B.B.

Mem on Development of Steel Industry

It looks from the first examination of the testimony in the U.S.Steel suit that the most practical and vivid way of tracing the growth of the steel industry will be to take up the various branches, like wire, plate, billets, etc., in the history of some really important person actually in the business. Also what will be needed will be to make a clear distinction between the people who went into the making of wire, for instance, as bona fide producers, that is, to make a market, trained in the way from boyhood, and those who, all over the country, started wire plants, for instance, without having had experience and very largely because they saw somebody else making money. At least this is my impression from the little I know at present.

For instance, in this matter of wire, with which I shall have to begin as it was with a wire combination that Judge Gary was first concerned. (p.34 Gary MS) The best way to get at it as I see it now is to digest the testimony of John Stevenson, Jr. (p. 1026, vol.iii, U.S. testimony)

He was a man 65 years old at the time, all his life in the business, began it in Scotland as an apprentice boy where, as he says, he sawBessemer making his first experiments, and saw them fail because of the softness (?) of the material.

Stevenson came as a boy to the U.S. and finally became connected with the Edgar Thompson Steel Works in the Carnegie Co., a rail mill. About '84 he left this connection and started a factory in Newcastle to make wire nails and wire. They began by buying their rods but Stevenson saw the advantage of a rod mill and so most of their first profits went into that. Afterwards, in order to get a little nearer the fountain source, as he said, they built steel works - The

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Chenango Valley Steel Company, making pig iron and steel billets.

By 1893 the competition in the business of making wire nails was keen. Companies had been built up all over the country - 46 of them at once time; but, as S says (p 1041) the competition was so keen that it brought their number down to 11.

It would be well to look into these 11. How many of them were real steel men? In telling the story to the court S remarked that the mortality was about 80% in the business, and when they laughed, he said it was no joke. The competition that produced this mortality was a conspiracy of price black-jacking (see p 1041, story of Frank Baacks). The thing was so bad that when S met John Gates one day on the train between Newcastle and Pittsburgh and Gates proposed that he sell the Newcastle Wire Works to the combination that he was making (p1041) they fixed it up in a distance of about 70 miles.

"I surrendered, that's what I did" Stevenson told the court; and when he was asked what he meant by that he replied,

"Well, he is dead, I won't speak ill of him."

When Gates got through, according to S, there were only 7 wire mills left.

Now this evidently is not the combination which Gary engineered for Gates in 1893. - See - Calvi

Stevenson referred to in 1895 (1028)

1898 - if was sum.

Stevenson represented - p 1028 mill mark

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