

Charles M. Schwab

The Captain of all Captains of Industry

By J. H. Haslam

MANY people think that were it not for the aid that was given to the cause of the Allies by the great armament and munition makers of the United States, the war would have ended long before that country entered the struggle. In any case the industries of the United States have been of tremendous advantage to the cause of the Allies. The greatest of industrial leaders, either in America or elsewhere, is the subject of this sketch.

Charles M. Schwab, was born in Wilkesburg, Pennsylvania, February 18, 1862, and was educated at the Friar's School, at Loretta, Pennsylvania, which was founded about 100 years ago by Dimetrius Galitsen, the Russian Prince Priest, who was a relative of the ill-fated House of Romanoff. He there acquired an excellent rudimentary education and cultivated an inherited talent for music, and he is a skilled piano player and often plays on the violin as well.

After working in a grocery store in Braddock, Pennsylvania, for a year or more, he attracted the attention of Captain R. W. Jones, the man whom Andrew Carnegie has said was the greatest steel maker that ever lived. He was first put on the end of a surveyor's chain, and so well did he do all his work that he was promoted to the head of the great Homestead Steel Works at the early age of 25. He introduced into this great plant so many improvements, and was so successful in its management, that in 1889, when Captain Jones died, he was given the presidency of the Edgar Thompson Steel Works at Braddock, the largest at that time in the United States.

Organized Steel Trust

After the Homestead strike he again was given charge of that great plant. It has been said that if he had been left in charge at Homestead the strike would never have taken place. That strike, which was very long drawn out, and one of the bitterest struggles that labor has yet engaged in to secure the rights which are freely given now, has made the name of Carnegie abhorred by all labor men, and particularly in his native Scotland. It has been the bane of Carnegie's later years. Schwab immediately introduced a new spirit into Homestead, and by associating with the men, sharing their griefs, and joys, encouraging them and paying them well, there grew up at the Homestead Works an Esprit de Corps that is not surpassed in any great industrial plant in the world, and which has remained though Schwab has left. Some years later Schwab conceived the idea of uniting many if not all the great steel-producing plants in the United States under one management. The United States Steel Company was formed, and the great ore deposits of Minnesota, the coal ovens of Pittsburgh, the ore fleet on the Lakes were brought together in one way or another, and Schwab became the first president of the great concern.

This company was then, and is yet, the largest in existence. It was a success from the start, although its stock was nearly all water. The mines, furnaces, etc., were paid for by the bonds of the company. The stock has been for many years the greatest speculative stock in the world, and has had for many years a continual rise until it is now well over par, and represents an earning power greater than the revenues of all but a few of the greatest of governments.

The formation of the U. S. Steel Company had the effect of creating a great crop of new millionaires, few of them with the ability or poise of Schwab, and their ostentatious display of wealth has done much to make the whole capitalist fabric odious in the eyes of the great mass of the American people. Schwab has, however, escaped much of the odium, and for reasons that will appear later. J. P. Morgan had much to do with the financing and organization of the United States Steel Co., and made Judge Gary, chairman of the Board of Directors.

Schwab, who had been a king under

the Carnegie regime, resented the interference of the financiers, and after a short time resigned from the presidency, and gave up the highest salary that up to that time had ever been paid. He was, however, a very rich man and not in very good health. His intention then was to give up active business and devote the rest of his life to play, for he knows how to play as well as work. He built the finest private residence in existence in New York, acquired a beautiful villa in the Riviera. But in acquiring art treasures, and his taste in art as well as music is admirable, endowing hospitals and churches was too tame for this young industrial Napoleon.

About this time J. P. Morgan conceived the idea of forming a great American shipping trust, which would restore the United States to its former place as the greatest owner of mercantile shipping. Many of the great British Shipping Companies were acquired, as well as the largest of the American, and the "International Mercantile Marine

Company" became the largest owner of shipping in the world, although its British Companies retained their British charters, and the ships their British registry.

Bethlehem Steel

Schwab became interested in the venture, and was induced to lend his name to a subsidiary company called the American Shipbuilding Company, which took over many of the largest of the shipbuilding yards on the Atlantic and Pacific coasts. He had purchased a small struggling steel plant at Bethlehem before leaving the United States Steel Company. It was put into the shipbuilding company, and after a short struggle both the shipbuilding company and the steel plant failed. Schwab's friends blamed him for allowing his name to be identified with companies he did not take any interest in. He took over all their stock and made good their losses, and now having recovered his health started in to make Bethlehem into the greatest plant for making steel and war material in existence.

The United States had not been noted up to this time for making high-grade steel. Much of this came from Germany and England. The Germans had been making tremendous progress in steel making, and had largely captured the international market for guns and armament, as well as for much railway material, particularly axles and high-grade locomotive tires. Schwab saw this chance to compete with Germany and went right after the business. He is not only the greatest manufacturer alive, but the greatest salesman. He went to Russia after their fleets were

destroyed by Japan, and got contracts for guns and armor for new battle ships to the amount of \$100,000,000. He also made nearly all the armor for the American battle ships. Bethlehem grew so rapidly that at the commencement of the war it was larger, it is said, and employed more men than the great Krupp Works at Essen, its principal rival.

Kitchener Needs for Schwab

It is here that Charley Schwab, for such he is affectionately called by many of his friends and the public generally, really breaks into history. Lord Kitchener at the very early stages of the war sent for Charley Schwab, who, as luck would have it, was on the Olympic when that ship rescued the crew of the sunken Audacious, one of the best of England's new battle ships. The Olympic was kept out of port for several days and her passengers were not allowed to land, the British Government fearing the effect

own power directly to the Mediterranean and Irish Seas.

An Industrial Prophet

In all industrial matters Schwab appears to have the vision of a prophet. He staked his fortune and his reputation when he stood behind a number of moribund American shipyards. If it had not been for his splendid vision, and for the industries he was able to build up on American soil by virtue of the great munition contracts he got from Russia, South America and other countries, the United States would have been very ill prepared for war when they entered the conflict. As it was there were many splendidly equipped ordnance and munition works in existence which immediately turned all their activities into providing war material for the United States Government. In addition to the splendid organization at Bethlehem which is now unquestionably the largest steel plant in the world, Charley Schwab controls the great steel plant at Sparrow's Point, Maryland, which I recently visited as the guest of E. N. Hurley, the head of the United States Shipping Board. I saw there one of the newest and finest steel plate mills in existence. One of Charley Schwab's shipyards is also there, and there was at that time about ten large freighters and tankers under construction. There was much unrest at this time in the shipyards of the United States, but practically none in any of Charley Schwab's plants.

The Union Iron Works, on San Francisco Bay, another of the Bethlehem subsidiaries, is the largest privately-owned ship building plant in existence, and comes next to the newly completed Hog Island Yard, owned by the United States Government. A 10,000 ton ship is now being launched in this yard every week. At one of his yards at Camden, New Jersey, a large steel ship about 7,000 tons dead-weight was launched in 27 days after the keel was laid, a short time ago, and this record it is expected will be shortly beaten. In another of his yards he is launching two completed destroyers every week, as part of a \$500,000,000 contract, and which, when completed, will give the American navy more fast powerful destroyers than all the navies in the world combined. The largest war ship building yard in existence has recently been completed on Squantum Island, in Boston Harbor.

It will thus be seen that Charley Schwab's affairs were great enough, and his private interests of sufficient importance to take up the time and absorb the activities of even so capable a man as he, but the nation was not satisfied that the best was being done in providing ships. There had been much delay and lost motion in the early organization of the ship building industry by the government's managers. When Mr. Hurley took charge, he built up a splendid organization, and in an incredibly short space of time created many shipyards, but he was not satisfied with the organization, nor was Mr. Piez, the vice-president of the Emergency Fleet Corporation.

Called by the President

Schwab was plainly the man whom everyone thought of to enfuse the necessary enthusiasm into the personnel of the shipyards, and satisfy the demands of the nation for more ships. He had a long conference with Hurley on the subject, and pointed out that it would be impossible for him to leave Bethlehem at that time; there was too much involved, but Hurley anticipated the refusal and had another card up his sleeve. He had arranged for the President's secretary to call up Mr. Schwab and say that the President wanted to see him. The result of the ensuing interview with the President was such that on his arrival at Bethlehem an hour or two later he announced that he was through with Bethlehem, at least so far as active management was concerned. He turned over the presidency to Eugene Grace, a man who a few years before had been doing

Continued on Page 31



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