United States Steel Corporation.

71 Broadway, New York,

OFFICE OF THE CHAIRMAN

November 24, 1924.

Miss Ida M. Tarbell,

120 East 19th St.,

New York, N.Y.

My dear Miss Tarbell:

We are enclosing copy of letter from Mr. A. M. Marshall, Duluth, Minn., November 13th, the original of which you saw while at this office last Thursday.

Very truly yours,

Secretary to Judge Gary.

Enclosure.

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C O P Y

MARSHALL-WELLS COMPANY
Duluth
Office of the Chairman

November 13th, 1924.

Mr. F. R. Sites,
Secretary to Judge Gary,
71 Broadway, New York City.

My dear Mr. Sites:

Returning from my Eastern trip, making several stops enroute home, I found upon my desk your letter of the 31st ult. and will be glad to carry out your request, putting in writing what I stated to you in the conversation had when in your office, and same will be treated in confidence, as mentioned by you.

I recall very vividly the San Francisco fire which took place in 1906, and what the United States Steel Corporation did at that time, which should not soon be forgotten, as I think it was one of the most remarkable and courageous acts I have ever heard of a commercial company doing, sending out, as Judge Gary did, representatives of the constituent companies under the leadership of Mr. Frank Baackes, Vice President of the American Steel and Wire Company.

The Company was unstinted in giving credit where needed, supplying goods and all that was necessary to the manufacturers, dealers and others--some one hundred or more--giving them preference in shipments, favoring them also in prices. The one thought was to aid the unfortunate and assist in rebuilding the city. The payment of the outstanding debts due the Steel Corporation, and for goods to be furnished, was a secondary matter; this was to be settled later when these parties were able to do so.

This prompt and courageous act at this time, when ruin was staring so many unfortunate ones in the face, their whole property seemingly wiped out, put new heart and courage in all, and this remarkable act was heralded to all parts of the country by wire. Manufacturers of other lines came forward, giving assistance where needed. It inspired confidence in the bankers and other financial interests, and all took courage and the rebuilding of the city immediately commenced, as we all know, on a larger and more sunstantial scale than before.

Can we begin to appreciate what merit there was in this act, only made possible by a strong financial corporation as is the United States Steel Corporation, dominated by Judge Gary, who is a broad-gauged, has vision, is fearless, fair, and having in mind his responsibility?

I recall the panic of 1907 when the National Hardware Association was in session at Atlantic City and the first news reached there during one of its sessions. The head of one of the subsidiaries of the Steel Corporation got up at that critical time and gave the members a talk that should go down in history. The speech was copied by the Press and the Trade Journals all over the country, and it gave heart and back-bone to those who heard it and to those who read the remarks, who otherwise would have been panic-stricken and great losses sustained, not only confined to the steel interests, but all who would have been affected.

The course pursued by the Steel Corporation in not reducing the prices of labor at such a time when production was reduced by manufacturers, the demand being greatly curtailed, was commendable and generous, showing again the broad lines upon which the corporation worked--not only fair treatment to their labor, but considerate of the interests of dealers and manufacturers who had substantial stocks of iron and steel products, and stood to make heavy losses in decline except for the act of the Steel Corporation in sustaining the market; so all were benefitted directly or indirectly.

I am reminded of a talk I once had with a prominent banker on a train going from New York to Chicago, who, when he learned of my being in the hardware business,

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wanted to know if the reports were true that the U. S. Steel Corporation was selling their products abroad at lower prices than in the States. I said yes, that I thought it was so. He said that if that was a fact he did not have the same regard for this corporation, and thought steps should be taken to prevent it, as they had no right to sell parties outside of this country at lower prices than in the United States.

But I told him it was necessary for the Company to meet competition in foreign countries, where lower figures prevailed, as labor was cheaper. He said that made no difference; if a lower price for export, then the same price for our own people.

I told him that at that time they were only exporting about 5% of their production, and were doing this in order to run full and give steady employment to their men;

That this corporation kept prices at a fair figure at all times and would not let them advance to unreasonable figures in times of greater demand;

That I had seen times when their products were scarce and difficult to obtain when the trade and consumers were quite willing to pay a higher price. One time I recall a $10 advance would gladly have been paid for barbed wire, and some of the Independents were anxious to see an advance, but the Steel Corporation said their profits they felt were sufficient;

That their policy was on broad lines, their dealings fair and liberal, and that the whole country has felt their influence for good.

I cited the conditions that existed previous to the formation of this company, and since that time, as I happened to be doing business in both periods, and had observed the marked contrast. I stated that it was impossible now to have a runaway market during a time of prosperity when there is activity in the iron and steel trade, with the U.S. Steel Corporation to check too rapid advances.

I stated that prices now are being held down to a reasonable figure at all times, inspiring confidence in the large manufacturers and other buyers, thus insuring steady prices, so that the manufacturer could make contracts with safety for the future for his raw material when figuring on his output for the export and domestic trade, which was speculative previous to the advent of the Steel Corporation; telling him that the small manufacturer could get his raw material at the same price as his rival, the large manufacturer, and that this was only made possible by the policy adopted by the Steel Corporation; that I thought few realized what a great benefit this policy was to labor, the manufacturer and distributor of steel products, and the country at large, as it does not allow the manufacturing company with a large capital to monopolize the trade by being able to contract for steel and iron material at lower prices, and for longer periods, than the small manufacturer.

Now these facts did not seem to move the banker. I then asked him what interest he was getting for money, and he told me 6% from most of his loans,-a few small ones at 7%. When I asked him if he did not have some funds at 3% with New York bankers, he said yes, but only his surplus funds. I asked him if he considered this fair treatment to his home people who were doing business with him, and to many personal friends, for him to give such decided preference to parties he naturally had little interest in. For a time he said nothing. At last he said, "Mr. Marshall, I never looked at this matter from this viewpoint before, and from now on I shall feel quite differently about the Steel Corporation."

Another little instance I recall, which simply shows that Judge Gary wants to be fair and liberal, even with the smallest, was during the panic of 1907. A small Duluth concern which was started by a couple of boys had been fairly successful in a local way. Just at this time one of the steel companies at this place owed this con-

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cern two or three thousand dollars, and one of the boys went up to the steel company's office to collect the amount. He was informed that a telegram had been received from one of the constituent companies at Pittsburgh asking them to retain the amount due until their bill was paid. This was a great disappointment, as the boys needed the money to pay bills.

As the young boy came downstairs he met one of the steel officials, who it seems knew him or his father. This official heard the circumstances but said nothing; but a few days afterwards officials from the steel company at Pittsburgh appeared on the scene here. I knew something of the circumstances, as I had assisted these boys, so I was interviewed by the parties from Pittsburgh with another local official, who wanted to straighten this matter out. They paid the amount and fixed everything up satisfactorily with the boys, as they felt a mistake had been made.

I learned afterwards that word had been sent to Judge Gary, giving him the circumstances, who at once wired the President of this Pittsburgh company to go at once to Duluth and straighten this matter out. This simply shows the man Judge Gary is, and that he has red blood in his veins.

The Steel Corporation was fortunate from the start in having a man of Judge Gary's ability at its head--judicial minded, with unusual executive ability, fair and considerate; and he is given the credit for the remarkable development of this company, as it was through his efforts, activity and judgment and his influence that inspired the confidence and enthusiasm of those associated with him, the heads of the subsidiary companies and the many workers in the organization. Those who come in contact with him could not but be impressed with his spirit of fairness; and the public generally now realize what has been accomplished by this great corporation in setting the fine example it has in transacting its business on such high lines. It has inspired the admiration of all who have watched the progress of this Company, guided by the hand of Judge Gary, its head.

Now, Mr. Sites, the above, I think, covers somewhat the talk had with you in our visit a week or two ago.

With kind regards, I remain,

Yours very truly,

(sgd) A. M. Marshall.

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