one year.

EXECUTIVE COMMITTEE.

Elbert H. Gary,
Daniel G. Reid,
William Edenborn,
Edmund C. Converse,
Percival Roberts,
Charles Steele.

FINANCE COMMITTEE.

Robert Bacon,
Henry H. Rogers,
Norman B. Ream,
P. A. B. Widener.

PRESIDENT.

Charles M. Schwab.

CHAIRMAN EXECUTIVE COMMITTEE.

Elbert H. Gary.

CHAIRMAN FINANCE COMMITTEE.

Robert Bacon.

GENERAL COUNSEL.

Francis Lynde Stetson.

TREASURER.

Arthur F. Luke.

SECRETARY.

Richard Trimble.

AUDITOR.

Edward Shearson.

Dividends up to April 1, 1901, on the preferred stock of National Steel Company, of National Tube Company, and of American Steel and Wire Company, have been paid and remitted to the registered holders of certificates of deposit for such stocks respectively.

Dividends up to April 1, 1901, on the preferred stock of Federal Steel Company and of American Sheet Steel Company, have been declared, and when received from said companies respectively, will be remitted to the registered holders of certificates of deposit of such stocks respectively, as of the dates of the closing of the transfer books of said two companies.

Dividends up to May 1, 1901, on the preferred stock of American Tin Plate Company and of American Steel Hoop Company have been declared, and when received from said companies, respectively, the portion thereof accrued to April 1 (viz., one dollar and sixteen and two-thirds cents per share) will be remitted to the persons who on April 16, 1901 (being the date from which the transfer books for such dividends will be closed) shall be registered as holders of such certificates of deposit. If any certificate of deposit for any preferred stock of either of said two companies shall have been surrendered prior to April 16, 1901, such portion of the dividend thereon will be remitted to the persons who shall have been registered as holders of such certificate at the time of such earlier surrender thereof.

On and after April 10, 1901, out of such stock issued to or for account of the syndicate, the undersigned will be prepared to cause certificates for shares of the United States Steel Corporation to be delivered in exchange for and upon surrender of certificates of deposit issued under said circular of March 2, 1901, at the offices of the respective depositaries.

All certificates of deposit must be endorsed in blank, and if new stock is desired in any name other than that appearing on the face of the certificate of deposit, its assignment must be acknowledged before a notary public, or attested by some person satisfactory to the depositary.

Holders of certificates of deposit are required to fill up, and to deliver, or to forward in the stamped envelope herewith enclosed, to the several depositaries, orders in the accompanying form, indicating the persons in whose names shall be issued the certificates for shares of stock of the United States Steel Corporation.

The depositaries will accept on each day certificates of deposit for only such number of shares as it shall be found practicable to exchange.

Holders entitled to a fraction of a share may either sell the fraction to us, or may purchase such amounts as may be necessary to entitle them to an entire share.

Holders transmitting certificates of deposit by mail or by express, will please indicate whether they wish to sell or to buy such fractions, and whether they desire the new securities to be sent by registered mail or by express at their expense.

J. P. MORGAN & Co.,
Syndicate Managers.

VI.

CIRCULAR ANNOUNCING OPERATION OF PLAN AS
TO BRIDGE AND MINES COMPANIES.¹

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, April 18, 1901.

To the stockholders of American Bridge Company, Lake Superior Consolidated Iron Mines.

Referring to our circular dated April 2, 1901, we announce that the holders of over 91 per cent of the preferred stock and 98 per cent of the common stock of the American Bridge Company, and the holders of over 99 per cent of the stock of the Lake Superior Consolidated Iron Mines (including Mr. John D. Rockefeller), have accepted the offer made by us in said circular, and that therefore the plan therein proposed has become operative.

In view of the fact that there are stockholders of each company who desire to participate in the plan, but who have been unable to deposit the certificates for their stock within the time limited in our circular, we have extended the time for the deposit of the stock of said two companies, under the terms and conditions of our said circular of April 2, 1901, UNTIL AND INCLUDING THE 27TH DAY OF APRIL, 1901, after which date no deposits of stock will be received except in our discretion and on such terms as we may prescribe.

The common stock of either company offered for deposit after the date of closing of the transfer books of such company for the payment of any dividend upon the common stock must be accompanied by an order for such dividend.

J. P. MORGAN & Co.,
Syndicate Managers.

¹ See 72 Commercial & Financial Chronicle, April 20, 1901, p. ix; also, same, April 27, 1901, p. xi.

VII.

CIRCULAR ANNOUNCING TIME OF DELIVERY OF
U. S. STEEL STOCK FOR BRIDGE AND
MINES CERTIFICATES.¹

Office of J. P. MORGAN & Co.,

23 Wall Street, New York, May 6, 1901.

To holders of our certificates of deposit for stock of American Bridge Co., Lake Superior Consolidated Iron Mines.

ON AND AFTER MAY 8, 1901, by authority and for account of the United States Steel Corporation, which has delivered to us the stock certificates necessary therefor, we will be prepared to deliver at our office, No. 23 WALL STREET, NEW YORK, certificates for shares of the United States Steel Corporation, in exchange for and upon surrender of our certificates of deposit for stock of the American Bridge Company and of the Lake Superior Consolidated Iron Mines, issued under our circular of April 2, 1901.

All certificates of deposit must be indorsed in blank, and if new stock is desired in any name other than that appearing on the face of the certificate of deposit, its assignment must be acknowledged before a notary public, or be attested by some person satisfactory to the undersigned.

Holders entitled to a FRACTION of a share may either SELL the fraction to us or may PURCHASE from us such amounts as may be necessary to entitle them to an entire share.

Holders transmitting certificates of deposit by mail or express will please indicate whether they wish to SELL OR BUY SUCH FRACTIONS, and whether they desire the new securities to be sent by registered mail or by express at their expense.

J. P. MORGAN & Co.,
Syndicate Managers.

¹ See 72 Commercial & Financial Chronicle, May 11, 1901, p. vii; also, same, May 18, 1901, p. viii.

VIII.

CHARTER OF U. S. STEEL CORPORATION.¹

AMENDED CERTIFICATE OF INCORPORATION OF UNITED STATES STEEL CORPORATION.

We, the undersigned, in order to form a corporation for the purposes hereinafter stated, under and pursuant to the provisions of the Act of the Legislature of the State of New Jersey, entitled "An Act Concerning Corporations (Revision of 1896)," and the acts amendatory thereof and supplementary thereto, do hereby certify as follows:

I. The name of the corporation is

UNITED STATES STEEL CORPORATION.

II. The location of its principal office in the State of New Jersey is at No. 51 Newark Street, in the City of Hoboken, County of Hudson. The name of the agent therein and in charge thereof, upon whom process against the corporation may be served, is Hudson Trust Company. Said office is to be the registered office of said corporation.

III. The objects for which the corporation is formed are:

To manufacture iron, steel, manganese, coke, copper, lumber and other materials, and all or any articles consisting, or partly consisting, of iron, steel, copper, wood or other materials, and all or any products thereof.

To acquire, own, lease, occupy, use or develop any lands containing coal or iron, manganese, stone or other ores, or oil, and any woodlands, or other lands for any purpose of the company.

To mine or otherwise to extract or remove coal, ores, stone and other minerals and timber from any lands owned, acquired, leased, or occupied by the company, or from any other lands.

To buy and sell, or otherwise to deal or to traffic in, iron, steel, manganese, copper, stone, ores, coal, coke, wood, lumber and other materials, and any of the products thereof, and any articles consisting, or partly consisting thereof.

To construct bridges, buildings, machinery, ships, boats, engines, cars and other equipment, railroads, docks, slips, elevators, water works, gas works and electric works, viaducts, aqueducts, canals and other water-ways, and any other means of transportation, and to sell the same, or otherwise dispose thereof, or to maintain and operate the same, except that the company shall not maintain or operate any railroad or canal in the State of New Jersey.

¹ Printed from copy sent by J. P. Morgan & Co. For Analysis and Contents, see *Charter*, in the index.

To apply for, obtain, register, purchase, lease, or otherwise to acquire, and to hold, use, own, operate and introduce, and to sell, assign, or otherwise to dispose of, any trade-marks, trade names, patents, inventions, improvements and processes used in connection with, or secured under letters patent of the United States, or elsewhere, or otherwise; and to use, exercise, develop, grant licenses in respect of, or otherwise turn to account any such trade-marks, patents, licenses, processes, and the like, or any such property or rights.

To engage in any other manufacturing, mining, construction or transportation business of any kind or character whatsoever, and to that end to acquire, hold, own and dispose of any and all property, assets, stocks, bonds and rights of any and every kind; but not to engage in any business hereunder which shall require the exercise of the right of eminent domain within the State of New Jersey.

To acquire by purchase, subscription or otherwise, and to hold or to dispose of, stocks, bonds or any other obligations of any corporation formed for, or then or theretofore engaged in or pursuing, any one or more of the kinds of business, purposes, objects or operations above indicated, or owning or holding any property of any kind herein mentioned; or of any corporation owning or holding the stocks or the obligations of any such corporation.

To hold for investment, or otherwise to use, sell or dispose of, any stock, bonds or other obligations of any such other corporation; to aid in any manner any corporation whose stock, bonds or other obligations are held or are in any manner guaranteed by the company, and to do any other acts or things for the preservation, protection, improvement or enhancement of the value of any such stock, bonds or other obligations, or to do any acts or things designed for any such purpose; and, while owner of any such stock, bonds or other obligations, to exercise all the rights, powers and privileges of ownership thereof, and to exercise any and all voting power thereon.

The business or purpose of the company is from time to time to do any one or more of the acts and things herein set forth; and it may conduct its business in other States and in the Territories and in foreign countries, and may have one office or more than one office, and keep the books of the company outside of the State of New Jersey, except as otherwise may be provided by law; and may hold, purchase, mortgage and convey real and personal property either in or out of the State of New Jersey.

Without in any particular limiting any of the objects and powers of the corporation, it is hereby expressly declared and provided that the corporation shall have power to issue bonds and other obligations, in payment for property purchased or acquired by it, or for any other object in or about its business; to mortgage or pledge any stock, bonds or other obligations, or any property which may be acquired by it, to secure any bonds or other obligations by it issued or incurred; to guarantee any dividends or bonds or contracts or other obligations; to make and perform contracts of any kind and description; and in carry-

ing on its business, or for the purpose of attaining or furthering any of its objects, to do any and all other acts and things, and to exercise any and all other powers which a copartnership or natural person could do and exercise, and which now or hereafter may be authorized by law.

IV. The total authorized capital stock of the corporation is eleven hundred million dollars (\$1,100,000,000), divided into eleven million shares of the par value of one hundred dollars each. Of such total authorized capital stock, five million five hundred thousand shares, amounting to five hundred and fifty million dollars, shall be preferred stock, and five million five hundred thousand shares amounting to five hundred and fifty million dollars, shall be common stock.

From time to time, the preferred stock and the common stock may be increased according to law, and may be issued in such amounts and proportions as shall be determined by the board of directors, and as may be permitted by law.

The holders of the preferred stock shall be entitled to receive when and as declared, from the surplus or net profits of the corporation, yearly dividends at the rate of seven per centum per annum, and no more, payable quarterly on dates to be fixed by the by-laws. The dividends on the preferred stock shall be cumulative, and shall be payable before any dividends on the common stock shall be paid or set apart: so that, if in any year dividends amounting to seven per cent shall not have been paid thereon, the deficiency shall be payable before any dividends shall be paid upon or set apart for the common stock.

Whenever all cumulative dividends on the preferred stock for all previous years shall have been declared and shall have become payable, and the accrued quarterly installments for the current year shall have been declared, and the company shall have paid such cumulative dividends for previous years and such accrued quarterly installments, or shall have set aside from its surplus or net profits a sum sufficient for the payment thereof, the Board of Directors may declare dividends on the common stock, payable then or thereafter, out of any remaining surplus or net profits.

In the event of any liquidation or dissolution or winding up (whether voluntary or involuntary) of the corporation, the holders of the preferred stock shall be entitled to be paid in full both the par amount of their shares, and the unpaid dividends accrued thereon before any amount shall be paid to the holders of the common stock; and after the payment to the holders of the preferred stock of its par value, and the unpaid accrued dividends thereon, the remaining assets and funds shall be divided and paid to the holders of the common stock according to their respective shares.

V. The names and post-office addresses of the incorporators, and the number of shares of stock for which severally and respectively we do hereby subscribe (the aggregate of our said subscriptions, being three thousand dollars, is the amount of capital stock with which the corporation will commence business), are as follows:

Name.	Post-Office Address.	Number of Shares.	
		Preferred Stock.	Common Stock.
Charles C. Cluff, 51 Newark St., Hoboken, N. J..		5	5
William J. Curtis, 51 Newark St., Hoboken, N. J..		5	5
Charles MacVeagh, 51 Newark St., Hoboken, N. J..		5	5

VI. The duration of the corporation shall be perpetual.

VII. The number of Directors of the company shall be fixed from time to time by the by-laws; but the number, if fixed at more than three, shall be some multiple of three. The Directors shall be classified with respect to the time for which they shall severally hold office by dividing them into three classes, each consisting of one-third of the whole number of the Board of Directors. The Directors of the first class shall be elected for a term of one year; the Directors of the second class for a term of two years; and the Directors of the third class for a term of three years; and at each annual election the successors to the class of Directors whose terms shall expire in that year shall be elected to hold office for the term of years, so that the term of office of one class of Directors shall expire in each year.

The number of the Directors may be increased as may be provided in the by-laws. In case of any increase of the number of the Directors the additional Directors shall be elected as may be provided in the by-laws, by the Directors or by the stockholders at an annual or special meeting; and one-third of their number shall be elected for the then unexpired portion of the term of the Directors of the first class, one-third of their number for the unexpired portion of the term of the Directors of the second class, and one-third of their number for the unexpired portion of the term of the Directors of the third class, so that each class of Directors shall be increased equally.

In case of any vacancy in any class of Directors through death, resignation, disqualification or other cause, the remaining Directors, by affirmative vote of a majority of the Board of Directors, may elect a successor to hold office for the unexpired portion of the term of the Director whose place shall be vacant, and until the election of a successor.

The Board of Directors shall have power to hold their meetings outside of the State of New Jersey at such places as from time to time may be designated by the by-laws or by resolution of the Board. The by-laws may prescribe the number of Directors necessary to constitute a quorum of the Board of Directors, which number may be less than a majority of the whole number of the Directors.

Unless authorized by votes given in person or by proxy by stockholders holding at least two-thirds of the capital stock of the corporation, which is represented and voted upon in person or by proxy at a meeting specially called for that purpose or at an annual meeting, the Board of Directors shall not mortgage or pledge any of its real property, or any shares of the capital stock of any other corporation; but this prohibition shall not be construed to apply to the execution of any

purchase-money mortgage or any other purchase-money lien. As authorized by the Act of the Legislature of the State of New Jersey, passed March 22, 1901, amending the 17th Section of the Act Concerning Corporations (Revision of 1896), any action which theretofore required the consent of the holders of two-thirds of the stock at any meeting after notice to them given, or required their consent in writing to be filed, may be taken upon the consent of, and the consent given and filed by the holders of two-thirds of the stock of each class represented at such meeting in person or by proxy.

Any officer elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. Any other officer or employe of the company may be removed at any time by vote of the Board of Directors, or by any committee or superior officer upon whom such power of removal may be conferred by the by-laws or by vote of the Board of Directors.

The Board of Directors, by the affirmative vote of a majority of the whole Board, may appoint from the Directors an executive committee, of which a majority shall constitute a quorum; and to such extent as shall be provided in the by-laws, such committee shall have and may exercise all or any of the powers of the Board of Directors, including power to cause the seal of the corporation to be affixed to all papers that may require it.

The Board of Directors, by the affirmative vote of a majority of the whole Board, may appoint any other standing committees, and such standing committees shall have and may exercise such powers as shall be conferred or authorized by the by-laws.

The Board of Directors may appoint not only other officers of the company, but also one or more vice-presidents, one or more assistant treasurers, and one or more assistant secretaries; and, to the extent provided in the by-laws, the persons so appointed respectively shall have and may exercise all the powers of the President, of the Treasurer and of the Secretary, respectively.

The Board of Directors shall have power from time [to time] to fix and to determine and to vary the amount of the working capital of the company; and to direct and determine the use and disposition of any surplus or net profits over and above the capital stock paid in; and in its discretion the Board of Directors may use and apply any such surplus or accumulated profits in purchasing or acquiring its bonds or other obligations, or shares of its own capital stock, to such extent and in such manner and upon such terms as the Board of Directors shall deem expedient; but shares of such capital stock so purchased or acquired may be resold, unless such shares shall have been retired for the purpose of decreasing the company's capital stock as provided by law.

The Board of Directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the Corporation, or any of them, shall be open to the inspection of the stockholders,

and no stockholder shall have any right to inspect any account or book or document of the Corporation, except as conferred by statute or authorized by the Board of Directors, or by a resolution of the stockholders.

Subject always to by-laws made by the stockholders, the Board of Directors may make by-laws, and, from time to time, may alter, amend or repeal any by-laws; but any by-laws made by the Board of Directors may be altered or repealed by the stockholders at any annual meeting, or at any special meeting, provided notice of such proposed alteration or repeal be included in the notice of the meeting.

IN WITNESS WHEREOF, we have hereunto set our hands and seals the 23d day of February, 1901.

CHARLES C. CLUFF, [L. S.]
 WILLIAM J. CURTIS, [L. S.]
 CHARLES MACVEAGH. [L. S.]

Signed, sealed and delivered
 in the presence of

FRANCIS LYNDE STETSON,
 VICTOR MORAWETZ.

State of New Jersey, }
 County of Hudson. } ss.:

Be it remembered that on this 23d day of February, 1901, before the undersigned, personally appeared Charles C. Cluff, William J. Curtis, and Charles MacVeagh, who, I am satisfied, are the persons named in and who executed the foregoing certificate; and I having first made known to them, and to each of them, the contents thereof, they did each acknowledge that they signed, sealed and delivered the same as their voluntary act and deed.

GEO. HOLMES,
 Master in Chancery of New Jersey.

10 cent internal revenue stamp cancelled.

ENDORSED. "Received in the Hudson Co., N. J., clerk's office Feb'y 25th, A. D. 1901, and recorded in Clerk's Record No....., on page.....

"MAURICE J. STACK,
 "Clerk."

ENDORSED. "Filed Feb'y 25, 1901.

"GEORGE WURTS,
 "Secretary of State."

[Indorsed United States Steel Corporation. Amended Certificate of Incorporation filed in office of Secretary of State April 1, 1901.]

IX.

BY-LAWS OF UNITED STATES STEEL CORPORATION.¹

ARTICLE I.

STOCKHOLDERS.

SECTION I. *Annual Meeting.* A meeting of the stockholders of the company shall be held annually at the principal office of the company in the State of New Jersey, at twelve o'clock noon on the third Monday in February in each year, if not a legal holiday, and if a legal holiday then on the next succeeding Monday not a legal holiday, for the purpose of electing directors, and for the transaction of such other business as may be brought before the meeting.

It shall be the duty of the Secretary to cause notice of each annual meeting to be published once in each of the four calendar weeks next preceding the meeting in at least one newspaper in each of the following places: Jersey City, N. J., New York, N. Y., Chicago, Ill., and Pittsburg, Pa. Nevertheless, a failure to publish such notice, or any irregularity in such notice, or in the publication thereof shall not affect the validity of any annual meeting, or of any proceedings at any such meeting.

SEC. 2. *Special Meetings.* Special meetings of the stockholders may be held at the principal office of the company in the State of New Jersey, whenever called in writing, or by vote, by a majority of the Board of Directors.

Notice of each special meeting, indicating briefly the object or objects thereof, shall by the Secretary be published once in each of the four calendar weeks next preceding the meeting in at least one newspaper in each of the following places: Jersey City, N. J., New York, N. Y., Chicago, Ill., and Pittsburg, Pa. Nevertheless if all the stockholders shall waive notice of a special meeting, no notice of such meeting shall be required; and whenever all the stockholders shall meet in person or by proxy, such meeting shall be valid for all purposes without call or notice, and at such meeting any corporate action may be taken.

SEC. 3. *Quorum.* At any meeting of the stockholders the holders of one-third of all of the shares of the capital stock of the company, present in person or represented by proxy, shall constitute a quorum of the stockholders for all purposes, unless the representation of a larger number shall be required by law, and, in that case, the representation of the number so required, shall constitute a quorum.

If the holders of the amount of stock necessary to constitute a

¹ Printed from copy sent by J. P. Morgan & Co. For Analysis and Contents see *By-laws* in the index.

quorum shall fail to attend in person or by proxy at the time and place fixed by these by-laws for an annual meeting, or fixed by notice as above provided for a special meeting called by the Directors, a majority in interest of the stockholders present in person or by proxy may adjourn, from time to time, without notice other than by announcement at the meeting, until holders of the amount of stock requisite to constitute a quorum shall attend. At any such adjourned meeting at which a quorum shall be present any business may be transacted which might have been transacted at the meeting as originally notified.

SEC. 4. *Organization.* The President, and in his absence, the Chairman of the Executive Committee, shall call meetings of the stockholders to order, and shall act as Chairman of such meetings. The Board of Directors may appoint any stockholder to act as Chairman of any meeting in the absence of the President and of the Chairman of the Executive Committee.

The Secretary of the company shall act as Secretary at all meetings of the stockholders; but in the absence of the Secretary at any meeting of the stockholders the presiding officer may appoint any person to act as Secretary of the meeting.

SEC. 5. *Voting.* At each meeting of the stockholders every stockholder shall be entitled to vote in person, or by proxy appointed by instrument in writing, subscribed by such stockholder or by his duly authorized attorney, and delivered to the Inspectors at the meeting; and he shall have one vote for each share of stock standing registered in his name at the time of the closing of the transfer books for said meeting. The votes for Directors, and, upon demand of any stockholder, the votes upon any question before the meeting, shall be by ballot.

At each meeting of the stockholders a full, true and complete list, in alphabetical order, of all of the stockholders entitled to vote at such meeting, and indicating the number of shares held by each, certified by the Secretary or by the Treasurer, shall be furnished. Only the persons in whose names shares of stock stand on the books of the company at the time of the closing of the transfer books for such meeting, as evidenced by the list of stockholders so furnished, shall be entitled to vote in person or by proxy on the shares so standing in their names.

Prior to any meeting, but subsequent to the time of closing the transfer books for such meeting, any proxy may submit his powers of attorney to the Secretary, or to the Treasurer, for examination. The certificate of the Secretary, or of the Treasurer, as to the regularity of such powers of attorney, and as to the number of shares held by the persons who severally and respectively executed such powers of attorney shall be received as *prima facie* evidence of the number of shares represented by the holder of such powers of attorney for the purpose of establishing the presence of a quorum at such meeting, and of organizing the same and for all other purposes.

SEC. 6. *Inspectors.* At each meeting of the stockholders the polls

shall be opened and closed; the proxies and ballots shall be received and be taken in charge; and all questions touching the qualification of voters and the validity of proxies, and the acceptance or rejection of votes shall be decided by three Inspectors. Such Inspectors shall be appointed by the Board of Directors before or at the meeting, or, if no such appointment shall have been made, then by the presiding officer at the meeting. If for any reason any of the Inspectors previously appointed shall fail to attend or refuse or be unable to serve, Inspectors in place of any so failing to attend, or refusing or unable to attend, shall be appointed in like manner.

ARTICLE II.

BOARD OF DIRECTORS.

SECTION 1. *Number, classification and term of office.* The business and the property of the company shall be managed and controlled by the Board of Directors.

As provided in the Certificate of Incorporation, the Directors shall be classified in respect of the time for which they shall severally hold office, by dividing them into three classes, each class consisting of one-third of the whole number of the Board of Directors. The Directors of the first class shall be elected for a term of one year; the Directors of the second class shall be elected for a term of two years; and the Directors of the third class shall be elected for a term of three years. At each annual election, the successors to the Directors of the class whose terms shall expire in that year, shall be elected to hold office for the term of three years, so that the term of office of one class of Directors shall expire in each year.

The number of Directors shall be twenty-four, but the number of Directors may be altered from time to time by the alteration of these by-laws.

In case of any increase of the number of Directors, the additional Directors shall be elected by the Directors then in office; one-third of such additional Directors for the unexpired portion of the term of one year; one-third for the unexpired portion of the term of two years, and one-third for the unexpired portion of the term of three years, so that each class of Directors shall be increased equally.

Every Director shall be a holder of at least one share of the capital stock of the company. Each Director shall serve for the term for which he shall have been elected, and until his successor shall have been duly chosen.

At all elections of the Directors, the polls shall remain open for at least one hour, unless every registered owner of shares has sooner voted in person or by proxy, or in writing has waived the statutory provision.

SEC. 2. *Vacancies.* In case of any vacancy in the Directors of any class through death, resignation, disqualification or other cause, the remaining Directors, by affirmative vote of a majority thereof, may

elect a successor to hold office for the unexpired portion of the term of the Director whose place shall be vacant, and until the election of his successor.

Such vacancy shall be filled upon and after nominations therefor shall have been made by the Finance Committee.

SEC. 3. *Place of Meeting, etc.* The Directors may hold their meetings, and may have an office and keep the books of the company (except as otherwise may be provided for by law) in such place or places in the State of New Jersey or outside of the State of New Jersey as the Board from time to time may determine.

SEC. 4. *Regular Meetings.* Regular meetings of the Board of Directors shall be held monthly on the first Tuesday of each month, if not a legal holiday, and if a legal holiday, then on the next succeeding Tuesday, not a legal holiday. No notice shall be required for any such regular monthly meeting of the Board.

SEC. 5. *Special Meetings.* Special meetings of the Board of Directors shall be held whenever called by the President, or by one-third of the Directors for the time being in office.

The Secretary shall give notice of each special meeting by mailing the same at least two days before the meeting or by telegraphing the same at least one day before the meeting to each Director; but such notice may be waived by any Director. At any meeting at which every Director shall be present, even though without any notice, any business may be transacted.

SEC. 6. *Quorum.* A majority of the Board of Directors shall constitute a quorum for the transaction of business; but, if at any meeting of the Board, there be less than a quorum present, a majority of those present may adjourn the meeting from time to time.

The affirmative vote of at least two-fifths of all the Directors for the time being in office shall be necessary for the passage of any resolution.

SEC. 8. *Order of Business.* At meetings of the Board of Directors business shall be transacted in such order as, from time to time, the Board may determine by resolution.

At all meetings of the Board of Directors, the President, or in his absence the Chairman of the Executive Committee, or in the absence of both of these officers the Chairman of the Finance Committee shall preside.

SEC. 9. *Contracts.* Inasmuch as the Directors of this company are men of large and diversified business interests, and are likely to be connected with other corporations with which from time to time this company must have business dealings, no contract or other transaction between this company and any other corporation shall be affected by the fact that Directors of this company are interested in, or are directors or officers of, such other corporation if, at the meeting of the Board, or of the committee of this company making, authorizing or confirming such contract or transaction, there shall be present a quorum of Directors not so interested; and any Director individually

may be a party to, or may be interested in, any contract or transaction of this company, provided that such contract or transaction shall be approved or be ratified by the affirmative vote of at least ten Directors not so interested.

The Board of Directors in its discretion may submit any contract or act for approval or ratification at any annual meeting of the stockholders, or at any meeting of the stockholders called for the purpose of considering any such act or contract, and any contract or act that shall be approved or be ratified by the vote of the holders of a majority of the capital stock of the company which is represented in person or by proxy at such meeting (provided that a lawful quorum of stockholders be there represented in person or by proxy) shall be as valid and as binding upon the Corporation and upon all the stockholders as though it had been approved or ratified by every stockholder of the Corporation.

SEC. 10. *Compensation of Directors.* For his attendance at any meeting of the Board of Directors, or of any committee of the Board, every Director shall receive an allowance of ten cents for every mile travelled by him for attendance at such meeting, and also the sum of twenty dollars for attendance at each meeting. The same mileage allowance shall be made to any officer who by direction of the Board, or of the President, shall attend any such meeting.

ARTICLE III.

EXECUTIVE COMMITTEE AND FINANCE COMMITTEE.

SECTION 1. The Board of Directors shall elect from the Directors an *Executive Committee* and a *Finance Committee*; and shall designate for each of those committees a Chairman, who shall continue to be Chairman of the committee during the pleasure of the Board of Directors.

The Board of Directors shall fill vacancies in the Executive Committee or in the Finance Committee by election from the Directors; and at all times it shall be the duty of the Board of Directors to keep the membership of each of such committees full, with due regard to the qualifications for such membership indicated in this article of the by-laws.

All action by the Executive Committee, or by the Finance Committee shall be reported to the Board of Directors at its meeting next succeeding such action, and shall be subject to revision or alteration by the Board of Directors; *provided* that no rights or acts of third parties shall be affected by any such revision or alteration.

The Executive Committee and the Finance Committee each shall fix its own rules of proceeding, and shall meet where and as provided by such rules, or by resolution of the Board of Directors, but in every case the presence of a majority shall be necessary to constitute a quorum.

In every case the affirmative vote of a majority of all of the members of the committee shall be necessary to its adoption of any resolution.

The Chairman and each of the members of the Executive Committee, shall receive such compensation for their services as from time to time shall be fixed by the Finance Committee and be approved by the Board of Directors.

SEC. 2. *The Executive Committee* shall consist of six members besides the President, and the Chairman of the Finance Committee, each of whom, by virtue of his office, shall be a member of the Executive Committee. So far as practicable each of the six elected members of the Executive Committee shall be a person having, or, having had, personal experience in the conduct of one or the other of the branches of manufacture or mining, or of transportation in which the company is interested; and, so far as practicable, the six elected members shall be taken equally from the three classes of Directors. Unless otherwise ordered by the Board of Directors each elected member of the Executive Committee shall continue to be a member thereof until the expiration of his term of office as a Director.

During the intervals between the meetings of the Board of Directors, the Executive Committee shall possess, and may exercise, all the powers of the Board of Directors in the management and direction of the manufacturing, mining and transportation operations of the company, and of all other business and affairs (except the matters hereinafter assigned to the Finance Committee) in such manner as the Executive Committee shall deem best for the interests of the company, in all cases in which specific directions shall not have been given by the Board of Directors.

During the intervals between the meetings of the Executive Committee the Chairman thereof shall possess, and may exercise, such of the powers vested in the Executive Committee as from time to time may be conferred upon him by resolution of the Board of Directors, or of the Executive Committee.

SEC. 3. *The Finance Committee* shall consist of four members, besides the President, and the Chairman of the Executive Committee, each of whom, by virtue of his office, shall be a member of the Finance Committee. So far as practicable each of the four elected members of the Finance Committee shall be a person of experience in matters of finance; and so far as practicable the four elected members shall be taken equally from the three classes of Directors. Unless otherwise ordered by the Board of Directors, each elected member of the Finance Committee shall continue to be a member thereof until the expiration of his term of office as a Director.

The Finance Committee shall have special and general charge and control of all financial affairs of the company. The General Counsel, the Treasurer, the Auditor and the Secretary, and their respective offices shall be under the direct control and supervision of the Finance Committee.

During the intervals between the meetings of the Board of Directors, the Finance Committee shall possess, and may exercise, all the powers of the Board of Directors in the management of the financial affairs of the company, including its purchases of property, and the execution of legal instruments with or without the corporate seal in such manner as said committee shall deem to be best for the interests of the company, in all cases in which specific directions shall not have been given by the Board of Directors.

During the intervals between the meetings of the Finance Committee, and subject to its review, the chairman thereof shall possess, and may exercise any of the powers of the committee except as from time to time shall be otherwise provided by resolution of the Board of Directors, or of the Finance Committee, but not of the Executive Committee.

Except as otherwise provided by the by-laws, or by resolution of the Board of Directors, all salaries and compensations paid or payable by the company shall be fixed by the Finance Committee.

No Director shall become a salaried employee of the company except by special vote of the Finance Committee.

ARTICLE IV.

OFFICERS.

SECTION 1. Officers. The executive officers of the company shall be a President, a Vice-President, or more than one Vice-President, a General Counsel, a Treasurer, a Secretary and an Auditor, all of whom shall be elected by the Board of Directors.

The Board of Directors may appoint such other officers as they shall deem necessary, who shall have such authority and shall perform such duties as from time to time may be prescribed by the Board of Directors.

The powers and duties of the Treasurer and Secretary may be exercised and performed by the same person.

In its discretion the Board of Directors by the vote of a majority thereof may leave unfilled for any such period as it may fix by resolution, any office except those of President, Treasurer, Secretary and Auditor.

All officers and agents shall be subject to removal at any time by the affirmative vote of a majority of the whole Board of Directors. All officers, agents and employes, other than officers appointed by the Board of Directors, shall hold office at the discretion of the committee or of the officer appointing them.

The Finance Committee shall have power to suspend the General Counsel, the Treasurer, the Secretary or the Auditor, and to remove any one in the department of the General Counsel, of the Treasurer, of the Secretary or of the Auditor. The Executive Committee shall have power to remove all officers, agents and employes of the com-

pany, except officers elected or appointed by the Board of Directors, and except officers, agents and employes in the department of the Treasurer, of the Secretary, of the General Counsel or of the Auditor.

SEC. 2. *Powers and Duties of the President.* The President shall preside at all meetings of the stockholders, and of the Board of Directors, and by virtue of his office he shall be a member (but not Chairman) of the Executive Committee and of the Finance Committee. Subject to the Executive Committee, he shall have general charge of the business of the company, including manufacturing, mining and transportation, may sign and execute all authorized bonds, contracts or other obligations in the name of the company, and with the Treasurer or an Assistant Treasurer may sign all certificates of the shares in the capital stock of the company. He shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors.

SEC. 3. *Vice-Presidents.* The Board of Directors may appoint a Vice-President or more than one Vice-President. Each Vice-President shall have such powers, and shall perform such duties as may be assigned to him by the Board of Directors.

SEC. 4. *The General Counsel.* The General Counsel shall be the chief consulting officer of the company in all legal matters, and, subject to the Board of Directors and the Finance Committee, shall have general control of all matters of legal import concerning the company.

SEC. 5. *Powers and Duties of Treasurer.* The Treasurer shall have custody of all the funds and securities of the company which may have come into his hands; when necessary or proper he shall endorse on behalf of the company for collection, checks, notes and other obligations and shall deposit the same to the credit of the company in such bank or banks or depository as the Board of Directors or the Finance Committee may designate; he shall sign all receipts and vouchers for payments made to the company; jointly with such other officer as may be designated by the Finance Committee he shall sign all checks made by the company, and shall pay out and dispose of the same under the direction of the Board or of the Finance Committee; he shall sign, with the President, or such other person or persons as may be designated for the purpose by the Board of Directors or the Finance Committee, all bills of exchange and promissory notes of the company; he may sign, with the President or a Vice-President, all certificates of shares in the capital stock; whenever required by the Board of Directors or by the Finance Committee he shall render a statement of his cash account; he shall enter regularly, in books of the company to be kept by him for the purpose, full and accurate account of all moneys received and paid by him on account of the company; he shall, at all reasonable times, exhibit his books and accounts to any Director of the company upon application at the office of the company during business hours; and he shall perform all acts incident to the position of Treasurer, subject to the control of the Board of Directors

or of the Finance Committee. By virtue of his office the Treasurer shall be Assistant Secretary.

He shall give a bond for the faithful discharge of his duties in such sum as the Board of Directors or the Finance Committee may require.

SEC. 6. Assistant Treasurers. The Board of Directors or the Finance Committee may appoint an Assistant Treasurer or more than one Assistant Treasurer. Each Assistant Treasurer shall have such powers and shall perform such duties as may be assigned to him by the Board of Directors, or by the Finance Committee.

SEC. 7. Powers and Duties of Secretary. The Secretary shall keep the minutes of all meetings of the Board of Directors, and the minutes of all meetings of the stockholders, and also (unless otherwise directed by the Finance Committee) the minutes of all committees in books provided for that purpose; he shall attend to the giving and serving of all notices of the company; he may sign with the President in the name of the company all contracts authorized by the Board of Directors, or by the Finance Committee, and, when so ordered by the Board of Directors or the Finance Committee, he shall affix the seal of the company thereto; he shall have charge of the certificate books, transfer books and stock ledgers, and such other books and papers as the Board of Directors or the Finance Committee may direct, all of which shall, at all reasonable times, be open to the examination of any Director, upon application at the office of the company during business hours; and he shall in general perform all the duties incident to the office of Secretary, subject to the control of the Board of Directors, and of the Finance Committee. By virtue of his office the Secretary shall be Assistant Treasurer.

SEC. 8. Assistant Secretaries. The Board of Directors or the Finance Committee may appoint one Assistant Secretary or more than one Assistant Secretary. Each Assistant Secretary shall have such powers and shall perform such duties as may be assigned to him by the Board of Directors, or by the Finance Committee.

SEC. 9. Auditor. The Auditor shall be the principal officer in charge of the accounts of the company; and shall perform such duties as from time to time may be assigned to him by the Board of Directors or the Finance Committee.

SEC. 10. Voting upon Stocks. Unless otherwise ordered by the Board of Directors, or by the Finance Committee, the Chairman of the Finance Committee or the Chairman of the Executive Committee shall have full power and authority in behalf of the company to attend and to act and to vote at any meetings of stockholders of any corporation in which the company may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock and which, as the owner thereof, the company might have possessed and exercised if present. The Board of Directors or the Finance Committee, by resolution, from time to time, may confer like powers upon any other person or persons.

ARTICLE V.

CAPITAL STOCK—SEAL.

SECTION 1. *Certificates of Shares.* The certificates for shares of the capital stock of the company shall be in such form, not inconsistent with the certificate of incorporation, as shall be prepared or be approved by the Board of Directors. The certificates shall be signed by the President or a Vice-President, and also by the Treasurer or an Assistant Treasurer.

All certificates shall be consecutively numbered. The name of the person owning the shares represented thereby, with the number of such shares and the date of issue, shall be entered on the company's books.

No certificate shall be valid unless it be signed by the President or a Vice-President, and by the Treasurer or an Assistant Treasurer.

All certificates surrendered to the company shall be canceled, and no new certificate shall be issued until the former certificate for the same number of shares of the same class shall have been surrendered and canceled.

SEC. 2. *Transfer of Shares.* Shares in the capital stock of the company shall be transferred only on the books of the company by the holder thereof in person, or by his attorney, upon surrender and cancellation of certificates for a like number of shares.

SEC. 3. *Regulations.* The Board of Directors, and the Finance Committee also, shall have power and authority to make all such rules and regulations as respectively they may deem expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the company.

The Board of Directors or the Finance Committee may appoint a Transfer Agent and a Registrar of Transfers, and may require all stock certificates to bear the signature of such Transfer Agent and of such Registrar of Transfers.

SEC. 4. *Closing of Transfer Books.* The stock transfer books shall be closed for the meetings of the stockholders, and for the payment of dividends, during such periods as from time to time may be fixed by the Board of Directors or by the Finance Committee, and during such periods no stock shall be transferable.

SEC. 5. *Dividends.* The Board of Directors may declare dividends from the surplus or net profits of the company over and above the amount which from time to time may be fixed by the Board as the amount to be reserved as working capital.

The dates for the declaration of dividends upon the preferred stock, and upon the common stock of the company shall be the days by these by-laws fixed for the regular monthly meetings of the Board of Directors in the months of April, July, October and January in each year, on which days the Board of Directors, in its discretion, shall

declare what, if any, dividends shall be declared upon the preferred stock, and the common stock, or either of such stocks.

The dividends on the preferred stock shall be payable quarterly on the fourth Wednesday next after the several dates of the declaration thereof.

SEC. 6. *Working Capital.* The Directors shall not be required in January in each year, after reserving over and above its capital stock paid in as a working capital for said Corporation, such sum, if any, as shall have been fixed by the stockholders to declare a dividend among its stockholders of the whole of its accumulated profits exceeding the amount so reserved, and pay the same to such stockholders on demand; but the Board of Directors may fix a sum which may be set aside or reserved, over and above the company's capital paid in, as a working capital for the company, and from time to time they may increase, diminish and vary the same in their absolute judgment and discretion.

SEC. 7. *Corporate Seal.* The Board of Directors shall provide a suitable seal, containing the name of the company, which seal shall be in charge of the Secretary, if and when so directed by the Board of Directors or by the Finance Committee. A duplicate of the seal may be kept and used by the Treasurer or by any Assistant Secretary or Assistant Treasurer.

ARTICLE. VI.

AMENDMENTS.

SECTION 1. The Board of Directors shall have power to make, amend and repeal the by-laws of the company, by vote of a majority of all of the Directors, at any regular or special meeting of the Board, *provided*, that notice of intention to make, amend or repeal the by-laws in whole or in part shall have been given at the next preceding meeting; or without any such notice, by a vote of two-thirds of all of the Directors.

X.

CHARTER OF THE CARNEGIE COMPANY.¹

ARTICLE I. The corporate name is THE CARNEGIE COMPANY.

ARTICLE II. The objects for which the corporation is established are:

To mine, prepare for market, market and transport coal, iron, steel and all mineral substances.

To manufacture, buy, sell, deal in and deal with iron, steel, and all other metals and metallic compounds, coke and coal, and all the products and by-products thereof.

To promote, construct, provide, acquire, carry out, maintain, improve, manage, develop, control, take on lease or agreement, sell, lease, let, license to use, work, use and dispose of any roads, sidings, railways (outside of New Jersey), pipe lines, quays, wharves, docks, bridges, reservoirs, canals, watercourses, hydraulic works, gas works, gas wells, electrical works, mills, factories, furnaces, warehouses, shops, buildings, dwellings for employees and others, and all other works and conveniences.

To construct, lease, own, operate or sell transportation line or lines, by land or water, in any state or country, subject to the laws of such state or country, either directly or through the ownership of stock of any corporation.

The company shall have express power to hold, purchase, or otherwise acquire, to sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock, bonds, debentures or other evidences of indebtedness created by any other corporation or corporations, and while the owner thereof to exercise all the rights and privileges of ownership, including the right to vote thereon.

As subsidiary objects and powers the company may:

Manufacture, purchase or otherwise acquire goods, wares, merchandise and personal property of every class and description, and hold, own, sell or otherwise dispose of, trade, deal in and deal with the same.

Acquire and undertake the goodwill, property, rights, franchises and assets of every kind, and the liabilities of any person, firm, association or corporation, either wholly or partly, and pay for the same in cash, stock or bonds of the company, or otherwise.

Enter into, make, perform and carry out contracts of every sort and kind, with any person, firm, association, corporation, private, public or municipal, or body politic, and with the government of the United States, or any state, territory, or colony thereof, or any foreign government; purchase, lease, or otherwise acquire any and all rights, privileges, permits or franchises suitable or convenient in the judgment of the Directors for any of the purposes of its business.

Issue warrants, bonds, debentures and other negotiable or transfer-

¹ Printed from copy sent by James B. Dill. For Analysis and Contents see *Charter* in the index.

able instruments, and secured by mortgage, or otherwise, for such amounts as shall from time to time seem advisable.

Guarantee the payment of dividends, or interest, on any shares or stocks, bonds, debentures or other securities or obligations of this, or any other company, whenever, in the judgment of the Board of Directors, proper or necessary for the business of the company.

Apply for, obtain, register, purchase, or otherwise acquire and hold, own, use, operate, introduce and sell, assign or otherwise dispose of any and all trade marks, formulæ, secret processes, trade names and distinctive marks, and all inventions, improvements and processes used in connection with or secured under letters patent or otherwise, of the United States or of any other country, and any governmental grants or concessions; and use, exercise, develop, grant licenses in respect of, or otherwise turn to account any and all such trade marks, patents, licenses, concessions, processes and the like, or any such property, rights and information so acquired.

If, and to the extent permitted by the local laws of each state and foreign country where the property may be situated, and subject always to such local laws, the company may cause or allow the legal title, estate and interest in any property or business acquired, established or carried on by the company to remain or be vested, or registered in the name of or carried on by an individual, or by any other company or companies, foreign or domestic, formed or to be formed, and either upon trust for, or as agents or nominees of this company, or upon any other terms or conditions which the Board of Directors may consider for the benefit of this company, and manage the affairs, or take over and carry on the business of such company or companies so formed or to be formed, either by acquiring the shares, stocks or other securities thereof, or otherwise howsoever, and exercise all or any of the powers of holders of shares, stocks or securities thereof, and receive and distribute as profits the dividends and interests on such shares, stocks or securities.

Conduct business, have one or more offices, and purchase, mortgage, lease and convey real and personal property, or any estate or interest therein, in any part of the world, but always subject to the local laws.

Subject to the provisions of law, the company may purchase or otherwise acquire, hold and re-issue the shares of its capital stock.

IN GENERAL, but in connection with the foregoing, the company may carry on any other business, whether manufacturing or mining, or otherwise, and have and exercise all the powers conferred by the laws of New Jersey upon corporations formed under the Act hereinafter referred to; it being hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the general powers of the company.

ARTICLE III. The company shall be authorized to issue capital stock to the extent of one hundred and sixty million dollars (\$160,000,000), divided into shares of the par value of one thousand dollars each.

ARTICLE IV. In furtherance, and not in limitation of the powers conferred by statute, the Board of Directors are expressly authorized:

(1) To hold their meetings, to have one or more offices, and to keep the books of the company within or without the State of New Jersey, at such places as may be from time to time designated by them; but the company shall always keep at its principal and registered office in New Jersey a transfer book in which the transfers of stock can be made, entered and registered, and also a stock book containing the names and addresses of the stockholders, and the number of shares held by them respectively, which said transfer book and stock book shall be at all times during business hours open to the inspection of the stockholders in person.

(2) To determine from time to time whether, and, if allowed, when and under what conditions and regulations the accounts and books of the company (other than the stock and transfer books), or any of them, shall be open to the inspection of the stockholders, and the stockholders' rights in this respect are and shall be restricted or limited accordingly.

(3) To make, alter, amend and rescind the By-Laws of this company, to fix the amount to be reserved as working capital, to authorize and cause to be executed mortgages and liens upon the real and personal property of the company, provided always, that a majority of the whole Board concur therein.

(4) With the consent in writing and pursuant also to the affirmative vote of the holders of a majority of the stock issued and outstanding, at a stockholders' meeting duly called for that purpose, to sell, assign, transfer, or otherwise dispose of the property of the company as an entirety, provided always, that a majority of the whole Board concur therein.

(5) By a resolution passed by a majority vote of the whole Board, under suitable provision of the By-Laws, to designate two or more of their number to constitute an Executive Committee, which Committee shall, for the time being, as provided in said resolution, or in the By-Laws, have and exercise all the powers of the Board of Directors which may be lawfully delegated in the management of the business and affairs of the company, and shall have power to authorize the seal of the company to be affixed to all papers which may require it.

The company may use and apply its surplus earnings or accumulated profits authorized by law to be reserved to the purchase or acquisition of property, and to the purchase or acquisition of its own capital stock from time to time, to such extent and in such manner, and upon such terms as its Board of Directors shall determine; and neither the property nor the capital stock so purchased and acquired, nor any of its capital stock taken in payment or satisfaction of any debt due to the company, shall be regarded as profits for the purpose of declaration or payment of dividends, unless otherwise determined by a majority of the Board of Directors, or a majority of the stockholders.

ARTICLE V. The principal and registered office of the company is

at No. 525 Main Street, East Orange, New Jersey; and the New Jersey Registration & Trust Company is designated as the agent therein, in charge thereof, and upon whom process against this Company may be served.

IN ACCORDANCE with an Act of the Legislature of the State of New Jersey entitled "An Act Concerning Corporations" (Revision of 1896), and the Acts amendatory thereof and supplemental thereto, for the purpose of forming a corporation of unlimited duration to do business both within and without the State of New Jersey, the undersigned do respectively subscribe for the capital stock with which the company will begin business, amounting to one hundred and sixty million dollars (\$160,000,000), and do agree to take the number of shares set opposite our respective names and have accordingly signed this certificate and affixed our seals hereto:

NAME		POST OFFICE ADDRESS TAKEN BY EACH OF THE SUBSCRIBERS.	NO. OF SHARES SUBSCRIBER.
ANDREW CARNEGIE,	(L.S.)	5 W. 51st St., N. Y. City,	86,379
HENRY PHIPPS,	(L.S.)	Pittsburg, Pa.,	17,226
HENRY C. FRICK,	(L.S.)	Pittsburg, Pa.,	15,484
CHARLES M. SCHWAB,	(L.S.)	Braddock, Pa.,	18,929
WILLIAM H. SINGER,	(L.S.)	Alleghany, Pa.,	2,829
LAWRENCE C. PHIPPS,	(L.S.)	Pittsburg, Pa.,	2,653
FRANCIS T. F. LOVEJOY,	(L.S.)	Pittsburg, Pa.,	7,024
THOS. MORRISON,	(L.S.)	Braddock, Pa.,	884
D. M. CLEMSON,	(L.S.)	Pittsburg, Pa.,	884
JAMES GAYLEY,	(L.S.)	Pittsburg, Pa.,	884
ANDREW M. MORELAND,	(L.S.)	Pittsburg, Pa.,	810
JOHN WALKER,	(L.S.)	Alleghany, Pa.,	703
WM. W. BLACKBURN,	(L.S.)	Pittsburg, Pa.,	442
GEO. E. MCCAGUE,	(L.S.)	Pittsburg, Pa.,	442
JAMES SCOTT,	(L.S.)	Pittsburg, Pa.,	442
WILLIAM E. COREY,	(L.S.)	Munhall, Pa.,	442
JOSEPH E. SCHWAB,	(L.S.)	Duquesne, Pa.,	442
THOS. LYNCH,	(L.S.)	Greensburg, Pa.,	326
HENRY P. BOPE,	(L.S.)	Pittsburg, Pa.,	295
LEWIS T. BROWN,	(L.S.)	Pittsburg, Pa.,	295
G. B. BOSWORTH,	(L.S.)	Pittsburg, Pa.,	176
DAVID G. KERR,	(L.S.)	Pittsburg, Pa.,	147
HOMER J. LINDSAY,	(L.S.)	Pittsburg, Pa.,	147
HAMPDEN E. TENER, JR.,	(L.S.)	Pittsburg, Pa.,	147
GEORGE MEGREW,	(L.S.)	Pittsburg, Pa.,	147
GIBSON D. PACKER,	(L.S.)	Pittsburg, Pa.,	147
WM. B. DICKSON,	(L.S.)	Pittsburg, Pa.,	147
ALBERT C. CASE,	(L.S.)	Pittsburg, Pa.,	147
SYLVANUS L. SCHOONMAKER,	(L.S.)	Plainfield, N. J.,	95
AZOR R. HUNT,	(L.S.)	Munhall, Pa.,	74
P. TOESTEN BERG,	(L.S.)	Munhall, Pa.,	74
ALVA C. DINKEY,	(L.S.)	Munhall, Pa.,	74
CHARLES MCCREERY,	(L.S.)	Duquesne, Pa.,	74
CHARLES W. BAKER,	(L.S.)	New York,	147
JOSIAH OGDEN HOFFMAN,	(L.S.)	Philadelphia, Pa.,	442

10 cent internal revenue stamp cancelled.

WITNESS, as to the foregoing signatures,

JAMES B. DILL, Solicitor.

27 Pine Street, New York City.

Dated, March 22d, 1900.

STATE OF NEW YORK, }
 COUNTY OF NEW YORK, } ss.

BE IT REMEMBERED, that on this 22d day of March, A. D. nineteen hundred, before me personally appeared Andrew Carnegie, who I am satisfied is one of the persons named in and who executed the foregoing certificate, and I having first made known to him the contents thereof, he did acknowledge that he signed, sealed and delivered the same as his voluntary act and deed.

JAMES B. DILL,
 Master in Chancery of New Jersey.

COMMONWEALTH OF PENNSYLVANIA, }
 COUNTY OF ALLEGHANY, } ss.

BE IT REMEMBERED, that on this twenty-third day of March, A. D. nineteen hundred, before me personally appeared Henry Phipps, Henry C. Frick, Charles M. Schwab, William H. Singer, Lawrence C. Phipps, Francis T. F. Lovejoy, Thos. Morrison, D. M. Clemson, James Gayley, Andrew M. Moreland, John Walker, Wm. W. Blackburn, Geo. E. McCague, James Scott, William E. Corey, Joseph E. Schwab, Thos. Lynch, Henry P. Bope, Lewis T. Brown, G. B. Bosworth, David G. Kerr, Homer J. Lindsay, Hampden E. Tener, Jr., Geo. Megrew, Gibson D. Packer, Wm. B. Dickson, Albert C. Case, Sylvanus L. Schoonmaker, Azor R. Hunt, P. Toesten Berg, Alva C. Dinkey, Charles McCreery, Charles W. Baker and Josiah Ogden Hoffman, whom I am satisfied are all the persons named in and who executed the foregoing certificate, except Andrew Carnegie, and I having first made known to them the contents thereof, they did each acknowledge that they signed, sealed and delivered the same as their voluntary act and deed.

JAMES B. DILL,
 Master in Chancery of New Jersey.

Registered March 24th, 1900. New Jersey Registration & Trust Company, Registered Agent.

H. D. MILLER, Secretary.

RECEIVED in the Clerk's Office of the County of Essex, on the 24th day of March, A. D. 1900, and recorded in Book 19 of Incorporated Business Companies for said County, Page 115.

WILLIAM O. KUEBLER, Clerk.

Indorsed "Filed, Mar. 24, 1900.

GEORGE WURTS, Secretary of State."

STATE OF NEW JERSEY.

DEPARTMENT OF STATE.

I, GEORGE WURTS, Secretary of State of the State of New Jersey, do hereby certify that the foregoing is a true copy of the Certificate of Incorporation of The Carnegie Company and the endorsements thereon,

as the same is taken from and compared with the original filed in my office on the 24th day of March, A. D. 1900, and now remaining on file therein.

[SEAL.] IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal, at Trenton this 24th day of March, A. D. 1900.

GEORGE WURTS,
Secretary of State.

XI.

BY-LAWS OF THE CARNEGIE COMPANY.¹

Adopted by the Stockholders March 27, 1900.

TITLE.

1. The title of the Corporation is "THE CARNEGIE COMPANY."

OFFICES.

2. The principal office shall be and be registered with the New Jersey Registration & Trust Company, 525 Main Street, East Orange, New Jersey.

The company may also have an office in the city of Pittsburg, and also offices at such other places as the Board of Directors may appoint.

SEAL.

3. The corporate seal of the company shall have inscribed thereon the name of the corporation, the year of its creation, and the words "Corporate Seal, New Jersey."

DIRECTORS.

4. The property and business of the corporation shall be managed by a Board of Directors, eleven in number, chosen from the stockholders; they shall hold office for one year and until others are elected and qualify in their stead. The number of Directors may be increased or decreased by the affirmative vote of the holders of a majority of the stock at any annual meeting of the stockholders.

VACANCIES.

5. If the office of any Director, or of the President, Vice-Presidents, Secretary or Treasurer, one or more, becomes vacant by reason of death, resignation, disqualification or otherwise, the remaining Directors, if not less than a quorum, by a majority vote, may elect or appoint a successor or successors, who shall hold office for the unexpired term.

QUORUM AT STOCKHOLDERS' MEETINGS.

6. A majority in amount of the stock issued and outstanding, represented by the holders in person or by proxy, shall be requisite at any meeting of stockholders to constitute a quorum for the election of Directors or for the transaction of other business.

ANNUAL MEETING.

7. The annual meeting of the stockholders, after the year 1900, shall be held on the first Monday in April of each year, at the registered

¹ Printed from copy sent by James B. Dill. For Analysis and Contents see *By-laws*, in the index.

office of the company in New Jersey, at 10 o'clock a. m., when they shall elect by a plurality vote, by ballot, the aforesaid Directors to serve for one year and until their successors are elected or chosen and qualify.

Each stockholder shall be entitled to one vote, and no more, in person or by proxy, for each share of stock standing registered in his or her name, on the twentieth day preceding the election, exclusive of the day of such election, and not otherwise.

No share of stock shall be voted at any election which shall have been transferred on the books of the company or issued within twenty days next preceding such election.

Notice of the annual meeting shall be published in a newspaper in the city of Pittsburg, and in the county of Essex, New Jersey, once a week for two weeks during the month of March next preceding the meeting.

INSPECTORS OF ELECTION.

8. Such election shall be conducted by two inspectors, who may or may not be stockholders, appointed by the presiding officer of the meeting, which inspectors shall be duly sworn and shall in writing certify to the returns; but no person who is a candidate for the office of Director shall act as Inspector or Judge at such election.

SPECIAL MEETINGS OF STOCKHOLDERS.

9. Special meetings of the stockholders may be called by the President, and shall be called at the request in writing to the President or by vote of a majority of the Board of Directors, or at the request in writing by stockholders of record owning a majority in amount of the entire capital stock of the company.

Notice of the time, place and object of meeting shall be sent to each stockholder of record at least two days, exclusive of the day of mailing, before the date of meeting, at such address as appears on the stock book of the company, or if no address be given therein, to the last address of such stockholder known to the Registered Agent.

CHAIRMAN OF STOCKHOLDERS' MEETINGS.

10. All meetings of the stockholders shall be called to order and presided over by the President, or, in his absence, by one of the Vice-Presidents in their relative order of appointment, or in their absence, by the Secretary, or if he be absent by the Treasurer, and if none of them be present, by a chairman appointed by the stockholders.

VOTING AT STOCKHOLDERS' MEETINGS.

11. Voting upon all questions at all meetings of the stockholders shall be by shares of stock, and not *per capita*.

ORDER OF BUSINESS AT STOCKHOLDERS' MEETINGS.

12. As far as consistent with the purpose of the meeting, the following order of business shall be observed at all meetings of the stockholders:

Roll call;

A quorum being present:

Reading of minutes of preceding meeting and action thereon;

Reports of officers and committees as called for by the presiding officer;

Election of Directors;

Unfinished business;

New business.

FIRST MEETING OF DIRECTORS AFTER ELECTION.

13. After the election of the Directors, the newly elected Board shall meet at such place and time as shall be fixed by the vote of the stockholders at the annual meeting, for the purpose of organization and otherwise, and no notice of such meeting shall be necessary to the newly elected Directors in order to legally constitute the meeting; provided a majority of the whole Board shall be present.

At the said meeting the Board shall elect, by ballot, a President and one or more Vice-Presidents, in their respective orders, from their own number.

The Board of Directors shall also annually appoint at such meeting a Secretary and a Treasurer, and may appoint one or more Assistant Secretaries and Assistant Treasurers, who need not be members of the Board, who shall hold office during the pleasure of the Board, but who shall not be appointed for a longer period than a term of one year.

Excepting always the President and the Vice-Presidents, all such appointed officers shall be subject to removal by the Board at any time, and with or without cause, provided a majority of the Board shall agree thereon.

REGULAR MEETINGS OF BOARD.

14. Regular meetings of the Board shall be held without notice on the first Tuesday of each month in the year at the office of the company in Pittsburg, Pennsylvania, at 12:30 p. m., or, by order of the Board of Directors, elsewhere on a day and at an hour to be fixed by the Board.

QUORUM AT MEETINGS OF BOARD.

15. A majority of the whole Board of Directors shall be necessary at all meetings to constitute a quorum for the transaction of any business, except to adjourn.

SPECIAL MEETINGS OF BOARD.

16. Special meetings of the Board may be called by the President on one day's notice to each Director, either personally or by wire; special meetings may be called in like manner and on like notice, on the written request of three members of the Board.

DIRECTORS MAY MEET OUT OF NEW JERSEY.

17. The Directors may hold their meetings and have one or more offices, and keep the books of the company, as provided in the Certif-

cate of Incorporation, outside of the State of New Jersey, at the city of Pittsburg, or at such other places as they may from time to time determine.

GENERAL POWERS OF DIRECTORS.

18. The Board of Directors shall have the management of the business of the company, and, in addition to the powers and authorities by these by-laws expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised and done by the corporation, but subject, nevertheless, to the provisions of the statute, of the charter and of these by-laws, and to any regulations from time to time made by the stockholders; *provided* that no regulations so made shall invalidate any prior act of the Directors which would have been valid if such regulations had not been made.

SPECIFIC POWERS OF DIRECTORS.

19. Without prejudice to the general powers conferred by the last preceding clause, and the other powers conferred by the charter and by these by-laws, it is hereby expressly declared that the Board of Directors shall have the following powers, that is to say:

From time to time to make and change rules and regulations not inconsistent with these by-laws for the management of the company's business and affairs.

To purchase or otherwise acquire for the company, any property, rights or privileges which the company is authorized to acquire, at such price and on such terms and conditions and for such consideration as they shall from time to time see fit.

At their discretion to pay for any property or rights acquired by the company, either wholly or partly, in money or in stocks, bonds, debentures or other securities of the company.

To create, make and issue mortgages, bonds, deeds of trust, trust agreements and negotiable or transferable instruments and securities, secured by mortgage or otherwise, and to do every other act and thing necessary to effectuate the same.

To appoint and at their discretion to remove or suspend such subordinate officers, agents or servants, permanently or temporarily, as they may from time to time think fit, and to determine their duties, and fix, and from time to time change, their salary or emoluments, and to require security in such instances and in such amounts as they think fit.

To confer by resolution upon any appointed officer of the company the right to choose, remove or suspend such subordinate officers, agents or servants.

To appoint any person or persons to accept and hold in trust for the company any property belonging to the company, or in which it is interested, or for any other purpose, and to execute and do all such duties and things as may be requisite in relation to any such trust.

To determine who shall be authorized on the company's behalf to

sign bills, notes, receipts, acceptances, endorsements, checks, releases, contracts and documents.

From time to time to provide for the management of the affairs of the company, at home or abroad, in such manner as they see fit, and, in particular, from time to time, to delegate any of the powers of the Board in the course of the current business of the company to any committee, officer or agent, and to appoint any persons to be the agents of the company, with such powers (including the power to sub-delegate), and upon such terms as may be thought fit.

COMPENSATION OF DIRECTORS.

20. Directors, as such, shall not receive any stated salary for their services as Directors, but, by resolution of the Board, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the Board; *provided*, that nothing herein contained shall be construed to preclude any Director from serving the company in any other capacity and receiving compensation therefor.

Members of special or standing committees may be allowed like compensation for attending committee meetings.

THE PRESIDENT.

21. It shall be the duty of the President to preside at all meetings of the Board of Directors and stockholders; to have general and active management of the business of the company; to see that all orders and resolutions of the Board are carried into effect; to execute all its stocks, bonds, mortgages and other contracts requiring a seal, under the seal of the company; to keep in safe custody the seal of the company, and, when authorized by the Board, to affix the seal to any instrument requiring the same, which seal shall always be attested by the signature of the President, and of the Secretary or the Treasurer. He may sign certificates of stock.

He shall have general superintendence and direction of all the other officers of the company, and shall see that their duties are properly performed.

He shall submit a report of the operations of the company for the year, and a statement of its affairs on the 31st day of December to the Directors at their regular meeting in February, and to the stockholders at the annual meeting in April of each year, and from time to time shall report to the Board all matters within his knowledge, which the interests of the company may require to be brought to their notice.

He shall be *ex officio* a member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

He shall, in a general way, be familiar with and exercise supervision over the affairs of the other corporations in which this corporation may be interested.

He shall freely consult and advise with the chairman of the various

committees, and with the various committees, in relation to the business and interests of the corporation.

THE VICE-PRESIDENTS.

22. The Vice-Presidents shall be vested with the powers and required to perform the duties of the President in his absence as hereinafter provided. The Vice-Presidents may sign certificates of stock, and shall perform such other duties as may be prescribed by the Board of Directors.

SECRETARY.

23. The Secretary shall keep full minutes of all meetings of the stockholders and the Directors; he shall be *ex officio* Secretary of the Board of Directors; he shall attend all sessions of the Board, shall act as clerk thereof, and record all votes and the minutes of all proceedings in a book to be kept for that purpose; and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders of the company and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President, under whose supervision he shall be. He shall be sworn to the faithful discharge of his duty, and shall give such bond as may be required by the Board of Directors.

He shall have general supervision over the accounting department and shall be assisted by an Auditor.

TREASURER.

24. The Treasurer shall give a bond in such sum and with such security and in such form as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office, and the restoration to the company, in case of his death, resignation, or removal from office, of all books, papers, vouchers, money or other property of whatsoever kind, in his possession belonging to the corporation, and containing such other provision as the Directors shall see fit.

Certificates of stock, when signed by the President or one of the Vice-Presidents, shall be countersigned by the Treasurer or one of the Assistant Treasurers.

He shall perform such other duties as shall be determined by the Board of Directors.

AUDITOR.

25. The powers and duties of the Auditor shall be such as may be designated by the Board.

COUNSEL.

26. The Board may appoint general counsel, who shall be the legal advisers of the company.

DUTIES OF OFFICERS MAY BE DELEGATED.

27. In case of the absence of any officer of the company, excepting the President, the Board of Directors may delegate the powers or duties

of such officer to any other officer, or to any Director, for the time being; *provided*, a majority of the entire Board concur therein.

TERM OF OFFICE.

28. Each appointed officer shall hold his office during the pleasure of the Board, unless otherwise specified in the by-laws.

TRANSFERS OF STOCK.

29. All transfers of the stock of the corporation shall be made upon the books of the company by the holder of the shares in person, or by his legal representatives.

No transfer of stock shall be made within ten days next preceding the day appointed for paying a dividend.

The company shall be entitled to treat the registered holder of any share as the absolute owner thereof, and accordingly shall not be bound to recognize any equitable or other claim to, or interest in, such share, on the part of any other person, whether or not it shall have express or other notice thereof, save as expressly provided by statute of New Jersey.

CERTIFICATES TO BE CANCELLED.

30. Certificates of stock shall be surrendered and cancelled at the time of transfer.

LOSS OF CERTIFICATE.

31. Any person claiming a certificate or evidence of stock to be issued in place of one lost or destroyed, shall make an affidavit or affirmation of that fact and advertise the same in such newspaper, and for such space of time as the Board of Directors may require, describing the certificate, and shall furnish the company with proof of the publication by the affidavit of the publisher of the newspaper, and shall give the company a bond of indemnity in form approved by the Board, with one or more sureties satisfactory to the Board, in double the par value of such certificate, whereupon the President and Treasurer may, one month after the termination of the advertisement, issue a new certificate of the same tenor with the one alleged to be lost or destroyed, but always subject to the approval of the Board of Directors.

INSPECTION OF BOOKS AND ACCOUNTS.

32. The books, accounts and records of the company shall be open to inspection by any member of the Board of Directors at all times; stockholders may, in the discretion of the Board, inspect the books of the company at such reasonable times as the Board of Directors may by resolution designate.

HOLDINGS OF STOCK IN OTHER COMPANIES.

33. No shares of stock held by this company in any company whose property or stock may at any time have been purchased or acquired by this company, shall be sold or transferred, except in aid or in pur-

suance of collateral deeds of trust, executed as security for a portion of the purchase price of any such stocks, without the assent of a majority in interest of the holders of all the capital stock issued and outstanding, expressed in writing or by vote at a stockholders' meeting; nor shall this company, without such assent, vote or authorize the voting of any such stock of another company in favor of the creation of any bonded or mortgage indebtedness of such other company, but a sufficient number of shares of each company may be assigned to any persons satisfactory to the Board of Directors, in order to qualify such persons to be Directors of such other companies; and the capital stock of any such company shall not be increased or decreased, nor the stock held by this company be voted for such increase or decrease, nor be surrendered or exchanged for new stock of such company without the assent of a majority in interest of the holders of the capital stock of this company issued and outstanding, expressed in writing or by vote at a stockholders' meeting.

The Board may appoint any person or corporation to act as proxy or attorney in fact of this company at any meeting of the stockholders or election of Directors of any such company whose stock shall be held by this company.

DIVIDENDS.

34. Dividends on the capital stock of the company, when earned, may be declared quarterly at the regular meetings of the Board of Directors in March, June, September and December of each year.

NOTICE.

35. Wherever notice is required by statute or by these by-laws to be given to the stockholders, or the Directors, or to any officer of the company, personal notice is not meant unless expressly so stated; and any notice so required shall be deemed to be sufficient if given by depositing the same in a post-office box in a sealed, post-paid wrapper, addressed to such stockholder, Director or officer; and such notice shall be deemed to have been given at the time of such mailing, excluding only those provisions of the by-laws where personal notice is required, or where notice is required to be given by wire, in which latter case notice shall be deemed to be given from the time the same is delivered to the telegraph company.

Any stockholder, Director or officer may waive any notice required to be given by these by-laws.

INTERPRETATION.

36. The headings of any of the foregoing sections shall not affect the construction thereof, and in these by-laws, unless there be something in the subject or context inconsistent therewith:

"The company" and "this company" mean the "The Carnegie Company."

"In writing" and "written" mean written or printed or partly printed and partly written.

"Registered office" and "principal office" mean the principal office in New Jersey, designated as such pursuant to law.

"Absence," as applied to the provision that the Vice-Presidents shall be vested with the powers of the President in his absence, means absence from the United States, or absence, temporary or permanent, from the office of the company in Pittsburg, and in such cases only as the President shall in writing specifically delegate his powers and duties to such other officer, and not otherwise.

AMENDMENTS.

37. The foregoing by-laws shall not be altered, amended or added to except by the affirmative vote of a majority in interest of all the stockholders of the company at a duly convened meeting. The proposed alteration, amendment or addition shall first be submitted to the Board of Directors at a regular or special meeting; and thereupon the Board of Directors shall call a special meeting of the stockholders, giving not less than two weeks' written notice to each stockholder, to take action upon such alteration, amendment or addition, which notice shall contain the recommendation of the Board with respect thereto.

The Board of Directors shall have no power to amend, alter or repeal these by-laws.

XII

CHARTER OF FEDERAL STEEL COMPANY.¹

CERTIFICATE OF INCORPORATION OF FEDERAL STEEL COMPANY.

[Internal revenue stamp, 10 cents, canceled.]

[Registered office with the Corporation Trust Company of New Jersey,
60 Grand Street, Jersey City, N. J.]

First. The name of the corporation is FEDERAL STEEL COMPANY.

Second. The location of its principal office in the State of New Jersey is at No. 60 Grand Street, in the city of Jersey City, county of Hudson. Said office is to be registered with the Corporation Trust Company of New Jersey. The name of the agent therein and in charge thereof, and upon whom process against this corporation may be served, is the Corporation Trust Company of New Jersey.

Third. The objects for which, and for any of which, the corporation is formed, are to do any or all of the things herein set forth, to the same extent as natural persons might or could do, and in any part of the world, viz.:

Mining of all kinds; manufacturing of all kinds; transportation of goods, merchandise, or passengers, upon land or water; building houses, structures, vessels, ships, boats, railroads, engines, cars, or other equipment, wharves or docks; constructing, maintaining, and operating railroads (other than railroads within the State of New Jersey), steamship lines, vessel lines, or other lines for transportation; the purchase, improvement, or sale of lands;

To manufacture, purchase, or otherwise acquire, to hold, own, mortgage, pledge, sell, assign and transfer, or otherwise dispose of, to invest, trade, deal in and deal with goods, wares, and merchandise, and property of every class and description;

To acquire and undertake all or any part of the business, assets, and liabilities of any person, firm, association, or corporation;

To apply for, purchase, or otherwise acquire, and to hold, own, use, operate, and to sell, assign, or to otherwise dispose of, to grant licenses in respect of or otherwise turn to account any and all inventions, improvements, and processes used in connection with, or secured under letters patent of the United States or elsewhere, or otherwise; and, with a view to the working and development of the same, to carry on any business, whether manufacturing or otherwise, which the corporation may think calculated directly or indirectly to effectuate these objects;

¹ Reprinted from Vol. I, Report of Industrial Commission. For Analysis and Contents see *Charter* in the index.

To enter into, make, perform, and carry out contracts of every kind with any person, firm, association or corporation;

To have one or more offices; to carry on all or any of its operations and business; and unlimitedly and without restriction to hold, purchase, mortgage, lease, and convey real and personal property in any State or territory of the United States, and in any foreign country or place.

In general, to carry on any other business in connection therewith, whether manufacturing or otherwise, with all the powers conferred by the laws of New Jersey upon corporations under the act hereinafter referred to.

Fourth. The total authorized capital stock of the corporation is two hundred million dollars (\$200,000,000), divided into two million (2,000,000) shares of the par value of one hundred dollars (\$100) each.

Of such total authorized capital stock, one million shares, amounting to \$100,000,000, shall be preferred stock, and one million shares, amounting to \$100,000,000, shall be common stock.

From time to time the preferred stock and the common stock shall be issued in such amounts and proportion as shall be determined by the Board of Directors, and as may be permitted by law.

The preferred stock shall be entitled, out of any and all surplus net profits, whenever declared by the Board of Directors, to noncumulative dividends at the rate of, but not exceeding, six per cent per annum for the fiscal year beginning on the first day of January, 1899, and for each and every fiscal year thereafter, payable in preference and priority to any payment of any dividend on the common stock for such fiscal year. In addition thereto, in the event of the dissolution of the corporation, the holders of the preferred stock shall be entitled to receive the par value of their preferred shares out of the surplus funds of the corporation before anything shall be paid therefrom to the holders of the common stock.

The common stock shall be subject to the prior rights of the holders of the preferred stock, as herein declared. If, after providing for the payment of full dividends for any fiscal year on the preferred stock, there shall remain any surplus net profits of such year; any and all such surplus net profits of such year, and of any other fiscal year for which full dividends shall have been paid on the preferred stock, shall be applicable to dividends upon the common stock, when and as from time to time the same shall be declared by the Board of Directors and out of any such surplus net profits, after the close of any fiscal year, the Board of Directors may pay dividends upon the common stock of the corporation for such fiscal year, but not until after the dividends upon the preferred stock for such fiscal year shall have been actually paid or provided and set apart.

Fifth. The names of the incorporators (the post-office address of each is No. 60 Grand Street, Jersey City, N. J.) and the number of shares of common stock (ten) subscribed for by each, the aggregate of which

being three thousand dollars (\$3,000), is the amount of capital stock with which the corporation will commence business, are as follows:

NAME.	
CHARLES C. CLUFF.....	Ten shares common stock.
CHARLES MACVEAGH.....	Ten shares common stock.
BENJAMIN C. VANDYKE.....	Ten shares common stock.

Sixth. The duration of the corporation shall be unlimited.

Seventh. The corporation may use and apply its surplus earnings, or accumulated profits authorized by law to be reserved, to the purchase or acquisition of property, and to the purchase or acquisition of its own capital stock from time to time, to such extent and in such manner and upon such terms as its Board of Directors shall determine; and neither the property nor the capital stock so purchased and acquired, nor any of its capital stock taken in payment or satisfaction of any debt due to the corporation, shall be regarded as profits for the purposes of declaration or payment of dividends, unless otherwise determined by a majority of the Board of Directors or a majority of the stockholders.

The corporation in its by-laws may prescribe the number necessary to constitute a quorum of the Board of Directors, which number may be less than a majority of the whole number.

The number of Directors at any time may be increased by a vote of the Board of Directors, and in case of any such increase the Board of Directors shall have power to elect such additional Directors, to hold office until the next meeting of stockholders, or until their successors shall be elected.

The Board of Directors shall have power without the assent or vote of the stockholders to make, alter, amend, and rescind the by-laws of the corporation, to fix the amount to be reserved as working capital, to authorize and to cause to be executed mortgages and liens upon the real and personal property of the corporation; and from time to time to sell, assign, transfer, or otherwise dispose of any or all of the property of the corporation, but no such sale of all of the property shall be made except pursuant to the vote of at least two-thirds of the Board of Directors.

The Board of Directors, by resolution passed by a majority of the whole Board, may designate three or more directors to constitute an Executive Committee, which committee to the extent provided in said resolution or in the by-laws of the corporation, shall have, and may exercise, the power of the Board of Directors in the management of the business and affairs of the corporation, and shall have power to authorize the seal of the corporation to be affixed to all papers which may require it.

The Board of Directors from time to time shall determine whether and to what extent, and at what times and places, and under what conditions and regulations, the accounts and books of the corporation, or any of them, shall be open to the inspection of the stockholders;

and no stockholder shall have any right of inspecting any account or book or document of the corporation, except as conferred by statute or authorized by the Board of Directors, or by a resolution of the stockholders.

The Board of Directors shall have power to hold its meetings, to have one or more offices, and to keep the books of the corporation (except the stock and transfer books) outside of this State at such places as may be from time to time designated by them.

It is the intention that the objects above specified in Article Third, except where otherwise expressed in said article, shall be nowise limited or restricted by reference to or inference from the terms of any other article, clause, or paragraph in this certificate.

The undersigned, for the purpose of forming a corporation in pursuance of an act of the Legislature of the State of New Jersey, entitled "An act concerning corporations" (Revision of 1896), and the various acts amendatory thereof and supplemental thereto, do make, record, and file this certificate, and do respectively agree to take the number of shares of stock hereinbefore set forth, and accordingly hereunto have set our hands and seals.

Dated, Jersey City, N. J., September 9, 1898.

CHAS. C. CLUFF, [SEAL.]
 CHARLES MACVEAGH, [SEAL.]
 BENJAMIN C. VANDYKE. [SEAL.]

In presence of

JAMES B. DILL,
 E. H. GARY,
 FRANCIS LYNDE STETSON.

STATE OF NEW JERSEY, } ss.
 COUNTY OF HUDSON, }

Be it remembered that on this ninth day of September, A. D. eighteen hundred and ninety-eight, before the undersigned personally appeared Charles C. Cluff, Charles MacVeagh, and Benjamin C. VanDyke, who, I am satisfied, are the persons named in and who executed the foregoing certificate, and I, having first made known to them, and each of them, the contents thereof, they did each acknowledge that they signed, sealed, and delivered the same as their voluntary act and deed.

JAMES B. DILL,

Master in Chancery of New Jersey.

[10 cent internal revenue stamp cancelled.]

Received in the Hudson County, N. J., Clerk's office September 9th, 1898, and recorded in Clerk's Record No. —, on page —.

JOHN G. FISHER, Clerk.

(Endorsed:) "Filed September 9, 1898.

GEORGE WURTS, Secretary of State."

XIII.

BY-LAWS, FEDERAL STEEL COMPANY.¹

Federal Steel Company—By-Laws, September 9, 1898.

I.

1. The title of the corporation is FEDERAL STEEL COMPANY.
2. The principal office is at 60 Grand Street, Jersey City, New Jersey.
3. The corporate seal of the company shall have inscribed thereon the name of the corporation, the State (New Jersey), and the month and year of its creation (September, 1898).

II. DIRECTORS.

4. The property and business of the corporation shall be managed and controlled by a Board of Directors, who shall at all times be stockholders. They shall hold office for one year, and until others are elected and qualified in their stead. The number of the first Board of Directors shall be three; but at any time the number may be increased by vote of the Board of Directors, and, in case of any such increase, the Board of Directors shall have power to elect such additional Directors to hold office until the next meeting of stockholders, or until their successors shall be elected. If the office of any Director becomes or is vacant by reason of death, resignation, disqualification, increase in number, or otherwise, the remaining Directors, by a majority vote, may elect a successor, who shall hold office for the unexpired term or until his successor is elected.

III. MEETINGS OF STOCKHOLDERS.

5. The annual meeting of stockholders shall be held on the first Monday of April in each year if not a legal holiday, and, if a legal holiday, then on the day following, at the registered office of the company in the State of New Jersey, commencing at 11 o'clock a. m., when they shall elect by a plurality vote by ballot the full Board of Directors to serve for one year, and until their successors are elected or chosen and qualified, each stockholder being entitled to one vote in person or by proxy for each share of stock standing registered in his name on the 10th day of the month preceding the election; provided, no stock shall be voted which has been transferred within twenty days of the time of the election.

A majority in amount of the stock outstanding shall be requisite to

¹ Reprinted from Vol. I, Report of Industrial Commission. For Analysis and Contents see *By-laws* in the index.

constitute a quorum for an election of Directors or the transaction of other business.

The polls for such election shall be open at twelve o'clock noon and closed at one o'clock in the afternoon.

Notice of the annual meeting may be published in a newspaper in the city of New York once each week during the calendar month next preceding the meeting; but a failure to publish such notice or any irregularity in the publication or notice shall not affect the validity of the said meeting or the proceedings therein.

Special meetings of stockholders shall be called by the Secretary by mailing a notice at least five days prior to the date of meeting to each stockholder of record at his last known post-office address, on the request in writing, or by vote, of a majority of the Board of Directors, or Executive Committee, or on demand in writing by stockholders of record owning a majority in amount of the entire issued capital stock of the company.

IV. MEETINGS OF DIRECTORS.

6. The Board of Directors shall meet at the office of the company in New York immediately after the adjournment of the annual meeting of stockholders and elect the officers of the corporation for the ensuing year.

Regular meetings of the Directors shall be held at the office of the company in New York, or by order of the Directors elsewhere, on a day and at an hour to be fixed by resolution of the Board.

Notice of regular meetings shall be mailed to each Director at his last known post-office address by the Secretary at least three days previous to the time fixed for the meeting.

While the number of Directors remains at three, a majority shall be necessary to constitute a quorum for the transaction of business; but if the number of Directors shall be increased to fifteen, then six shall constitute a quorum for the transaction of business.

Special meetings of the Board may be called by the President on one day's notice to each Director, delivered to him personally or left at his residence or usual place of business; or such special meetings may be called in like manner on the written request of three members.

V. COMPENSATION OF DIRECTORS AND EXECUTIVE COMMITTEE.

7. Directors and members of the Executive Committee as such shall not receive any stated salary for their services, but may be allowed \$10 each for attendance at each regular or special meeting if present at roll call, and until adjournment, unless excused.

VI. INSPECTORS OF ELECTION.

9. The Board of Directors, at a meeting held prior to the annual meeting of the stockholders, shall appoint two stockholders to act as inspectors and conduct the election of Directors at the ensuing annual

meeting of stockholders. Inspectors of election shall not be eligible to the office of Director. If any inspector of election fails to attend the election, a successor may be appointed by the stockholders in attendance.

VII. ORDER OF BUSINESS.

10. The order of business at the meetings of the Board of Directors shall be as follows:

- (1) A quorum being present, the Chairman shall call the Board to order.
- (2) The minutes of the last meeting shall be read and considered as approved if there be no amendments.
- (3) Reports of officers of the company.
- (4) Reports of committees.
- (5) Unfinished business.
- (6) Miscellaneous business.
- (7) New business.

VIII. OFFICERS OF THE COMPANY.

11. The officers of the company shall consist of a Chairman of the Board, President, First Vice-President, Second Vice-President, Secretary, General Counsel, Treasurer, Auditor, and such other officers as may from time to time be elected or appointed by the Board of Directors.

One person may hold more than one office.

IX. OFFICERS.

12. The Directors shall elect from among their own number a Chairman of the Board, a President, a First Vice-President, and a Second Vice-President; and shall also appoint a Secretary, Treasurer, Auditor, and General Counsel.

X. DUTIES OF THE CHAIRMAN.

13. It shall be the duty of the Chairman to preside at all meetings of the Board of Directors and to give such counsel and advice as from time to time may by him be deemed essential to the best interests of the corporation to the Executive Committee or to the President.

XI. DUTIES OF THE PRESIDENT.

14. It shall be the duty of the President, in the absence of the Chairman of the Board, to preside at all meetings of the Board of Directors; to have general and active management of the business of the company; to see that all orders and resolutions of the Board are carried into effect; to execute all contracts and agreements authorized by the Board; to keep in safe custody the seal of the company; and, when authorized by the Board or Executive Committee, to affix the seal to any instrument requiring the same, which seal shall always be

attested by the signature of the President and of the Secretary or the Treasurer. He may sign certificates of stock.

He shall have the general superintendence and direction of all the other officers of the company, except the Chairman of the Board, and shall see that their duties are properly performed.

He shall submit a complete report of the operations of the company for the year and the state of its affairs on the 31st day of December to the Directors at their regular meeting in April, and to the stockholders at their annual meeting in April of each year, and from time to time shall report to the Directors all matters within his knowledge which the interests of the company may require to be brought to their notice.

He shall be *ex officio* a member of all standing committees, and shall have the general powers and duties of supervision and management usually vested in the office of the President of a corporation.

He shall in a general way be familiar with and exercise supervision over the affairs of the other corporations in which this corporation may be interested.

He shall freely consult and advise with the Chairman of the Board and also the Executive Committee in relation to the business and interests of the corporation.

XII. FIRST VICE-PRESIDENT.

15. The First Vice-President shall be vested with all the powers and required to perform all the duties of the President in his absence. He may sign certificates of stock; and he shall perform such other duties as may be prescribed by the Board of Directors.

XIII.

16. The Second Vice-President shall be vested with all the powers and required to perform all the duties of the President in the absence of both the President and the First Vice-President; he may sign certificates of stock, and he shall perform such other duties as may be prescribed by the Board of Directors.

XIV. PRESIDENT PRO TEM.

17. In the absence of the President and First Vice-President and Second Vice-President, the Board may appoint a President *pro tem*.

XV. SECRETARY.

18. The Secretary shall be *ex officio* Secretary of the Board of Directors and of the standing committees; he shall attend all sessions of the Board; shall act as clerk thereof, and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall perform like duties for the standing committees when required. He shall give notice of all calls for installments to be paid by the stockholders, and shall see that proper notice is given of all meetings

of the stockholders of the company and of the Board of Directors, and shall perform such other duties as may be prescribed by the Board of Directors or President.

He shall be sworn to the faithful discharge of his duty, and shall give such bond as may be required by the Board of Directors.

The Assistant Secretary, if one is appointed, shall be vested with all the powers and required to perform all the duties of the Secretary in his absence, inability, refusal, or neglect to act.

XVI. TREASURER.

19. The Treasurer shall keep full and accurate accounts of receipts and disbursements in books belonging to the company, and shall deposit all moneys and other valuable effects in the name and to the credit of the company in such depositories as may be designated by the Board of Directors or Executive Committee.

He shall disburse the funds of the company as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and Directors at the regular meetings of the Board, or whenever they may require it, an account of all his transactions as Treasurer and of the financial conditions of the company, and at the regular meeting of the Board in April annually a like report for the preceding year.

He shall give the company a bond in form and in a sum and with security satisfactory to the Board of Directors or the Executive Committee for the faithful performance of the duties of his office and the restoration to the company, in case of his death, resignation, or removal from office, of all books, papers, vouchers, money, or other property of whatever kind in his possession belonging to the corporation, and containing such other provisions as the Board of Directors or Executive Committee may require.

Certificates of stock, when signed by the President or First Vice-President or Second Vice-President, shall be countersigned by the Treasurer. He shall keep the accounts of stock registered and transferred in such form and manner and under such regulations as the Board of Directors may prescribe.

The Assistant Treasurer, if one is appointed, shall be vested with all the powers and required to perform all the duties of the Treasurer in his absence, inability, refusal, or neglect to act.

XVII. AUDITOR.

20. The Auditor shall have supervision over all the accounts and account books of the company, and see that the system of keeping the same is enforced and maintained. He shall direct as to forms and blanks relating to books and accounts in all departments, and no change shall be made without his consent or the consent of the President or Executive Committee.

He shall see that there is kept in the bookkeeping department a set

of books containing a complete record of all business transactions of the company pertaining to accounts.

He shall, when requested, furnish the Executive Committee, or President, a statement of the earnings and expenses of the corporation or any other company in which this corporation may be interested for any given time, and shall keep books and records for the purpose of furnishing such statistics.

He shall verify the assets reported by the Treasurer or his assistant at least twice a year, and make report of the same to the Executive Committee.

He shall cause the books and accounts of all officers and agents charged with the receipt or disbursement of money to be examined as often as practicable, or when requested by the President or Executive Committee, and shall ascertain whether or not the cash and vouchers covering the balance are actually on hand.

He shall render such assistance and advice as the President or Executive Committee may desire concerning the books and accounts and system of financial transactions of all other corporations in which this corporation is interested, and furnish to the President or Executive Committee such statements concerning the same as may be requested by them.

In case of a default within his information at any time he shall at once notify the President and Chairman.

XVIII. GENERAL COUNSEL.

21. The General Counsel shall be the legal adviser of the company, and shall perform such services and receive such compensation as may be determined by the Board of Directors or the Executive Committee.

XIX. DUTIES OF OFFICERS MAY BE DELEGATED.

22. In case of the absence of any officer of the company, the Board of Directors or the Executive Committee may delegate his powers or duties to any other officer or to any Director for the time being.

XX. STANDING COMMITTEE.

23. There shall be an Executive Committee of five Directors, selected by the Board, who shall meet at regular periods, or on notice to all or any of their own number. They shall advise with and aid the officers of the company in all matters concerning its interests and the management of its business; and when the Board of Directors is not in session the Executive Committee shall have and may exercise all the powers of the Board of Directors.

The Executive Committee, unless otherwise provided by the Board of Directors, shall fix the salaries or compensation of all officers.

The Executive Committee shall keep regular minutes and cause them to be recorded in a book kept in the office of the company for that purpose, and report the same to the Board of Directors whenever required by them.

XXI. TERM OF OFFICE.

24. Each officer shall hold his office only during the pleasure of the Board of Directors, unless otherwise provided by special agreement in writing, signed by a majority of the Executive Committee.

XXII. TRANSFER OF STOCK.

25. All transfers of the stock of the corporation shall be made upon the books of the company by the holder of the shares in person or by his legal representative; but no transfer of stock shall be made within 10 days next preceding the day appointed for paying a dividend.

XXIII. CERTIFICATES TO BE CANCELED.

26. Certificates of stock surrendered shall be canceled by the transfer agent at the time of transfer.

XXIV. LOSS OF CERTIFICATE.

27. Any person claiming a certificate or evidence of stock to be issued in place of one lost or destroyed shall make an affidavit or affirmation of that fact, and advertise the same in such newspaper and for such space of time as the Board of Directors may require, describing the certificate, and shall furnish the company with proof of publication by the affidavit of the publisher of the newspaper, and shall give the Board a bond of indemnity in form approved by the Board with one or more sureties, if required, in double the par value of such certificate, whereupon the President and Treasurer may, one month after the termination of the advertisement, issue a new certificate of the same tenor with the one alleged to be lost or destroyed, but always subject to the approval of the Board of Directors.

XXV. CONTRACTS AND AGREEMENTS.

28. No agreement, contract, or obligation (other than a cheque) involving the payment of money or the credit or liability of the company for more than \$5,000, shall be made without the approval of the Board of Directors or of the Executive Committee.

XXVI. CHEQUES FOR MONEY.

29. All cheques, drafts, or orders for the payment of money shall be signed by the Treasurer and countersigned by the Chairman of the Board or President or First or Second Vice-President.

No cheque shall be signed by both the Treasurer and Chairman or President or a Vice-President in blank.

XXVII.

30. The books, accounts, and records of the company shall be open to inspection by any member of the Board of Directors at all times;

the stockholders may inspect the books of the company at such times only as the Executive Committee or Board of Directors may by resolution designate.

XXVIII. ALTERATION OF BY-LAWS.

31. The Board of Directors, by a vote of a majority of the members present at any meeting, may alter or amend these by-laws, but no alteration shall be made unless proposed at a meeting of the Board and considered at subsequent meetings.

XXIX.

None of the shares of the capital stock of the Minnesota Iron Company, the Illinois Steel Company, the Lorain Steel Company, or the Elgin, Joliet and Eastern Railway Company shall hereafter at any time or times, be sold, assigned, transferred, pledged, mortgaged, or incumbered by the Directors of the Federal Steel Company without making at least sixty days' previous publication in two prominent daily newspapers published in the city of New York, of the intention to make such sale, transfer, assignment, pledge, mortgage, or incumbrance; and, also, at the date of the first publication, filing a similar written notice with the Chairman and Secretary, respectively, of the said Committee on Stock Lists; and also obtaining the consent of those holding a majority in amount of the shares of stock of the Federal Steel Company, by vote at a meeting regularly called and notice mailed to each stockholder at his usual or last known place of business or residence at least thirty days before the time of meeting.

The shares of the capital stock of the said Minnesota Iron Company, the Illinois Steel Company, Lorain Steel Company, and Elgin, Joliet and Eastern Railway Company shall be placed and held in the name of some person or persons designated by vote of the Directors of the Federal Steel Company to act as trustee therefor, and the certificates for said shares shall provide by indorsement thereon that they are issued and can be transferred only in pursuance of the provisions of this by-law.

This by-law shall never be repealed, amended, or modified except by consent of a majority of the stockholders of the Federal Steel Company obtained by vote at a meeting held pursuant to notice, stating the time, place, and object of the meeting, and mailed to each stockholder at his usual or last known place of business or residence at least thirty days before the time of meeting.

This first Board of Directors of the Federal Steel Company hereby distinctly waives, abrogates, and relinquishes, both for themselves and their successors, all rights and powers conferred by the Articles of Incorporation of Federal Steel Company which may not be in accordance herewith, either as to amendment of by-laws or disposition of above named property.

XXX.

The following specific days are hereby fixed for declaring dividends upon the common and preferred stock of the Federal Steel Company, namely: The second Tuesdays in January, February, March, April, May, June, July, August, September, October, November and December in each and every year, providing, however, that no dividends shall be declared except as permitted by law and by the provisions of the certificate of incorporation of the company; and provided further, that no dividends shall be declared or paid except from accumulated profits excluding the sum or sums reserved as working capital.

XIV.

STANDARD OIL TRUST AGREEMENT.¹

"This agreement, made and entered upon this second day of January, A. D. 1882, by and between all the persons who shall now or may hereafter execute the same as parties thereto, witnesseth:

"I. It is intended that the parties to this agreement shall embrace three classes, to-wit:

"(1.) All the stockholders and members of the following corporations and limited partnerships, to-wit:

"Acme Oil Company (New York); Acme Oil Company (Pennsylvania); Atlantic Refining Company, of Philadelphia; Bush & Co., limited; Camden Consolidated Oil Company; Elizabethport Acid Works; Imperial Refining Company, limited; Chas. Pratt & Co.; Paine, Ablett & Co., limited; Standard Oil Company (Ohio); Standard Oil Company (Pittsburg); Smith's Ferry Oil Trans. Company; Solar Oil Company, limited; Sone & Fleming Manufacturing Company, limited.

"Also, all the stockholders and members of such other corporations and limited partnerships as may hereafter join in this agreement at the request of the trustees herein provided for.

"(2.) The following individuals, to-wit:

"W. C. Andrews, Jno. D. Archbold, Lide K. Arter, J. A. Bostwick, Benj. Brewster, D. Bushnell, Thos. C. Bushnell, J. N. Camden, Henry L. Davis, H. M. Flagler, Mrs. H. M. Flagler, H. M. Harma, and Geo. W. Chapin, D. M. Harkness, D. H. Harkness, trustee; S. V. Harkness, John Huntington, H. A. Hutchins, Chas. F. G. Heye, O. B. Jennings, Chas. Lockhart, A. M. McGregor, Wm. H. Macy, Wm. H. Macy, Jr., estate of Josiah Macy, Jr., Wm. H. Macy, Jr., executor; O. H. Payne, O. H. Payne, trustee; Chas. Pratt, Horace A. Pratt, C. M. Pratt, A. J. Pouch, John D. Rockefeller, Wm. Rockefeller, Henry H. Rogers, W. P. Thompson, J. J. Vandegrift, William T. Wardwell, W. G. Warden, Jos. L. Warden, Warden, Frew & Co., Louise C. Wheaton, Julia H. York, Geo. H. Vilas, M. R. Keith, Geo. F. Chester, trustees.

"Also, all such individuals as may hereafter join in this agreement at the request of the trustees herein provided for.

"(3.) A portion of the stockholders and members of the following corporations and limited partnerships, to-wit:

"American Lubricating Oil Co., Baltimore United Oil Co., Beacon Oil Co., Bush & Denslow Manufacturing Co., Central Refining Co., of Pittsburg; Chesebrough Manufacturing Co., Chess-Carley Co., Consolidated Tank Line Co., Inland Oil Co., Keystone Refining Co., Maver-

¹ For Analysis and Contents see *Standard Oil Agreement* in the index.

ick Oil Co., National Transit Co., Portland Kerosene Oil Co., Producers' Consolidated Land and Petroleum Co., Signal Oil Works, limited; Thompson & Bedford Co., limited; Devoe Manufacturing Co., Eclipse Lubricating Oil Co., limited; Empire Refining Co., limited; Franklin Pipe Co., limited; Galena Oil Works, limited; Galena Farm Oil Co., limited; Germania Mining Co., Vacuum Oil Co., H. C. Van Tine & Co., limited; Waters-Pierce Oil Co.

"Also, stockholders and members (not being all thereof) of other corporations and limited partnerships who may hereafter join in this agreement at the request of the trustees herein provided for.

"II. The parties hereto do covenant and agree to and with each other, each in consideration of the mutual covenants and agreements of the others, as follows:

"(1.) As soon as practicable, a corporation shall be formed in each of the following states, under the laws thereof to-wit: Ohio, New York, Pennsylvania and New Jersey; provided, however, that instead of organizing a new corporation, any existing charter and organization may be used for the purpose when it can advantageously be done.

"(2.) The purposes and powers of said corporation shall be to mine for, produce, manufacture, refine and deal in petroleum and all its products and all the materials used in such businesses, and transact other business collateral thereto. But other purposes and powers shall be embraced in the several charters, such as shall seem expedient to the parties procuring the charter, or, if necessary to comply with the law, the powers aforesaid may be restricted and reduced.

"(3.) At any time hereafter, when it may seem advisable to the trustees herein provided for, similar corporations may be formed in other states and territories.

"(4.) Each of said corporations shall be known as the Standard Oil Company of ——— (and here shall follow the name of the state or territory by virtue of the laws of which said corporation is organized.)

"(5.) The capital stock of each of said corporations shall be fixed at such an amount as may seem necessary and advisable to the parties organizing the same, in view of the purpose to be accomplished.

"(6.) The shares of stock of each of said corporations shall be issued only for money, property or assets equal at a fair valuation to the par value of the stock delivered therefor.

"(7.) All of the property, real and personal, assets and business of each and all of the corporations and limited partnerships mentioned or embraced in class first shall be transferred to and vested in the said several Standard Oil Companies. All of the property, assets and business in or of each particular state shall be transferred to and vested in the Standard Oil Company of that particular state, and in order to accomplish such purpose the directors and managers of each and all of the several corporations and limited partnerships mentioned in class first, are hereby authorized and directed by the stockholders and members thereof (all of them being parties to this agreement), to sell, assign, transfer, convey and make over, for the consideration

hereinafter mentioned, to the Standard Oil Company or companies of the proper state or states, as soon as said corporations are organized and ready to receive the same, all the property, real and personal, assets and business of said corporations and limited partnerships. Correct schedules of such property, assets and business shall accompany each transfer.

"(8.) The individuals embraced in class second of this agreement do each for himself agree, for the consideration hereinafter mentioned, to sell, assign, transfer, convey and set over all the property, real and personal, assets and business mentioned and embraced in schedules accompanying such sale and transfer to the Standard Oil Company or companies, of the proper state or states, as soon as the said corporations are organized and ready to receive the same.

"(9.) The parties embraced in class third of this agreement do covenant and agree to assign and transfer all of the stock held by them in the corporations or limited partnerships herein named, to the trustees herein provided for, for the consideration and upon the terms hereinafter set forth. It is understood and agreed that the said trustees and their successors may hereafter take the assignment of stocks in the same or similar companies upon the terms herein provided, and that whenever and as often as all the stocks of any corporation or limited partnership are vested in said trustees, the proper steps may then be taken to have all the money, property, real and personal, of such corporation or partnership assigned and conveyed to the Standard Oil Company of the proper state, on the terms and in the mode herein set forth, in which event the trustees shall receive stocks of the Standard Oil Companies equal to the value of the money, property and business assigned, to be held in place of the stocks of the company or companies assigning such property.

"(10.) The consideration for the transfer and conveyance of the money, property and business aforesaid to each or any of the Standard Oil Companies shall be stock of the respective Standard Oil Company to which said transfer or conveyance is made, equal at par value to the appraised value of the money, property and business so transferred. Said stock shall be delivered to the trustees hereinafter provided for, and their successors, and no stock of any of said companies shall ever be issued except for money, property or business equal at least to the par value of the stock so issued, nor shall any stock be issued by any of said companies for any purpose, except to the trustees herein provided for, to be held subject to the trusts hereinafter specified. It is understood, however, that this provision is not intended to restrict the purchase, sale and exchange of property by said Standard Oil Companies as fully as they may be authorized to do by their respective charters, provided only that no stock be issued therefor except to said trustees.

"(11.) The consideration for any stocks delivered to said trustees as above provided for, as well as for stocks delivered to said trustees by persons mentioned or included in class third of this agreement, shall

be the delivery by said trustees to the persons entitled thereto, of trust certificates hereinafter provided for, equal at par value to the par value of the stocks of the said Standard Oil Companies so received by said trustees, and equal to the appraised value of the stocks of other companies or partnerships delivered to said trustees. (The said appraised value shall be determined in a manner agreed upon by the parties in interest and the said trustees.) It is understood and agreed, however, that the said trustees may, with any trust funds in their hands, in addition to the mode above provided, purchase the bonds and stocks of other companies engaged in business similar or collateral to the business of said Standard Oil Companies, on such terms and in such mode as they may deem advisable, and shall hold the same for the benefit of the owners of said trust certificates, and may sell, assign, transfer and pledge such bonds and stocks whenever they may deem it advantageous to said trust so to do.

"III. The trusts upon which said stocks shall be held, and the number, powers and duties of said trustees, shall be as follows:

"(1.) The number of trustees shall be nine.

"(2.) J. D. Rockefeller, O. H. Payne and Wm. Rockefeller are hereby appointed trustees, to hold their office until the first Wednesday of April, A. D. 1885.

"(3.) J. A. Bostwick, H. M. Flagler and W. G. Warden are hereby appointed trustees, to hold their office until the first Wednesday of April, A. D. 1884.

"(4.) Chas. Pratt, Benj. Brewster and Jno. D. Archbold are hereby appointed trustees, to hold their office until the first Wednesday of April, A. D. 1883.

"(5.) Elections for trustees to succeed those herein appointed shall be held annually, at which election a sufficient number of trustees shall be elected to fill all vacancies occurring either from expiration of the term of the office of trustee or from any other cause. All trustees shall be elected to hold their office for three years, except those elected to fill a vacancy arising from any cause, except expiration of term, who shall be elected for the balance of the term of the trustee whose place they are elected to fill. Every trustee shall hold his office until his successor is elected.

"(6.) Trustees shall be elected by ballot by the owners of trust certificates or their proxies. At all meetings the owners of trust certificates, who may be registered as such on the books of the trustees, may vote in person or by proxy, and shall have one vote for each and every share of trust certificates standing in their names, but no such owner shall be entitled to vote upon any share which has not stood in his name thirty days prior to the day appointed for the election. The transfer books may be closed for thirty days immediately preceding the annual election. A majority of the shares represented at such election shall elect.

"(7.) The annual meeting of the owners of said trust certificates for the election of trustees, and for other business, shall be held at the

office of the trustees, in the city of New York, on the first Wednesday of April of each year, unless the place of meeting be changed by the trustees, and said meeting may be adjourned from day to day until its business is completed. Special meetings of the owners of said trust certificates may be called by the majority of the trustees at such times and places as they may appoint. It shall also be the duty of the trustees to call a special meeting of holders of trust certificates whenever requested to do so by a petition signed by the holders of ten per cent in value of such certificates. The business of such special meetings shall be confined to the object specified in the notice given therefor. Notice of the time and place of all meetings of the owners of trust certificates shall be given, by personal notice as far as possible, and by public notice in one of the principal newspapers of each state, in which a Standard Oil Company exists, at least ten days before such meeting. At any meeting a majority in value of the holders of trust certificates represented consenting thereto, by-laws may be made, amended and repealed, relative to the mode of election of trustees and other business of the holders of trust certificates, provided, however, that said by-laws shall be in conformity with this agreement. By-laws may also be made, amended and repealed at any meeting, by and with the consent of a majority in value of the holders of trust certificates, which alter this agreement relative to the number, powers and duties of the trustees, and to other matters tending to the more efficient accomplishment of the objects for which the trust is created, provided only that the essential intents and purposes of this agreement be not thereby changed.

"(8.) Whenever a vacancy occurs in the board of trustees more than sixty days prior to the annual meeting for the election of trustees, it shall be the duty of the remaining trustees to call a meeting of the owners of Standard Oil Trust Certificates for the purpose of electing a trustee or trustees to fill the vacancy or vacancies. If any vacancy occurs in the board of trustees, from any cause, within sixty days of the date of the annual meeting for the election of trustees, the vacancy may be filled by a majority of the remaining trustees, or, at their option, may remain vacant until the annual election.

"(9.) If, for any reason, at any time, a trustee or trustees shall be appointed by any court to fill any vacancy or vacancies in said board of trustees, the trustee or trustees so appointed shall hold his or the respective office or offices only until a successor or successors shall be elected in the manner above provided for.

"(10.) Whenever any change shall occur in the board of trustees, the legal title to the stock and other property held in trust shall pass to and vest in the successors of said trustees without any formal transfer thereof. But if at any time such formal transfer shall be deemed necessary or advisable, it shall be the duty of the board of trustees to obtain the same, and it shall be the duty of any retiring trustee or the administrator or executor of any deceased trustee to make said transfer.

"(11.) The trustees shall prepare certificates which shall show the

interest of each beneficiary in said trust, and deliver them to the persons properly entitled thereto. They shall be divided into shares of the par value of one hundred dollars each, and shall be known as Standard Oil Trust Certificates, and shall be issued subject to all the terms and conditions of this agreement. The trustees shall have power to agree upon and direct the form and contents of said certificates, and the mode in which they shall be signed, attested and transferred. The certificates shall contain an express stipulation that the holders thereof shall be bound by the terms of this agreement and by the by-laws herein provided for.

"(12.) No certificates shall be issued except for stocks and bonds held in trust, as herein provided for, and the par value of certificates issued by said trustees shall be equal to the par value of the stocks of said Standard Oil Companies, and the appraised value of other bonds and stocks held in trust. The various bonds, stocks and monies held under said trust shall be held for all parties in interest jointly, and the trust certificates so issued shall be the evidence of the interest held by the several parties in this trust. No duplicate certificates shall be issued by the trustee, except upon surrender of the original certificate or certificates for cancellation, or upon satisfactory proof of the loss thereof, and in the latter case they shall require a sufficient bond of indemnity.

"(13.) The stocks of the various Standard Oil Companies held in trust by said trustees, shall not be sold, assigned or transferred by said trustees, or by the beneficiaries, or by both combined, so long as this trust endures. The stocks and bonds of other corporations, held by said trustees, may be by them exchanged or sold and the proceeds thereof distributed pro rata to the holders of trust certificates, or said proceeds may be held and re-invested by said trustees for the purposes and uses of the trust; provided, however, that said trustees may, from time to time, assign such shares of stock of said Standard Oil Companies as may be necessary to qualify any person or persons chosen or to be chosen as directors and officers of any of said Standard Oil Companies.

"(14.) It shall be the duty of said trustees to receive and safely to keep all interests and dividends declared and paid upon any of the said bonds, stocks and monies held by them in trust, and to distribute all monies received from such sources or from sales of trust property or otherwise, by declaring and paying dividends upon the Standard Trust certificates as funds accumulate, which, in their judgment, are not needed for the uses and expenses of said trust. The trustees shall, however, keep separate accounts of receipts from interest and dividends, and of receipts from sales or transfers of trust property, and in making any distribution of trust funds, in which monies derived from sales or transfers shall be included, shall render the holders of trust certificates a statement showing what amount of the fund distributed has been derived from such sales or transfers. The said trustees may be also authorized and empowered by a vote of a majority in value

of holders of trust certificates, whenever stocks or bonds have accumulated in their hands from money purchases thereof, or the stocks or bonds held by them have increased in value, or stock dividends shall have been declared by any of the companies whose stocks are held by said trustees, or whenever, from any such cause, it is deemed advisable so to do, to increase the amount of trust certificates to the extent of such increase or accumulation of values, and to divide the same among the persons then owning trust certificates pro rata.

"(15.) It shall be the duty of said trustees to exercise general supervision over the affairs of said several Standard Oil Companies, and as far as practicable, over the other companies or partnerships, any portion of whose stock is held in said trust. It shall be their duty as stockholders of said companies to elect as directors and officers thereof, faithful and competent men. They may elect themselves to such positions when they see fit so to do, and shall endeavor to have the affairs of said companies managed and directed in the manner they may deem most conducive to the best interests of the holders of said trust certificates.

"(16.) All the powers of the trustees may be exercised by a majority of their number. They may appoint from their own number an executive and other committees. A majority of each committee shall exercise all the powers which the trustees may confer upon such committee.

"(17.) The trustees may employ and pay all such agents and attorneys as they deem necessary in the managements of said trust.

"(18.) Each trustee shall be entitled to a salary for his services not exceeding twenty-five thousand dollars per annum, except the president of the board, who may be voted a salary not exceeding thirty thousand dollars per annum, which salaries shall be fixed by said board of trustees. All salaries and expenses connected with, or growing out of the trust, shall be paid by the trustees from the trust fund.

"(19.) The board of trustees shall have its principal office in the city of New York, unless changed by vote of the trustees, at which office or in some place of safe deposit in said city, the bonds and stocks shall be kept. The trustees shall have power to adopt rules and regulations pertaining to the meetings of the board, the election of officers and the management of the trust.

"(20.) The trustees shall render at each annual meeting a statement of the affairs of the trust. If a termination of the trust be agreed upon as hereinafter provided, or within a reasonable time prior to its termination by lapse of time, the trustees shall furnish to the holders of the trust certificates a true and perfect inventory and appraisal of all stocks and other property held in trust, and a statement of the financial affairs of the various companies whose stocks are held in trust.

"(21.) This trust shall continue during the lives of the survivors and survivor of the trustees in this agreement named, and for twenty-one years thereafter; provided, however, that if at any time after the expiration of ten years two-thirds of all the holders in value, or if after

the expiration of one year, ninety per cent of all the holders in value of trust certificates shall, at a meeting of holders of trust certificates called for that purpose, vote to terminate this trust at some time to be by them then and there fixed, the said trust shall terminate at the date so fixed. If the holders of trust certificates shall vote to terminate the trust as aforesaid, they may, at the same meeting or at a subsequent meeting for that purpose, decide by a vote of two-thirds in value of their number the mode in which the affairs of the trust shall be wound up, and whether the trust property shall be distributed or whether it shall be sold and the values thereof distributed, or whether part, and if so, what part, shall be divided and what part shall be sold, and whether such sales shall be public or private. The trustees, who shall continue to hold their offices for that purpose, shall make the distribution in the mode directed, or, if no mode be agreed upon by two-thirds in value as aforesaid, the trustees shall make distribution of the trust property according to law. But said distribution, however made, and whether it be of property, or values, or of both, shall be just and equitable, and such as to insure to each owner of a trust certificate his due proportion of the trust property or the value thereof.

"(22.) If the trust shall be terminated by expiration of the time for which it is created, the distribution of the trust property shall be directed and made in the mode above provided.

"(23.) This agreement, together with the registry of certificates, books of accounts, and other books and papers connected with the business of said trust, shall be safely kept at the principal office of said trustees."

"(Signatures omitted.)"

XV.

SUPPLEMENTAL AGREEMENT.

"Whereas, in and by an agreement dated January 2, 1882, and known as the Standard Trust Agreement, the parties thereto did mutually covenant and agree, *inter alia*, as follows, to-wit: That corporations to be known as Standard Oil Companies, of various states, should be formed, and that all of the property, real and personal, assets and business of each and all of the corporations and limited partnerships mentioned or embraced in class first of said agreement should be transferred to and vested in the said several Standard Oil Companies; that all of the property, assets and business in or of each particular state should be transferred to and vested in the Standard Oil Company of that particular state, and the directors and managers of each and all of the several corporations and associations mentioned in class first were authorized and directed to sell, assign, transfer and convey and make over to the Standard Oil Company or companies of the proper state or states, as soon as said corporations were organized and ready to receive the same, all the property, real and personal, assets and business of said corporations or associations; and, whereas, it is not deemed expedient that all of the companies and associations mentioned should transfer their property to the said Standard Oil Companies at the present time, and in case of some companies and associations it may never be deemed expedient that the said transfer should be made, and said companies and associations go out of existence; and, whereas, it is deemed advisable that a discretionary power should be vested in the trustees as to when such transfer or transfers should take place, if *at all*.

"Now, it is hereby mutually agreed between the parties to the said trust agreement, and as supplementary thereto, that the trustees named in the said agreement and their successors shall have the power and authority to decide what companies shall convey their said property as in said agreement contemplated, and when the said sales and transfers shall take place, if at all, and until said trustees shall so decide, each of said companies shall remain in existence and retain its property and business, and the trustees shall hold the stocks thereof in trust, as in said agreement provided. In the exercise of said discretion the trustees shall act by a majority of their number, as provided in said trust agreement. All portions of said trust agreement relating to this subject shall be considered so changed as to be in harmony with this supplemental agreement.

"In witness whereof, the said parties have subscribed this agreement, this 4th day of January, 1882."

"(Signatures omitted.)"

XVI.

"THE SHERMAN ANTI-TRUST ACT."

(26 U. S. Stat. 209.)

AN ACT to protect trade and commerce against unlawful restraints and monopolies.

Be it enacted by the senate and house of representatives of the United States of America in congress assembled:

SECTION 1. Every contract, combination in the form of trust or otherwise, or conspiracy, in restraint of trade or commerce among the several states, or with foreign nations, is hereby declared to be illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 2. Every person who shall monopolize, or attempt to monopolize or combine or conspire with any other person or persons, to monopolize any part of the trade or commerce among the several states, or with foreign nations, shall be deemed guilty of a misdemeanor, and on conviction thereof shall be punished by fine not exceeding five thousand dollars, or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 3. Every contract, combination in form of trust or otherwise, or conspiracy, in restraint of trade or commerce in any territory of the United States or of the District of Columbia, or in restraint of trade or commerce between any such territory and another, or between any such territory or territories and any state or states or the District of Columbia, or with foreign nations, or between the District of Columbia and any state or states or foreign nations, is hereby declared illegal. Every person who shall make any such contract or engage in any such combination or conspiracy shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding five thousand dollars or by imprisonment not exceeding one year, or by both said punishments, in the discretion of the court.

SEC. 4. The several circuit courts of the United States are hereby invested with jurisdiction to prevent and restrain violations of this act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the attorney-general, to institute proceedings in equity to prevent and

restrain such violations. Such proceedings may be by way of petition setting forth the case and praying that such violation shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such petition the court shall proceed, as soon as may be, to the hearing and determination of the case; and pending such petition and before final decree the court may at any time make such temporary restraining order or prohibition as shall be deemed just in the premises.

SEC. 5. Whenever it shall appear to the court before which any proceeding under section four of this act may be pending, that the ends of justice require that other parties should be brought before the court, the court may cause them to be summoned, whether they reside in the district in which the court is held or not; and subpoenas to that end may be served in any district by the marshal thereof.

SEC. 6. Any property owned under any contract or by any combination, or pursuant to any conspiracy (and being the subject thereof) mentioned in section one of this act, and being in the course of transportation from one state to another, or to a foreign country, shall be forfeited to the United States, and may be seized and condemned by like proceedings as those provided by law for the forfeiture, seizure and condemnation of property imported into the United States contrary to law.

SEC. 7. Any person who shall be injured in his business or property by any other person or corporation by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any circuit court of the United States in the district in which the defendant resides or is found, without respect to the amount in controversy, and shall recover three fold the damages by him sustained, and the costs of suit, including a reasonable attorney's fee.

SEC. 8. That the word "person" or "persons" wherever used in this act shall be deemed to include corporations and associations existing under or authorized by the laws of either the United States, the laws of any of the territories, the laws of any state, or the laws of any foreign country.

Approved July 2, 1890.¹

¹ For decisions construing the above act see the following: U. S. v. Jellico M. C. & C. Co., 46 Fed. R., 432, 43 Fed. R., 898, 2 Indus. Com. R., 34; Bishop v. American Preservers' Co., 51 Fed. R., 272, 2 Indus. Com. R., 35; U. S. v. Greenhut, 51 Fed. R., 205, 213, 2 Indus. Com. R., 35-6; U. S. v. Nelson, 52 Fed. R., 646, 2 Indus. Com. R., 36; Blindell v. Hagan, 54 Fed. R., 40, 2 Indus. Com. R., 37; U. S. v. Patterson, 55 Fed. R., 605, 2 Indus. Com. R., 37; U. S. v. Workingmen's Amal. Council, 54 Fed. R., 994, 2 Indus. Com. R., 38; Waterhouse v. Comer, 55 Fed. R., 149, 2 Indus. Com. R., 38; Dueber Watch C. Mfg. Co. v. Howard etc. Co., 55 Fed. R., 851, 2 Indus. Com. R., 39; U. S. v. Debs, 64 Fed. R., 724, 158 U. S., 564, 2 Indus. Com. R., 39; U. S. v. E. C. Knight Co., 156 U. S., 1, 2 Indus. Com. R., 39; Pidcock v. Harrington, 64 Fed. R., 821; American Soda Fountain Co. v. Green, 69 Fed. R., 333, 2 Indus. Com. R., 40; Greer Mills & Co. v. Stoller, 77 Fed. R., 1;

U. S. v. Addyston Pipe Co., 78 Fed. R., 712, 85 Fed. R., 271, 175 U. S., 211, 2 Indus. Com. R., 41; In re Grice, 79 Fed. R., 627, 2 Indus. Com. R., 47; U. S. v. Trans-Mo. Frt. Ass'n, 166 U. S., 290, 2 Indus. Com. R., 48; U. S. v. Hopkins, 82 Fed. R., 529, 171 U. S., 578, 2 Indus. Com. R., 49; U. S. v. Coal Dealers' Ass'n, 85 Fed. R., 252, 2 Indus. Com. R., 50; Anderson v. U. S., 171 U. S., 604, 2 Indus. Com. R., 51; U. S. v. Joint Traffic Ass'n, 76 Fed. R., 895, 89 Fed. R., 1020, 171 U. S., 505, 2 Indus. Com. R., 51; Gulf C. & S. F. Ry. v. Miami S. S. Co., 86 Fed. R., 407; Southern Ind. Exp. Co. v. U. S. Exp. Co., 88 Fed. R., 659, 92 Fed. R., 1022; Dickerman v. Northern Trust Co., 176 U. S., 181, 2 Indus. Com. R., 52; Liverpool & L. & G. Ins. Co. v. Clunie, 88 Fed. R., 160; Cravens v. Carter-Crume Co., 92 Fed. R., 479; Lowry v. Tile, Mantel & G. Ass'n, 98 Fed. R., 817, 106 Fed. R., 38; Gibbs v. McNeeley, 102 Fed. R., 594, 107 Fed. R., 210; City of Atlanta v. Chattanooga Foundry & P. Co., 101 Fed. R., 900; Bishop v. Am. Preservers' Co., 105 Fed. R., 845; U. S. v. Ches. & Ohio Fuel Co., 105 Fed. R., 93.

XVII.

MICHIGAN ANTI-TRUST ACTS.

LAWS OF 1889, ACT 225.

AN ACT declaring certain contracts, agreements, understandings, and combinations unlawful, and to provide punishment for those who shall enter into the same or do any act in performance thereof.

SECTION 1. That all contracts, agreements, understandings and combinations made, entered into, or knowingly assented to, by and between any parties capable of making a contract or agreement which would be valid at law or in equity, the purpose or object or intent of which shall be to limit, control, or in any manner to restrict or regulate the amount of production or the quantity of any article or commodity to be raised or produced by mining, manufacture, agriculture or any other branch of business or labor, or to enhance, control or regulate the market price thereof, or in any manner to prevent or restrict free competition in the production or sale of any such article or commodity, shall be utterly illegal and void, and every such contract, agreement, understanding and combination shall constitute a criminal conspiracy. And every person who, for himself personally, or as a member or in the name of a partnership, or as a member, agent, or officer of a corporation or of any association for business purposes of any kind, who shall enter into or knowingly consent to any such void and illegal contract, agreement, understanding or combination, shall be deemed a party to such conspiracy. And all parties so offending shall, on conviction thereof, be punished by fine of not less than fifty dollars, nor more than three hundred dollars, or by imprisonment in the county jail not more than six months or by both such fine and imprisonment, at the discretion of the court. And the prosecution for offenses under this section may be instituted and the trial had in any county where any of the conspirators became parties to such conspiracy, or in which any of the conspirators shall reside. Provided, however, that this section shall in no manner invalidate or affect contracts for what is known and recognized at common law and in equity as contracts for the "Good will of a Trade or Business;" but that such contracts shall be left to stand upon the same terms and within the same limitations recognized at common law and in equity.

SEC. 2. Every contract, agreement, understanding, and combination declared void and illegal by the first section of this act shall be equally

void and illegal within this state, whether made and entered into within or without this state.

SEC. 3. The carrying into effect, in whole or in part, of any such illegal contract, agreement, understanding or combination as mentioned in the first section of this act and every act which shall be done for that purpose by any of the parties or through their agency or the agency of any one of them, shall constitute a misdemeanor, and on conviction the offenders shall be punished by imprisonment in the state prison not more than one year, or in the county jail not more than six months, or by fine not less than one hundred nor more than five hundred dollars, or by both such fine and imprisonment in the discretion of the court.

SEC. 4. Any corporation now or hereafter organized under the laws of this state, which shall enter into any contract, agreement, understanding or combination declared illegal and criminal by the first section of this act, or shall do any act towards or for the purpose of carrying the same into effect in whole or in part, and who shall not within thirty days from the time when this act shall take effect, withdraw its assent thereto and repudiate the same and file in the office of the secretary of state such refusal and repudiation under its corporate seal, shall forfeit its charter and all its rights and franchises thereunder.

SEC. 5. It shall be the duty of the attorney-general upon his own relation, or upon the relation of any private person, whenever he shall have good reasons to believe that the same can be established by proofs, to file an information in the nature of a quo warranto against any corporation offending against any of the provisions of this act; and thereupon the same proceedings shall be had as provided by chapter 298 of Howell's Annotated Statutes, relating to proceedings of information in the nature of quo warranto, against corporations offending against any of the provisions of the act or acts creating, altering or renewing such corporations, and in other cases.

SEC. 6. The provisions of this act shall not apply to agricultural products or live stock while in the hands of the producer or raiser, nor to the services of laborers or artisans who are formed into societies or organizations for the benefit and protection of their members.

SEC. 7. It shall be the duty of the secretary of state to cause this act to be published for four successive weeks in some daily paper in each of the cities of Lansing, Detroit, Grand Rapids and Marquette, commencing within ten days after this act shall take effect, and he shall also within the same time cause to be mailed to the corporations, whose articles of association are on file in his office, a printed copy of this act, with a notice calling special attention thereto.

Approved July 1, 1889.

LAWS OF 1899, ACT 49.

AN ACT to prevent trusts, monopolies and combinations of capital, skill or arts, to create or carry out restriction in trade or commerce; to limit or reduce the production, or increase or reduce the price, of merchandise or any commodity; to prevent competition in manufacturing, making, transportation, sale or purchase of merchandise, produce or any commodity; to fix at any standard or figure, whereby its price to the public or consumer shall be in any manner controlled or established, any article or commodity of merchandise, produce or commerce intended for sale, barter, use or consumption.

The People of the State of Michigan enact:

SECTION 1. That a trust is a combination of capital, skill or arts by two or more persons, firms, partnerships, corporations or associations of persons, or of any two or more of them, for either, any or all of the following purposes:

1. To create or carry out restrictions in trade or commerce;
2. To limit or reduce the production, or increase or reduce the price of, merchandise or any commodity;
3. To prevent competition in manufacturing, making, transportation, sale or purchase of merchandise, produce or any commodity;
4. To fix at any standard or figure, whereby its price to the public or consumer shall be in any manner controlled or established, any article or commodity of merchandise, produce or commerce intended for sale, barter, use or consumption in this state;
5. It shall hereafter be unlawful for two or more persons, firms, partnerships, corporations or associations of persons, or of any two or more of them, to make or enter into or execute or carry out any contracts, obligations or agreements of any kind or description, by which they shall bind or have bound themselves not to sell, dispose of or transport any article or any commodity or any article of trade, use, merchandise, commerce or consumption below a common standard figure or fixed value, or by which they shall agree in any manner to keep the price of such article, commodity or transportation at a fixed or graduated figure, or by which they shall in any manner establish or settle the price of any article, commodity or transportation between them or themselves and others, so as to directly or indirectly preclude a free and unrestricted competition among themselves, or any purchasers or consumers, in the sale or transportation of any such article or commodity, or by which they shall agree to pool, combine or directly or indirectly unite any interests that they may have connected with the sale or transportation of any such article or commodity, that its price might in any manner be affected. Every such trust as is defined herein is declared to be unlawful, against public policy and void.

SEC. 2. For a violation of any of the provisions of this act by any

corporation or association mentioned herein, it shall be the duty of the attorney general, or the prosecuting attorney of the proper county, to institute proper suits or quo warranto proceedings in the court of competent jurisdiction in any of the county seats in the state where such corporation or association exists or does business, or may have a domicile. And when such suit is instituted by the attorney general in quo warranto, he may also begin any such suit in the supreme court of the state, or the circuit court of Ingham, Kent or Wayne counties, for the forfeiture of its charter rights, franchises or privileges and powers exercised by such corporation or association, and for the dissolution of the same under the general statutes of the state.

SEC. 3. Every foreign corporation, as well as any foreign association, exercising any of the powers, franchises or functions of a corporation in this state, violating any of the provisions of this act, is hereby denied the right and prohibited from doing any business in this state, and it shall be the duty of the attorney general to enforce this provision by bringing proper proceedings in quo warranto in the supreme court, or the circuit court of the county in which defendant resides or does business, or other proper proceedings by injunction or otherwise. The secretary of state shall be authorized to revoke the certificate of any such corporation or association, heretofore authorized by him to do business in this state.

SEC. 4. Any violation of either or all of the provisions of this act shall be and is hereby declared a conspiracy against trade, and any person who may become engaged in any such conspiracy or take part therein, or aid or advise in its commission, or who shall as principal, manager, director, agent, servant or employer, or in any other capacity, knowingly carry out any of the stipulations, purposes, prices, rates, or furnish any information to assist in carrying out such purposes, or orders thereunder or in pursuance thereof, shall be punished by a fine of not less than fifty dollars nor more than five thousand dollars, or be imprisoned not less than six months nor more than one year, or by both such fine and imprisonment. Each day's violation of this provision shall constitute a separate offense.

SEC. 5. In any indictment for any offense named in this act, it is sufficient to state the purpose or effects of the trust or combination, and that the accused is a member of, acted with or in pursuance of it, or aided or assisted in carrying out its purposes, without giving its name or description, or how, when and where it was created.

SEC. 6. In prosecutions under this act, it shall be sufficient to prove that a trust or combination, as defined herein, exists, and that the defendant belonged to it, or acted for or in connection with it, without proving all the members belonging to it, or proving or producing any article of agreement, or any written instrument on which it may have been based; or that it was evidenced by any written instrument at all. The character of the trust or combination alleged may be established by proof of its general reputation as such.

SEC. 7. Each and every firm, person, partnership, corporation or association of persons, who shall in any manner violate any of the provisions of this act, shall for each and every day that such violations shall be committed or continued, after due notice given by the attorney general or any prosecuting attorney, forfeit and pay the sum of fifty dollars, which may be recovered in the name of the state, in any county where the offense is committed, or where either of the offenders reside. And it shall be the duty of the attorney general, or the prosecuting attorney of any county on the order of the attorney general, to prosecute for the recovery of the same. When the action is prosecuted by the attorney general against a corporation or association of persons, he may begin the action in the circuit court of the county in which defendant resides or does business.

SEC. 8. That any contract or agreement in violation of the provisions of this act shall be absolutely void and not enforceable either in law or equity.

SEC. 9. That the provisions hereof shall be held cumulative of each other and of all other laws in any way affecting them now in force in this state.

SEC. 10. It shall not be lawful for any person, partnership, association or corporation, or any agent thereof, to issue or to own trust certificates, or for any person, partnership, association or corporation, agent, officer or employe, or the directors or stockholders of any corporation, to enter into any combination, contract or agreement with any person or persons, corporation or corporations, or with any stockholder or director thereof, the purpose and effect of which combination, contract or agreement shall be to place the management or control of such combination or combinations, or the manufactured product thereof, in the hands of any trustee or trustees with the intent to limit or fix the price or lessen the production and sale of any article of commerce, use or consumption, or to prevent, restrict or diminish the manufacture or output of any such article, and any person, partnership, association or corporation that shall enter into any such combination, contract or agreement for the purpose aforesaid shall be deemed guilty of a misdemeanor, and on conviction thereof, shall be punished by a fine not less than fifty dollars, nor more than one thousand dollars.

SEC. 11. In addition to the criminal and civil penalties herein provided, any person who shall be injured in his business or property by any other person or corporation or association or partnership, by reason of anything forbidden or declared to be unlawful by this act, may sue therefor in any court having jurisdiction thereof in the county where the defendant resides or is found, or any agent resides or is found, or where service may be obtained, without respect to the amount in controversy, and to recover two-fold the damages by him sustained, and the costs of suit. Whenever it shall appear to the court before which any proceedings under this act may be pending,

that the ends of justice require that other parties shall be brought before the court, the court may cause them to be made parties defendant and summoned, whether they reside in the county where such action is pending, or not.

SEC. 12. The word "person" or "persons" whenever used in this act, shall be deemed to include corporations, partnerships and associations existing under or authorized by the laws of the state of Michigan, or any other state, or any foreign country.

SEC. 13. All acts or parts of acts contravening the provisions of this act are hereby repealed.

[Took effect September 22, 1899.]¹

¹ See David M. Richardson v. Christian H. Buhl and Russell A. Alger, 77 Mich., 632; Western Woodenware Ass'n v. Starkey, 84 Mich., 76; Daniel Lovejoy and E. W. Lovejoy v. Jacob Michels, 88 Mich., 15; Bingham v. Brands, 119 Mich., 255; Clark v. Needham—Mich.—, 51 L. R. A., 785.

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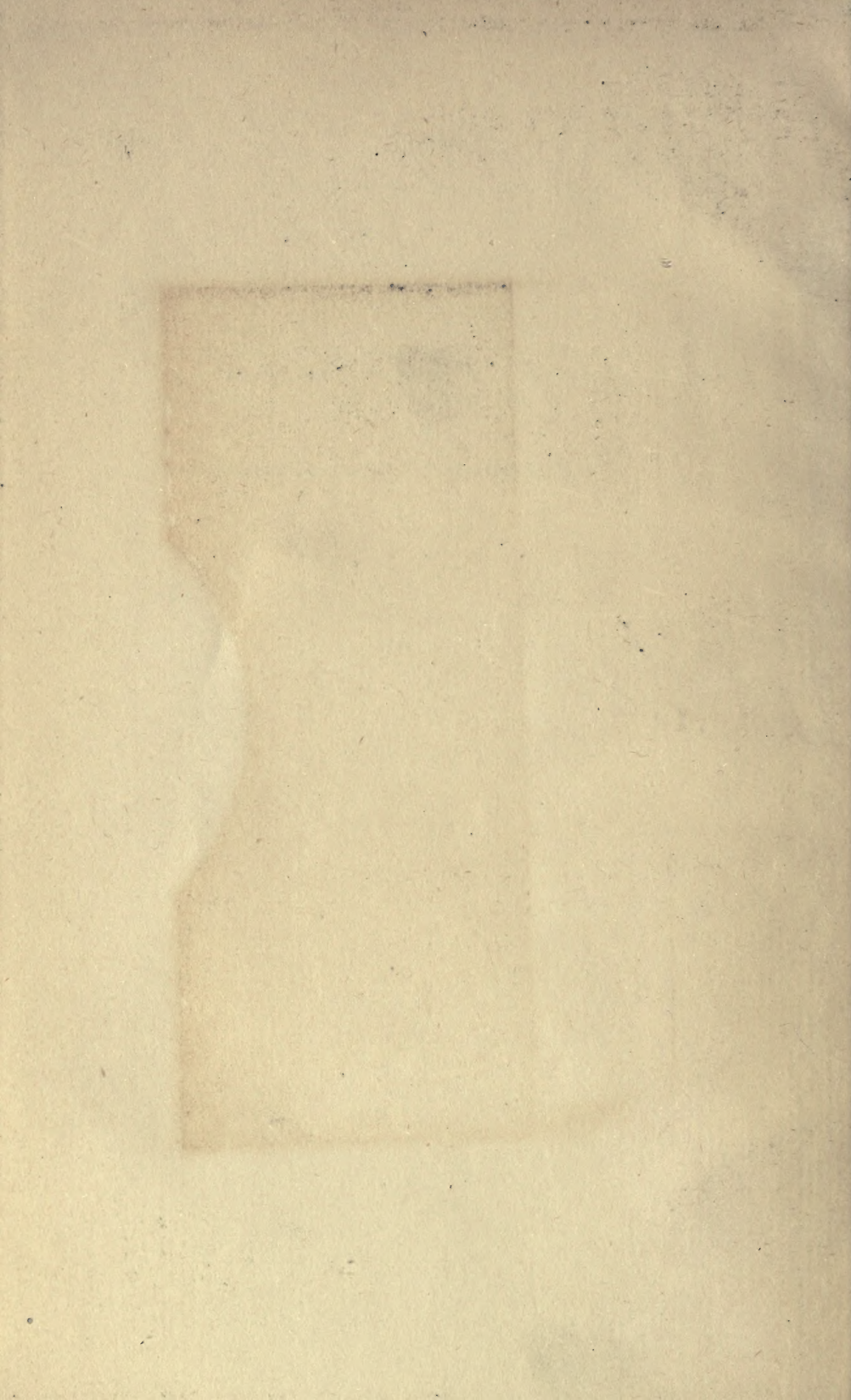
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