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HEARINGS ON H. R. 2357

Before

Subcommittee of the
HOUSE JUDICIARY COMMITTEE

* * *

A STATEMENT CONCERNING SOME CONSOLIDATIONS, MERGERS
AND ACQUISITIONS WHICH HAVE OCCURRED IN THE
COPPER AND LEAD INDUSTRIES

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A STATEMENT CONCERNING SOME CONSOLIDATIONS, MERGERS
AND ACQUISITIONS WHICH HAVE OCCURRED IN THE
COPPER AND LEAD INDUSTRIES

Measured by importance of uses made, the commodities copper and lead are vital both to the war effort and to peacetime life not only in the United States, but also throughout the world. Each passing day expands their importance. When we analyze the history of the increasing use of copper and lead in the peacetime years immediately preceding the present war, we can begin to appreciate their importance to the post-war years that are almost upon us. The last twenty years before the outbreak of the present war saw the production and use of more than 60 percent of all copper produced in the world since 1801. The last decade preceding the outbreak of the present war saw the production of more than 37 percent of all copper produced in the world since 1801. ^{1/}

In 1941, 1,605,000 short tons of copper were used. Of that total the principal uses included the following in the United States:

Electrical manufactures.....	393,000
Rod and wire manufacture.....	253,000
Buildings.....	134,000
Automobiles.....	112,000
Light and power lines.....	94,000
Telephone and telegraph.....	78,000
Castings.....	38,000
Other uses, including air conditioning, refrigerators, radio receiving sets, radiators and heating, railway equipment, ammunition, etc.....	480,000 ^{2/}

In 1941, of the 1,050,000 short tons of lead used in the United States approximately three-fourths went into items used in our everyday life as follows:

White lead - paint.....	85,000
Red lead - paint.....	89,100
Storage batteries.....	245,000
Cable covering.....	173,000
Buildings.....	95,000
Ammunition.....	71,000 ^{3/}

Thus, it is seen that of the lead used in 1941 more than 16 percent was used in paint, 24 percent in storage batteries, 17 percent in cable covering, 9 percent in building construction and 7 percent in ammunition.

The problem of meeting and dealing with a concentration of economic power and control over the production and marketing of such important commodities as copper and lead rightly concerns us at this time. The Congress and others in the government charged with the responsibility and duty of effectuating the declared national policy of

^{1/} Hearings before TNEC January 1940, p. 13546.

^{2/} Year Book of the American Bureau of Metal Statistics, 1941, p. 35.

^{3/} Ibid., p. 47.

standing firm for a competitive system of free enterprise and all that it entails, owe to the members of the copper and lead industries and to the public earnest consideration, decision and action on the question of whether economic power and control over the production, smelting, refining, fabrication and sale of copper and lead products is to be further concentrated into the hands of fewer and bigger interests to the exclusion of a greater number of smaller new and vigorous enterprisers.

Let us digress to briefly discuss what has happened in the copper and lead industries with the growth of concentration of economic power and control over production and sale in the hands of a few interests. We may well ask what trade practices of great import to the public have been used by producers and sellers of copper and lead, whether they be few or many. First, the facts show that when small independent owners of lead and copper mines seek markets for their ores they find only a half dozen or so buyers in the United States operating smelters and refineries. The interests who operate such smelters and refineries therefore are to all practical purposes for such prospective seller of ores the entire market. They inform the prospective seller that purchases will be made only at the f.o.b. New York City price. 4/ From the price thus quoted are deductions for various items, including treatment and transportation. For example, when the small seller delivers his lead- and copper-bearing ores to a smelter at Murray, Utah, East Helena, Montana, or other such locations, the railroad freight on the metal content derived from such ores from such smelting points to New York City is deducted. Probably little or none of that metal will actually be shipped by the smelter to New York. For example, the lead content may be stopped off at St. Louis, Missouri, and fabricated by corrosion into white lead for use in paint. The lead or the copper may be used not in New York but in any one of the Midwestern or far Western locations in fabricating lead covering for cables, storage battery manufacture, automobile manufacture or in building construction.

Now, what about the fabricator and user of the copper and lead which was thus bought as though it were to be transported to New York, but which was not so transported? Instead, those commodities were shipped from the Mountain States to the Midwestern locations and there sold and used. The fabricators and users find that the same half dozen or so smelters and refineries constitute the entire market to which buyers may turn for their supplies of copper and lead. They also find that those few sellers quote a price equal to the price f.o.b. Connecticut Valley points on copper, plus a freight differential. (The freight differential may or may not represent the actual freight from point of shipment to destination.) The prices quoted on lead are f.o.b. New York City plus freight therefrom to the point of use. Exception to that practice is the quotation of the same price f.o.b. other points or certain specified arbitrary differentials therefrom, plus freight from point of shipment to point of use. 5/

4/ Hearings before TNEC January 1940, pp. 13267 and 13541.

5/ OPA Revised Price Schedule No. 15 - Copper, Effective as of Feb. 1, 1942, Part 1309, amendments thereto, and OPA Revised Price Schedule No. 69 - Primary Lead, Effective Jan. 15, 1942, Part 1355 and amendments thereto. See also Record of Hearings before TNEC, Jan. 1940, pp. 13267, 13541 and 13526.

How is the price of copper or the price of lead f.o.b. New York City named and ascertained? The prices are determined and ascertained by reference to the figures published as such prices in the "Engineering and Mining Journal," as published in New York City by McGraw-Hill Publishing Company, Inc. Now, of course, the publishing house has no control over the naming of such prices. Therefore, let us inquire who makes and names the prices? According to the sworn statement of a representative of McGraw-Hill Publishing Company, seven producers and sellers of copper and lead make and name the prices which are published in the "Engineering and Mining Journal" as market prices on those products. 6/

It would appear that the next and logical inquiry would be, Why is it that the entire market in copper and lead in the United States is within the economic power and control of a half dozen or so producers and sellers? How was such concentration of power and control accomplished over the vast business of producing and selling such important commodities as copper and lead? The answer to the latter prompts the submission of this statement as a part of this Committee's study of consolidations, mergers and acquisitions. That is true because it has been through consolidations, mergers and acquisitions that the half dozen or so interests (said to name the "market" price of copper and lead - TNEC Hearings, p. 13541) have largely attained their dominating position.

The two largest producers of copper in the world are the Anaconda and Kennecott (Guggenheim) interests, with mines in the United States, Mexico and South America. These two groups operating (it is claimed) in competition in the United States market, and heretofore in combination through the Webb Law Association (Copper Exporters, Inc.) in foreign markets, are said to have disposed of a large proportion (Anaconda, 30 percent, and Kennecott-Guggenheim, 40 percent) of all of the virgin copper that is refined in the United States and South America as of 1927, 7/ and the production of the North and South American mines is also said to have been at that time as much as 75 to 80 percent of the production of the world. As of 1937, these two interests plus a third, namely, Phelps Dodge Corporation, were reported to have controlled directly 77.6 percent of the production of copper in the United States. 8/ (See graph, page 4.) When the production of Inspiration Consolidated Copper Co. for 1941 is added to that of Anaconda, then the production of Anaconda, Kennecott and Phelps Dodge accounts for more than 80 percent of the total for that year. Anaconda through a subsidiary, owns 28.17 percent of the stock of Inspiration Consolidated Copper Co. 9/ and Anaconda's Mountain City Mining Company's production (in which Anaconda has acquired a controlling stock interest).

Production of copper outside of the United States is also concentrated in the hands of a few interests. ~~Little~~ ^{Most}, except for that part which is concentrated in the hands of Anaconda, Kennecott and Phelps Dodge, is in the hands of Katanga, Mufulira, Rhokana and Roan Antelope. As of 1937 a Belgian company, Union Miniere du Haut-Katanga (Katanga Copper Co.), incorporated in 1906 in the Congo Free State, was the only

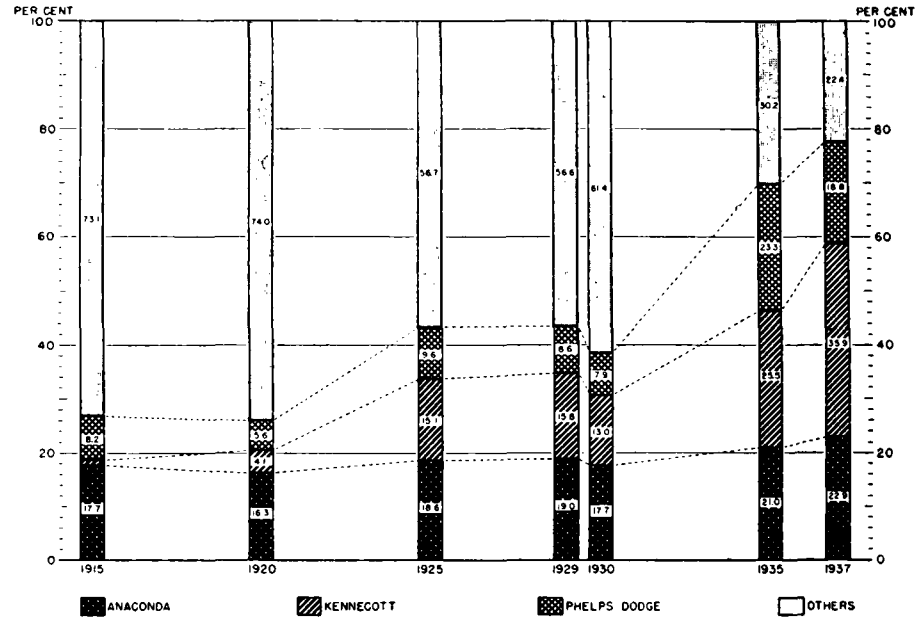
6/ Hearings before TNEC January 1940, p. 13541.

7/ Quarterly Journal of Economics, August 1927, p. 698.

8/ TNEC Hearings, Part 25, p. 13391.

9/ Poor's Industrials, 1938, p. 2118.

CONCENTRATION OF PRODUCTION⁹ OF COPPER AMONG THREE COMPANIES IN THE UNITED STATES SELECTED YEARS, 1915-1937



SOURCE Prepared by the staff of the T.N.E.C. from figures of the American Bureau of Metal Statistics
9. Mine output

strong rival of U. S. interests. It had acquired the interests of the Katanga (Belgian) Special Committee and the Tanganyika Concessions, Ltd., in a copper-bearing belt 200 miles long, containing approximately 5,790 square miles, in the Katanga region of Belgian Congo, Africa. 10/ The Katanga mine was opened in 1922, produced in 1926 and 1927 only 7 percent of the world's production, but with its mining rights on more than 10 million acres of land rich in high-grade ore which, if fully developed, are said to be capable of producing as much as all of North and South America together. Additional foreign copper producers who have risen to prominence in recent years are Mufulira Copper Mines, Ltd., Rhokana Corporation and Roan Antelope Copper Mines. 11/

Mufulira Copper Mines, Ltd., was incorporated in 1930 in England, acquiring its original holdings from Rhodesian Selection Trust, Ltd., Bwana M'Kubwa Copper Co., Ltd. and British South African Company. 12/

Rhokana Corporation was incorporated in England in 1923 as Rhodesian Congo Border Concession, Ltd., primarily to acquire a concession granted by British South African Company to C. D., Ltd., to explore an area of approximately 50,000 square miles for minerals along the Congo-Northern Rhodesia border. The original holdings have been substantially enlarged through subsequent acquisitions, including the N'Changa West Mine and the Mindola Mine. The company also holds shares in Mufulira Copper Mines, Ltd., approximating 32.30 percent of the issued capital. 13/

Roan Antelope Copper Mines, Ltd., was incorporated in 1927 in England, acquiring its original holdings from Northern Rhodesian Company, Ltd. and Selection Trust, Ltd., and subsequently purchasing Roan Antelope Extension property and Mulishi property. The company is rated as the world's lowest-cost producer of copper. 14/

It is said that cooperation among not only the foreign interests but also American copper producers was made easier by the numerous financial and intercorporate connections among them. 15/ However, it has been recognized that a detailed analysis of the financial and intercorporate connections and relationships is difficult, if not impossible, from available information.

Concentration of economic power and control over production of lead in the United States is no less than the concentration of economic power and control over production of copper. The principal producer of lead in the United States is the American Smelting and Refining Company. Its production plus the production of three other interests, namely, Anaconda (including production of its subsidiaries), St. Joseph Lead Company and Bunker Hill & Sullivan Mining & Concentrating Company, in 1941 accounted for 87.07 percent of lead production in the United States. 16/ (See graph, page 6). It is noted from the graph that the production of those interests rose to that proportion of the total in 1941 from 58.1 percent of the total production represented by those interests in 1920. It presents a graphic showing of the steadily increasing concentration of production in fewer hands through that

10/ 1937 Mines Register, p. 1102.

11/ Year Book American Bureau of Metal Statistics, 1938, p. 20.

12/ 1937 Mines Register, p. 1092.

13/ Ibid., p. 1093.

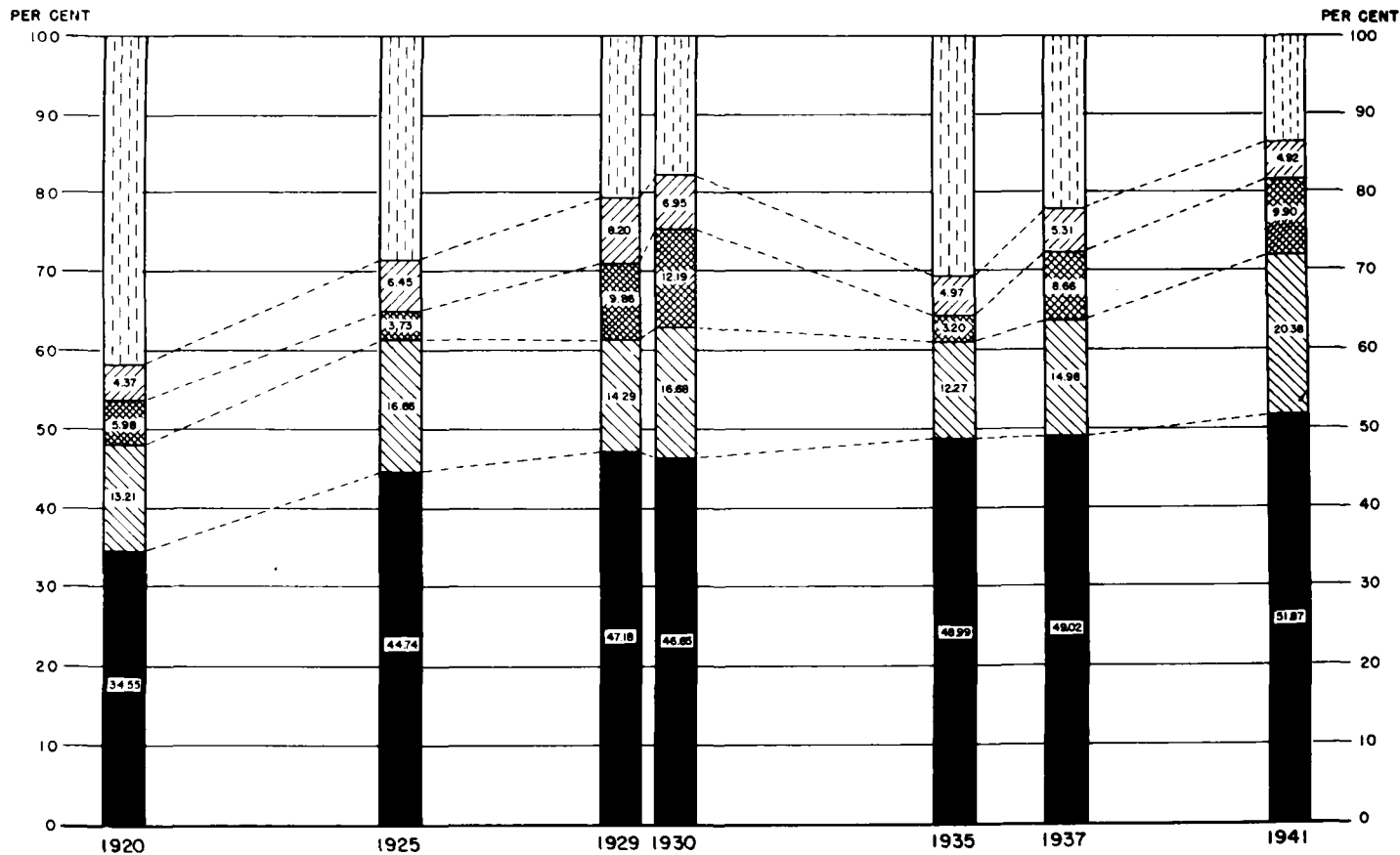
14/ Ibid., p. 1096.

15/ Southern Economic Journal, Oct. 1944, p. 139.

16/ Totals taken and computed from production shown for individual companies, Year Book of American Bureau of Metal Statistics, 1941, p. 42.

CONCENTRATION OF PRODUCTION OF LEAD AMONG FOUR COMPANIES IN THE UNITED STATES

SELECTED YEARS, 1920-1941.



AMERICAN SMELT & REF. CO.
 ST. JOSEPH LEAD CO.
 IMPERIAL SMELTING CORP.
 OTHER

20-year period. We shall presently analyze the acquisitions of independents by the four mentioned interests during the period from 1920 through 1941. The increasing concentration in the hands of those four interests has not been confined to lead production. It has also extended through lead smelting, refining, sale and fabrication of lead and lead products. For example, in 1925 American Smelting & Refining Co. operations accounted for only approximately 40 percent of the refined lead in the United States, but in 1941 that figure had risen to approximately 50 percent. ^{17/}

Thus it is seen that three interests, namely, Anaconda, Kennecott and Phelps Dodge, dominate copper production in the United States and four interests, namely, Anaconda, American Smelting & Refining, St. Joseph Lead, and Bunker Hill, dominate lead production in the United States. Practically all of the remaining portion of this statement will be concerned with a presentation of information about the consolidations, mergers and acquisitions which have established those interests in their present dominating positions. In addition, there will be presented information concerning consolidations and acquisitions by National Lead Company to indicate how it has in part acquired its dominating position in the field of fabricating lead products.

ANACONDA GROUP

The capstone of the Anaconda group is the Anaconda Copper Mining Company. It was incorporated in 1895 in Montana and acquired by purchase the properties owned by the Anaconda Mining Company. In subsequent years the properties and stocks of numerous other companies have been acquired. ^{18/} By 1938 its growth, including that of its subsidiaries, made it one of the world's leading producers of copper, the largest fabricator of copper products and an important producer of zinc, lead, silver, gold, and other metals and mineral derivatives. Through International Smelting and Refining Company, a wholly-owned subsidiary, it is one of the principal factors in custom smelting and refining, with plants strategically located throughout the United States. ^{19/} Despite large diversification activities, the company's dominant interest, both in producing and fabricating, is copper. Its reserves of this metal have been estimated to be sufficient for many years of operation. They are located in large part outside of the United States. Potential capacity of directly owned or controlled mines as of 1937 was about 1,148,000,000 pounds annually, approximately two-thirds of which represented foreign capacity. ^{20/} Its principal domestic copper mines are located in the vicinity of Butte, Montana, and have a capacity of about 360,000,000 pounds a year. Production costs at these mines are relatively high. Foreign copper operations are conducted at three of the world's largest and lowest-cost mines, the aggregate capacity of which is approximately 280,000,000 pounds annually. The two principal properties are the Chile Mine, containing the largest known body of copper ore in the world, and the Andes Mine, both of which are located in Chile. ^{21/} Greene Cananea Mine in Mexico can produce some 100,000,000 pounds a year; and all the Chile Mine

^{17/} Source: Year Books of American Bureau of Metal Statistics.

^{18/} Moody's, 1944, p. 2543.

^{19/} Standard Corporation Records, Revised 6/25/38.

^{20/} Ibid.

^{21/} Ibid.

copper production costs are reduced through credits arising from sales of silver and gold extracted as by-products. ^{22/} Its fabricating interests include the wholly-owned American Brass Company and its stock-controlled Anaconda Wire & Cable Company. In addition to the properties already indicated, the company and its subsidiaries own within the United States copper mines in Montana, California and Nevada, zinc-lead-silver mines in Montana and Utah, smelters in Arizona, Utah and Montana, metal refineries in Montana, Indiana and New Jersey, copper and brass fabricating plants in Montana, Connecticut, New York, Michigan, Wisconsin, Indiana, California, Illinois and Rhode Island, zinc oxide plants in Ohio and Indiana, a white lead plant in Indiana, lumber mills in Montana, coal mines in Montana and Wyoming, phosphate rock mines in Idaho, and miscellaneous transportation and other facilities pertinent to the operations of the mentioned properties. ^{23/}

The vastness of such extensive enterprises is indicated by a chart of the Anaconda Group, headed by its president, Mr. Kelley, as it appeared in the January 1937 issue of Fortune magazine, p. 76. There has also been prepared for study by this Committee more detailed charts dealing with the interests of the Anaconda Group. In many instances they show when and where the subsidiaries were incorporated and why, in what manner and to what extent they were acquired and made a part of the Anaconda Group. Those charts appear herein as pages 9 to 13, inclusive. Of course, it is not here represented that these charts contain a complete showing of each and all acquisitions made by the Anaconda Group. In some of the instances included in the showing made by the charts some of the details are lacking. The incompleteness springs from the fact that the Anaconda Group has never reported to the Federal Trade Commission information showing the details of each of its acquisitions since the passage of the Clayton Act in 1914. The pending bills, S. 615 and H. R. 2357, provide that in the future before acquisition shall be consummated, effectuated and completed the Commission shall be advised of the proceeding so that it may act timely in the public interest.

The first of the charts, page 9, dealing with the Anaconda Group, lists its principal direct subsidiaries and, in some instances, concerns in which the Anaconda Copper Mining Company directly owns substantial stock ownership.

The second of the charts, page 10, deals with the principal one of those subsidiaries appearing in the Anaconda Group, namely, the International Smelting & Refining Co. The latter was incorporated in New Jersey, in 1908, to do a general smelting and refining business and immediately took over, by assignment at actual cost, a contract which had previously been entered into by a Mr. William D. Thornton with the Utah Consolidated Mining Company, a New Jersey corporation, providing for the treatment of ores from the mines of the Utah Consolidated Mining Co. for a period of ten years from November 11, 1908. ^{24/} It acquired a site four miles east of Tooele City, at International, Utah, upon which it erected and put into operation, in 1910, a copper smelter plant. Subsequently, it entered into contracts

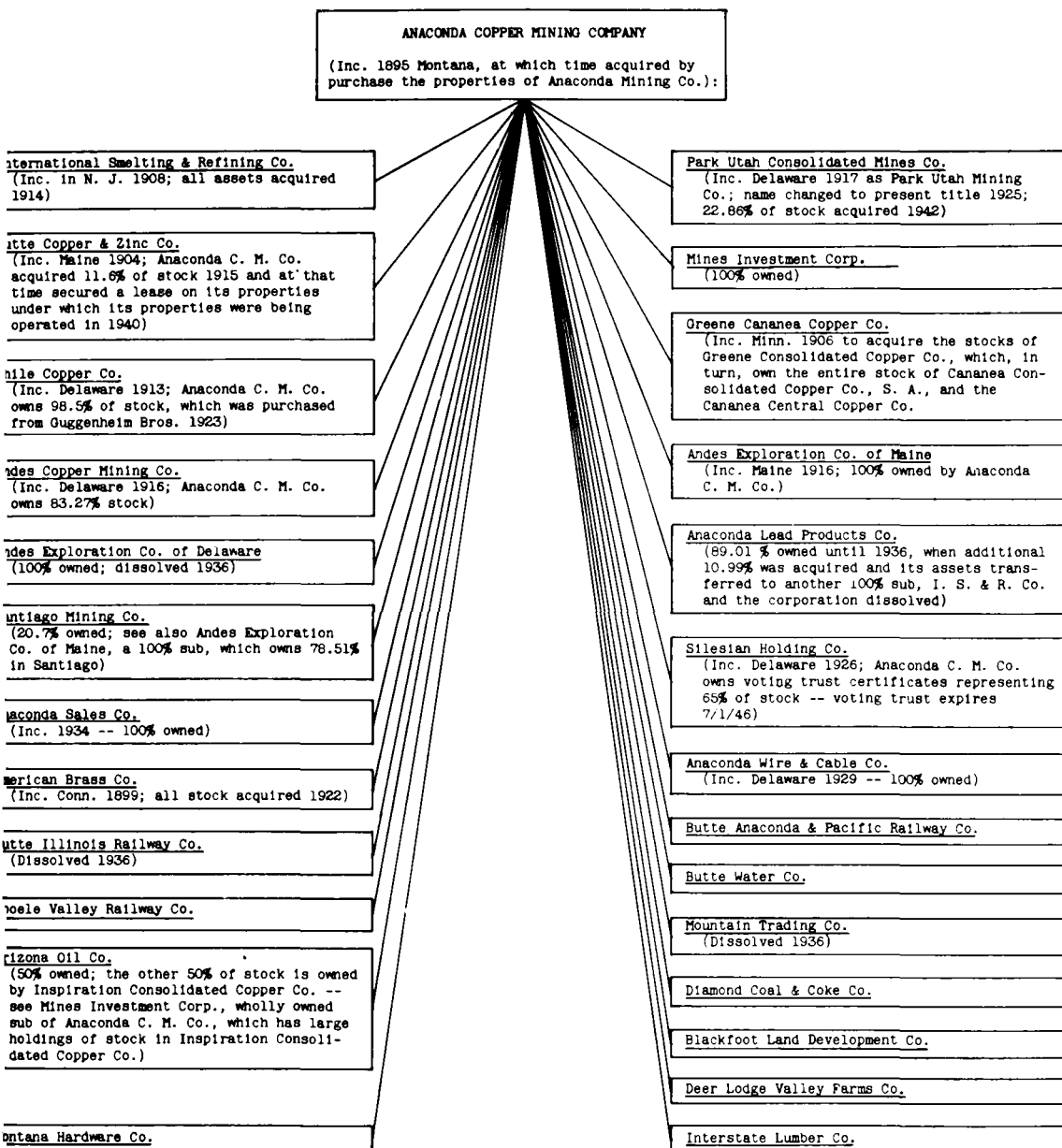
^{22/} Ibid.

^{23/} Ibid.

^{24/} Moody's, 1913, Vol. 1, p. 1475.

COPPER - LEAD

Anaconda Group



COPPER - LEAD

Anaconda Group

INTERNATIONAL SMELTING & REFINING CO.
(Inc. in N. J. 1906; all assets acquired 1914)

National Tunnel & Mines Co.
(1947, Anaconda through I. S. & R. Co. acquired 57.42% of stock) (Inc. 1902 as Utah Apex Mining Co.; present title adopted 1927)

Utah Lead & Copper Co.
(1921, stock acquired; 1929 assets acquired at foreclosure)

Utah Delaware Mining Co.
(Formerly the Utah Consolidated Mining Co.; Inc. N. J. 1903 as successor to Utah Consolidated Mines, Ltd.; a British Corp. acquired 1937)

Bingham & Eastern Mines Co.
(Acquired 1925)

Pine Canyon & Bingham Tunnel Co.
(Acquired 1925)

Mountain Hill Copper Co.
(Inc. Utah 1902) (1932 I. S. & R. Co. acquired 71.96% of stock)

Rio Tinto Copper Co.
(Acquired 1908; later dissolved)

Walker Mining Co.
(Inc. Arizona 1913; I. S. & R. Co. acquired 41.4% of stock 1918)

Walker Mine
(Acquired 1914)

Baritan Copper Works
(Inc. N. J.) all stock acquired by Anaconda C. M. Co. and transferred to its sub I. S. & R. Co. in 1934, but it was that year dissolved.

Baritan Copper Works
Perth Amboy, N. J.

Baritan Terminal & Transportation Co.
(Inc. N. J.; stock 100% owned by Baritan Copper Works)

International Lead Refining Co.
(Acquired from Anaconda C. M. Co. 1934 and dissolved that year)

Copper Range Mining Co.
(I. S. & R. Co. acquired a control option on two million shares of stock at \$2 per share in 1914)

North Lily Mining Co.
(Inc. Utah 1916; I. S. & R. Co. acquired 53.04% of stock 1924)

East Tintic Coalition Mining Co.
(1926 majority of stock acquired by North Lily Mining Co.)

North Lily Knight Co.
(Inc. Utah 1930 as sub of North Lily Mining Co.)

Big Hill Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Defender Mining & Milling Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Dragon Consolidated Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Eureka Hill Railway Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Eureka Swansea Extension Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Middle Swansea Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

North Godiva Consolidated Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Swansea Consolidated Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Empire Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Southern Eureka Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

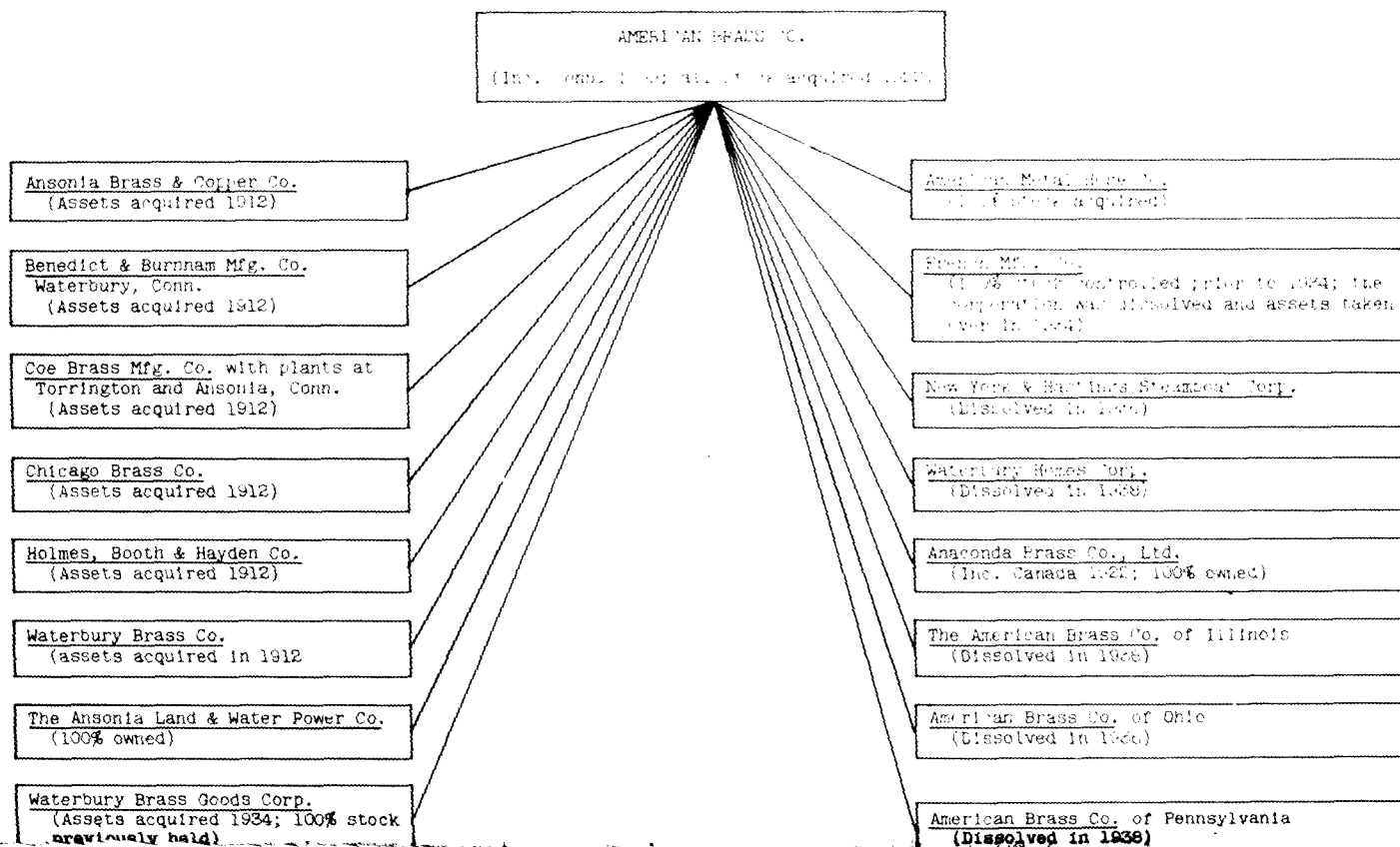
Tintic Drain Tunnel Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Tintic Central Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

Twentieth Century Mining Co.
(Acquired by transfer from North Lily Mining Co. 1940)

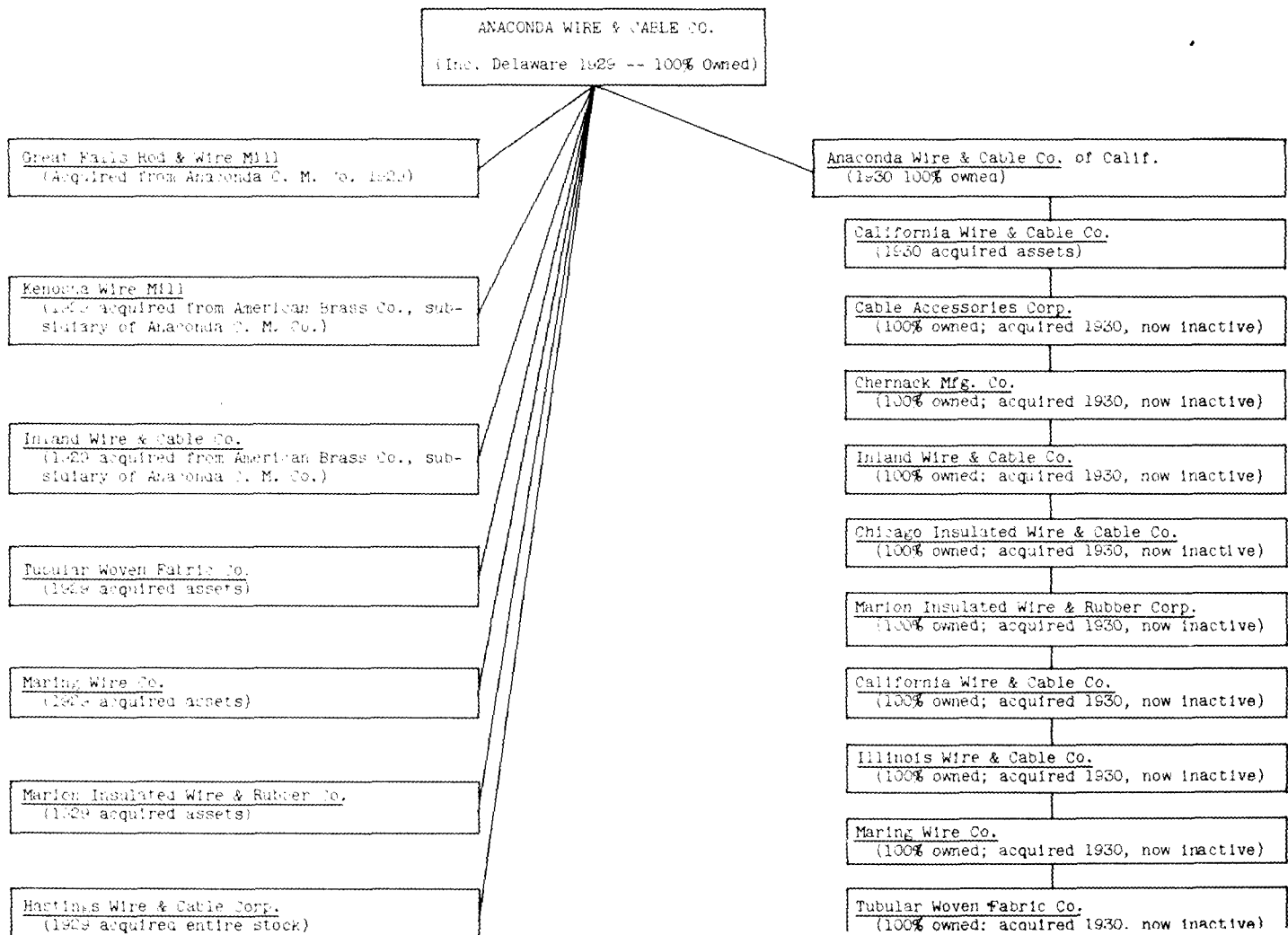
COPPER - LEAD

Anaconda Group



COPPER - LEAD

Anaconda Group



COPPER - LEAD

Anaconda Group

ANACONDA COPPER MINING COMPANY
(Inc. 1895 Montana, at which time acquired by
purchase the properties of Anaconda Mining Co.)

MISCELLANEOUS COMPANIES

Utah Consolidated Mines Co.
(Inc. Delaware 1917)

Park City Mining & Smelting Co.
(Assets acquired 1925)

Ontario Silver Mining Co.
(98.5% of stock acquired 1925; merged
in 1936)

Daly Mining Co.
(51% of stock owned; acquired 1925)

Allegheny Copper Co.
(Inc. Delaware 1913)

Chile Exploration Corporation
(Inc. N. J.; 100% owned)

Chile Steamship Company, Inc.
(1935 acquired The North &
Hastings Steamship Co.)

Greene Copper Mining Co.
(Inc. Delaware 1916)

Porterillos Railway Co.
(100% owned)

Greene Exploration Co. of Maine
(Inc. Maine 1916; 100% owned)

Santiago Mining Co.
(78.51% owned)

Silesian Holding Co.
(Inc. Delaware 1926)

Silesian American Corp.
(Inc. Delaware 1928; 58 1/3% owned)

Giesche Spolka Akcyjna
(A Polish corp. 100% owned; ac-
quired from a German corp. --
Bergwerksgesellschaft Georg Von
Giesche's Erben)

Mines Investment Corp.
(100% owned)

Inspiration Consolidated Copper Co.
(Inc. Maine 1911 to acquire Inspira-
tion Copper Co. and Live Oak Develop-
ment Co.; as of 1937 -- Mines Regis-
ter 1937, P. 59 and P. 44, Anaconda
C. M. Co. controlled 28.17% of stock
including 25.15% owned by Mines In-
vestment Corp.; as of 1944 -- Moody's
1944, P. 2118, Anaconda C. M. Co.
owned 100% of stock)

Black Warrior Mine
(Acquired 1912 from Warrior Copper
Co.)

New Keystone Copper Co.
(Assets acquired 1914)

Montgomery Group
(Acquired 1920 from Warrior Copper
Co.)

Porphyry Consolidated Copper Co.
(Certain assets were acquired from
this company in 1921)

Greene Cananea Copper Co.
(Inc. Minn. 1906)

Greene Consolidated Copper Co., S. A.
(Acquired by Greene Cananea 1906 and
merged with it in 1917)

Cananea Central Copper Co.
(Dissolved 1912 and assets trans-
ferred to San Pedro Copper Co.,
S. A.)

San Pedro Copper Co., S. A.
(Dissolved 1918 and assets trans-
ferred to Cananea Consolidated
Copper Co., S. A.)

Cananea Consolidated Copper Co.,
S. A.

in addition to the one with the Utah Consolidated Mining Co. for the handling of ores of several other mines, one of which was a contract with the Anaconda Copper Mining Co., effective September 1911. A lead smelting plant was erected at International in 1912, and later expanded.

Anaconda Copper Mining Co. acquired all of the assets of the International Smelting & Refining Co. in 1914. However it has continued to operate the International Company as a wholly-owned subsidiary. The acquisition in 1914 was accomplished when stockholders of the International voted to sell the company's property to the Anaconda Copper Mining Co. and surrendered its charter. The property was sold to Anaconda for the sum of \$10,392,709. The 10 million dollar stock of International, of which about \$4,300,000 was owned by the United Metals Selling Co., was exchanged for Anaconda Copper stock on a basis of 3.3 shares of Anaconda (par \$25.00 each) for each \$100 share of International stock. The properties of the International located in the States of Utah and Arizona were then transferred directly to a corporation known as the International Smelting Co., organized in Montana in May 1914, with an authorized capital stock of \$15,000,000. The International Smelting Co., upon receiving the titles to the properties, issued \$9,500,000 capital stock of the Anaconda Copper Mining Co. in payments therefor to the full value thereof. Note that the Anaconda Copper Mining Co. was the sole stockholder at that time. Other assets of the International Smelting & Refining Co., including stocks of the Raritan Copper Works and the International Lead Refining Co. which had been acquired by the International Smelting & Refining Co. in 1909, were then transferred directly to the Anaconda Copper Mining Co. In 1934, the International Smelting & Refining Co. (which Anaconda had previously designated by name as International Smelting Co.) acquired from Anaconda Copper Mining Co. stock of Raritan Copper Works and of International Lead Refining Co. Following the transfer of these properties to International in 1934, the Raritan and the International Lead Refining companies were dissolved.

Other developments and acquisitions accomplished by International Smelting & Refining Co. have included the construction of a smelting plant at Miami, Arizona, the acquisition of a controlling stock interest in Walker Mining Co. in 1918, North Lily Mining Co. in 1924, Mountain City Copper Co. in 1932, National Tunnel & Mines Co. in 1937, and a six month's option on 2,000,000 shares of the capital stock of the Copper Canyon Mining Co. in 1940. ^{25/}

Due to the lack of availability of further information concerning the option thus secured on the 2,000,000 capital stock of the Copper Canyon Mining Co., no showing is made whether such 2,000,000 shares accounted for more than 50 percent of the total outstanding stock, whether the option was exercised and, if so, what has been its significance. It is observed, however, that if the provisions in pending S. 615 and H. R. 2357 had been law, in 1940, the Commission would in accordance with those provisions have received information concerning any acquisition of stock of the Copper Canyon Mining Co. by International Smelting & Refining Co.

Walker Mining Co. was incorporated in 1913 in Arizona, to take over and operate the Walker Mine. The mine was closed down in

^{25/} Moody's, 1944, p. 2543.

February 1932 and has operated since only for a brief period between September 1935 and November 1937. 26/ Property of the Walker Mining Co. includes extensive properties in Plumas County, California, consisting of more than 5,000 acres of patented and unpatented mining claims and plants equipped to produce copper at the rate of 20,000,000 pounds annually at full capacity.

North Lily Mining Co. was incorporated in Utah in 1916, to take over Snyder and Horton Groups of mining properties. The International Smelting & Refining Co. secured an option for acquiring the stock control in 1924. Thereafter, in 1926, the North Lily Mining Co. acquired 97.7 percent of capital stock of East Tintic Coalition Mining Co., and in 1930 formed the North Lily Knight Co. and acquired control of several other companies and 100,000 shares of North Lily Mining Co. stock. In 1930 the North Lily Knight Co., as a subsidiary of North Lily Mining Co., acquired from the latter controlling interests in 13 additional mining companies, which are listed in the International Smelting & Refining Co. chart of the Anaconda Group on page 10. 27/

Mountain City Copper Co. was incorporated in Utah in 1932 as a subsidiary of the International Smelting & Refining Co. to own and operate eight claims in Cope Mining District, Elko County, Nevada. Thereafter, it purchased nine claims from Rio Tinto Copper Co.; the latter company was later dissolved. 28/

National Tunnel & Mines Co. was incorporated in 1902 as Utah Apex Mining Co. Its present title was adopted in 1937 when Utah Delaware Mining Co. was acquired. Fifty percent of its capital stock is owned by Anaconda Copper Mining Co. and International Smelting & Refining Co. The National Tunnel property, prior to the acquisition, consisted of 2,427 acres, including mining claims and other lands in Salt Lake and Toole Counties, Utah, and certain other mining claims. Properties of Utah Delaware include mining claims and approximately 938 acres near Bingham Canyon, Utah. Properties of both companies were shut down in 1932 and have been operated only to a negligible extent in certain small areas of the claims since that date. 29/

Butte Copper & Zinc Co. was incorporated in May 1904. The Anaconda Copper Mining Co. acquired 11.6 percent of its stock in 1915, and at that time secured a lease on its properties under which they were being operated in 1940. 30/

Chile Copper Co. was incorporated in Delaware in 1913. Anaconda Copper Mining owns 98.5 percent of its outstanding stock, which was purchased from Guggenheim Brothers in 1923. The Chile Co. owns the entire outstanding capital stock of the Chile Exploration Co., a New Jersey corporation. The properties are located in Chile and consist of mines, mill sites, mining rights, easements, concessions and claims covering an area of approximately 20,000 acres with mining and reduction capacity rated at 450,000,000 pounds of copper annually. 31/

Andes Copper Mining Co. was incorporated in Delaware in 1916. Prior to 1936, Andes Copper Mining Co. owned 63.27 percent of its outstanding capital stock and thereafter acquired an additional 14.5 percent formerly held by its wholly-owned subsidiary, Andes Exploration Co. of Delaware, which was dissolved in 1936. 32/ Andes Copper Mining

26/ Poor's, 1938, p. 2126.

27/ Mines Register, 1937, p. 75.

28/ Ibid., p. 74.

29/ Moody's, 1938, p. 2811.

30/ Moody's, 1944, p. 2543, and Record of TNEC Hearings, Part 25, p. 13387.

31/ Moody's, 1938, pp. 2801 and 2808; Mines Register, 1937, p. 59; and Poor's, 1925, p. 1125.

32/ Mines Register, 1937, p. 59, and SEC-Doc. 1-1053-1.

Co. owns mining rights and claims located in Chile, covering an area of approximately 2,000 acres and, in addition, owns through purchase 277,380 acres of land for water resources, with metallic and non-metallic claims covering 687 acres. It also holds metallic and non-metallic claims covering 12,629 acres for its reduction works, railroad townsites and miscellaneous properties. Its plants had, as of 1937, a productive capacity of 230,000,000 pounds of copper annually. 33/

Andes Exploration Co. of Maine was incorporated in Maine in 1916, a wholly-owned subsidiary of Anaconda Copper Mining Co., with mining properties in Peru containing reserves said to amount to 20,000,000 tons of 1.92 percent copper ore. 34/ In 1924, Anaconda owned its entire capital stock. It and Anaconda, as of 1937, also owned practically all of the capital stock of the Santiago Mining Co., which was incorporated in 1917 and which owned considerable mining claims and rights in Chile. 35/

Mines Investment Corp. is 100 percent owned by Anaconda. It owns 28.17 percent of Inspiration Consolidated Copper Co. and, in addition, owned \$7,643,000 in notes of Inspiration due September 30, 1936, and extended. An examination of the various files of the Securities and Exchange Commission failed to disclose the direct information that Anaconda created Mines Investment Corp., or otherwise first obtained control or interest therein. However, Poor's, 1938, p. 2118, discloses that it is 100 percent owned by Anaconda and that it, in turn, owns 28.17 percent of Inspiration. In other ways Inspiration Consolidated Copper Co. is affiliated with Anaconda Copper Mining Co. For example, the two own the outstanding capital stock of the Arizona Oil Co. which owns interest in oil-bearing lands leased to others. 36/

Greene Cananea Copper Co. was incorporated in Minnesota, in 1906, to acquire the outstanding stock of Greene Consolidated Copper Co. which, in turn, owned the entire stock of Cananea Consolidated Copper Co., S.A., and the Cananea Central Co. During 1912 the latter company was dissolved and all of the mines and properties transferred to San Pedro Copper Co., S. A. In 1918, Cananea Consolidated Copper Co., S.A., acquired the properties of San Pedro Copper Co., which latter company was dissolved. On June 12, 1917, Greene Cananea merged the Greene Consolidated, issuing one share of stock of Greene Cananea for two shares of Greene Consolidated. With this acquisition Greene Cananea obtained possession of practically all capital stock of Cananea Consolidated Copper Co., the operating company. Greene Cananea now acts as a holding company for Cananea Consolidated Copper Co., S.A., which holds mining claims or titles and concessions covering an area of about 9,000 acres at Cananea, State of Sonora, Mexico. The claims consist of grants from the Mexican Government to mine and recover the metals so long as said Mexican company pays the annual taxes thereon. Reduction works have a production capacity of approximately 100,000,000 pounds of copper annually. Estimated ore reserves as of 1935 were sufficient to maintain production of approximately 60,000,000 pounds copper annually for about eight years. In 1929, Anaconda Copper Mining Co. acquired a controlling stock interest in Greene Cananea Copper Co.

33/ Moody's, 1938, p. 2807.

34/ Mines Register, 1937, p. 87.

35/ Ibid., p. 87.

36/ Moody's, 1944, p. 2543.

The Anaconda Company as of 1938 owned 98.34 percent of the outstanding capital stock. 37/

Silesian Holding Co. was incorporated in Delaware in 1926. Anaconda owns voting stock certificates representing 65 percent of the stock, with the voting trust expiring July 1, 1946. The Silesian Holding Co. in turn owns 58-1/3 percent of the stock of a Delaware corporation which was formed in 1926, known as Silesian American Corp., which in turn wholly owns a Polish corporation, Giesche Spolka, which was acquired from a German corporation. The properties of the Giesche concession include proved zinc ore reserves sufficient for 50,000 metric tons annual production for about 20 years. It also owns large concentrating, smelting and refining plants for treatment and production of lead, zinc, and silver, with zinc and lead rolling mills and other by-products factories, as well as some 1,400 workmen's homes and over 19,000 acres of landed estates. 38/

Park Utah Consolidated Mines Co. was incorporated in Delaware, in 1917, as the Park Utah Mining Company. The name was changed to the present title in 1925, at which time the company acquired the assets of the Park City Mining & Smelting Co. and 98 percent of the stock of the Ontario Silver Mining Co. The latter company was merged into the Park Utah Consolidated Mines Co., in 1936. In 1942, Anaconda acquired 408,428 additional shares of Park Utah Consolidated Mines Co., increasing its holdings to 478,228 shares, or 22.86 percent of the total outstanding stock. 39/

American Brass Co. was incorporated in Connecticut, in 1899, to manufacture and deal in brass, copper and kindred metals. Thereafter, it acquired the assets of a number of independent manufacturers of brass and copper fabricating companies, as is shown by the chart on page 11. 40/ All stock of the American Brass Co. was acquired by the Anaconda Company in 1922. 41/ It is said that American Brass Co. after its acquisitions of assets and stock of independent manufacturers in 1912, and immediately thereafter, had largely acquired the control of the output of brass in this country and attained the position of the largest consumer of copper in the United States. 42/ After its control was acquired by Anaconda, subsequent acquisitions were made by it of other independents such as American Metal Hose Co. and French Manufacturing Co.

Anaconda Wire & Cable Co. was incorporated in Delaware, in 1929, to take over Great Falls Rod & Wire Mill of Anaconda Copper Mining Co. and Kenosha Wire Mill of the American Brass Co. It subsequently acquired the plants and assets of the companies shown on the chart on page 12. As of 1934, Anaconda Copper Mining Co. owned 64.67 percent of the outstanding capital stock. 43/

It is seen from the foregoing that Anaconda through consolidations, mergers and acquisitions of stock control has concentrated within its corporate structure economic power and control over not only a substantial part of the production, smelting and refining of copper in the United States and throughout the world, and of a

37/ Moody's, 1938, pp. 2801 and 2809.

38/ Ibid., pp. 2801 and 2812.

39/ Ibid., 1944, p. 2543, and p. 352.

40/ Ibid., 1916, pp. 2039 and 2040.

41/ Ibid., 1944, p. 2543.

42/ Ibid., 1916, pp. 2039 and 2040.

43/ Poor's, 1935, p. 2519.

considerable volume of lead in the United States, but has also secured such control over a very large part of the fabrication of copper and brass items in the United States. In that connection, attention is called to the testimony of Mr. Cornelius F. Kelley, president of Anaconda Copper Mining Co., in hearings before TNEC, January 1940, in which he stated that approximately 75 percent of the primary fabricating capacity in the United States is owned by producing companies such as Phelps Dodge, Kennecott and Anaconda, of which Anaconda's control of American Brass was cited as an example. 44/

While the producers thus named by Mr. Kelley were not in competition with the first of the fabricators, they have absorbed, they are now in competition with the remaining few who represent the 25 percent independent productive capacity. Such remaining few independents find it necessary to turn to their competitors who are producers of copper for supplies and raw materials. The competitive advantage over the independent fabricators, thus accruing to the integrated combines, such as Anaconda, are many. Therefore, if all other factors were to remain equal, such as efficiency in the management, etc., it would appear that the result would be that the stronger would grow stronger and the weaker grow weaker in the fabricating industries.

It is also noted in passing that Anaconda Copper Mining Co. has other and diversified interests, some of which relate to and are used as facilities in the principal businesses in the copper and lead industries, while others would appear to have little or no relevancy to such businesses. Reference is made to such subsidiaries as Anaconda Sales Co., Tooele Valley Railway Co., Butte, Anaconda & Pacific Railway Co., Butte Water Co., Montana Hardware Co., Diamond Coal & Coke Co., Arizona Oil Co., Blackfoot Land Development Co., Deer Lodge Valley Farms Co., and Interstate Lumber Co. The Anaconda Group charts, heretofore referred to, also show that Anaconda did own and operate the Mountain Trading Co., Butte Electric Railway Co. and Anaconda Lead Products Co., all of which were dissolved in 1936. It is worthy to note that of the lumber mills under Anaconda's control those at Bonner, Montana, have a capacity of about 100,000,000 board feet per year, and only part of the production of which is used by the company -- the other parts of such production are sold at wholesale and retail. The timber thus produced comes from company lands in Western Montana, which embraces about 625,000 acres. 45/

KENNECOTT GROUP

Kennecott Copper Corporation was incorporated in New York, in 1915, to engage in the business of mining, milling, concentrating, reducing, preparing for market, buying, selling and merchandising ores, metals and minerals. It acquired at that time all of the properties and assets of the Kennecott Mines Co. and the entire capital stock of the Beatson Copper Co., a Nevada corporation, which was dissolved October 4, 1915.

Kennecott Mines Co. properties were located about three miles from Kennecott, Alaska, at the terminus of the Copper River and Northwestern Railway. Beatson Mines owned Latouche Island, Prince William

44/ Record of TNEC Hearings, Part 25, p. 13099.

45/ Moody's, 1944, p. 2543.

Sound, Alaska. The corporation also acquired, and as of 1935 owned, 22 patented lode mining claims and 16 patented placer mining claims at Kennecott, Alaska, having an area of 2,434 acres, as well as numerous other mining properties in Alaska. 46/

The Corporation, as of 1938, also owned or controlled directly, or indirectly through controlled subsidiaries, two major groups of copper properties in the United States and large mines in Chile. The domestic properties include those grouped in Bingham District of Utah and the Nevada Consolidated holdings in Nevada, Arizona and New Mexico. The Chilean properties consist of Braden Copper holdings. Taken together, all of its properties have established this corporation as the largest producer of copper in this country and one of the two largest copper mining enterprises in the world. 47/ Production of domestic properties reached a total of 598,773,000 pounds and the Chilean output 318,170,000 pounds for 1937. Average annual production for domestic operations for the five-year period of 1933-1937 was about 290,000,000 pounds, while the output from the foreign division averaged about 235,000,000 pounds. 48/ Considerable quantities of gold and silver are recovered as by-products from its copper operations.

The principal acquisition of properties in the United States by Kennecott Copper Corp. has been accomplished through its acquisition or control over Utah Copper Co. (Note charts on pages 20, 21 and 22.) Utah Copper Co. was incorporated in New Jersey in 1904. Kennecott secured its first interests in that company in 1915, when shareholders approved a contract with Guggenheim Exploration Co. for acquisition of 405,504 shares of Utah stock in exchange for 606,756 shares of Kennecott Copper Corp. stock. Thereafter, Kennecott added to its holdings of Utah stock until by 1936 it owned 98.87 percent of the outstanding stock. On November 9, 1936, Kennecott merged Utah Copper Co. into Copper Corp. of Utah. 49/ Acquisitions of mining properties and other facilities theretofore acquired by Utah Copper Co. are outlined on a chart on page 21. They include properties of Nevada Consolidated Copper Co., Boston Consolidated Mining Co. and Shawmut Consolidated Copper Co. It is also shown that Nevada Consolidated Copper Co. had previously acquired the assets of Cumberland-Ely Copper Co., Steptoe Valley Smelting & Refining Co., Ray Consolidated Copper Co. and Chino Copper Co. 50/

Just as it through its 100 percent stock-controlled Braden Copper Co., which it acquired in 1915, has expanded its resources and productive facilities in South America, so has it expanded its control over copper mining resources and production facilities through its 100 percent owned Alaska Development & Mineral Co. which in turn owns 58.8 percent of the stock in the Dikdik Exploration Co., Ltd., and 26.4 percent of the capital stock of Mother Lode Coalition Mines Co. The latter was incorporated in Delaware in 1919. Its property approximates 1,500 acres adjoining Bonanza Mine of Kennecott Copper Corp. and Houghton of Alaska Group to the East, also adjoining Kennecott's Jumbo Mine in Copper River District, Alaska. 51/

46/ Poor's, 1935, p. 2688.

47/ Standard Corporation Records, Revised 5/3/38 and 9/17/38.

48/ Ibid.

49/ Moody's, 1944, p. 1672.

50/ Moody's, 1944, p. 1672 and Mines Register, 1937, p. 470.

51/ Mines Register, 1937, p. 611.

COPPER

Kennecott Group

KENNECOTT COPPER CORPORATION
(Inc. New York 1915)

Kennecott Mines Co.
(Acquired assets 1915)

Utah Copper Company
(Inc. New Jersey 1904; Kennecott secured the first interest in Utah Copper in 1917 when shareholders approved contract with Guggenheim Exploration Co. for aquisition of 434,504 shares Utah stock in exchange for 500,000 shares Kennecott Copper Corp. stock. Thereafter Kennecott added to its holdings of Utah stock until by 1929 it owned 98.2%, which on September 1, 1930 was merged into Copper Corp. of Utah.

Nevada Consolidated Copper Corp.
Organized 1903 to take over assets of Nevada Consolidated Copper Co. dissolved 1929

Kennecott Sales Corp.

Mining Products Corp.
(100% owned)

Alaska Development & Mineral Co.
(100% owned)

Mother Lode Coalition Mines Co.
Inc. Sep. 1919; 20.4% of stock acquired

Likdik Exploration Co., Ltd.
(86.6% owned)

Copper River & Northwestern Ry. Co.
(100% owned)

Ray & Jila Valley RR. Co.
(100% owned)

Nevada Northern Ry. Co.
(100% owned)

Beatson Copper Co.
(Acquired all capital stock 1915 and dissolved the corporation)

Copper Corp. of Utah
(Organized 1930 as 30% owned by Kennecott and thereupon acquired by merger 99% of Utah Copper Co.; on November 10, 1936, Kennecott acquired all assets of Copper Corp. of Utah.

Chase Brass & Copper Co., Inc.
(Inc. Tenn. 1901 as the Chase Company, Inc.; name changed to present title 1936; all stock acquired 1929 by Kennecott)

American Electrical Works
(Inc. R. I. 1882 succeeding to the business of Eugene F. Phillips Estate 1970; stock acquired 1935; name changed to Kennecott Wire & Cable Co. 1936)

Braden Copper Co.
Inc. Maine 1904; 1915 stock acquired; 100% owned

Santa Rita Stores Co.
(100% owned)

Alaska Steamship Co.
(100% owned)

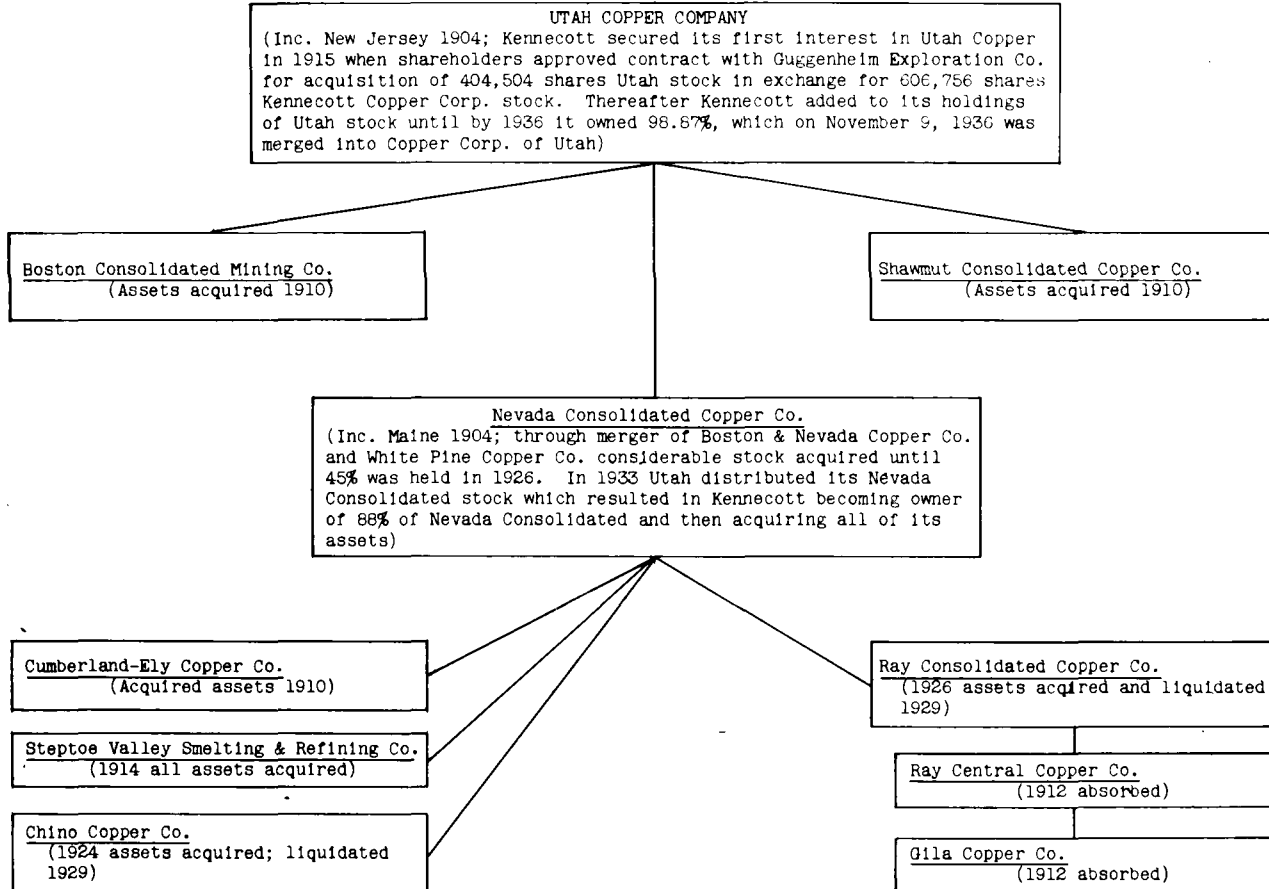
Technikan Wharf Co.
(100% owned)

Gallup American Coal Co.
(66-2/3% owned)

Gibson Stores Co.
(100% owned)

COPPER

Kennecott Group



founded not only on the parts played by members of the family of M. Guggenheim & Sons in the formation and organization of the Kennecott Mines properties in Alaska and the Braden Copper Co., in 1904, to develop a large copper deposit in Chile, but also upon the continuing part played by the Guggenheim brothers in the management and direction of the corporation. It is noted that as recently as 1934 Edmond A., Murry, and S. R. Guggenheim were members of the board of directors of the corporation. 57/ The family also maintain representation on the executive, finance and other committees of the corporation. Full and complete information concerning the exact amounts of stock held in the corporation by each member or representative of Guggenheim interests is not available. However, it is noted that as of February 26, 1938, S. R. Guggenheim as a holder of record of the common voting stock was listed as holding 127,929 shares. 58/ It is also noted that as of March 19, 1938, he also held as a holder of record 45,671 common voting shares of the Anaconda Copper Mining Co.; and the Commercial Trust Company of New Jersey, as trustee u/t/a of Morris Guggenheim, for Lucille G. Gimbel, June 28, 1917, as a holder of record, held 55,571 shares of the common voting stock of the Anaconda Copper Mining Co. 59/ Effective stock control of Kennecott and Anaconda rests with beneficial owners whose names were not divulged, even in reports made to the Securities & Exchange Commission.

Some of the mining property of the Guggenheim interests has been taken over by the Phelps Dodge Corporation, which began as a copper fabricator and later acquired interests in smelters and mines. The Phelps Dodge Corporation operates mines in Arizona. Some of its ore is treated in its own smelters; the Nichols Copper Co. and the American Smelting & Refining Co. have also refined the Phelps-Dodge copper. 60/ The board of directors of the latter for several years included in its membership several members of the Guggenheim family. 61/ Such membership on the board of directors followed a merger of M. Guggenheim & Sons with American Smelting & Refining Co. 62/ However, in more recent years, with particular reference to a period beginning in 1921, the Guggenheim interests became more directly identified in the sale of copper produced by Kennecott Copper Corp. than with the sale of copper produced, smelted or refined by American Smelting & Refining Co. In that connection, Guggenheim Brothers, a partnership dating back to 1890, consisting of Daniel, Murry, O. R. and Simon Guggenheim, John K. MacGowan and E. A. Chappelen Smith, 120 Broadway, New York, entered the business of selling on a commission basis, including the production of Kennecott Copper Corp., Chile Exploration Co., Braden Copper Co., Utah Copper Co., Ray Consolidated Co., Chino Copper Co. and Nevada Consolidated Copper Co. The Mother Lode Coalition Mines Co., whose copper had previously been sold through the sales efforts of American Smelting & Refining Co., switched the sale of its copper to Guggenheim Bros. on February 1, 1924. Information is not available upon which one may base an accurate appraisal of what, if any, effect such common selling agency in the hands of Guggenheim Bros. had in facilitating some of the acquisitions by Kennecott Copper Corp., as heretofore outlined.

57/ Peoria, 1935, p. 266b.

58/ TNEC Monographs, V. 10, No. 29, Distribution of Ownership, p. 1008.

59/ 1913, p. 700.

60/ Moody's, 1944, p. 1082.

61/ Moody's, 1904, p. 1200; 1906, p. 1661; and 1908, p. 2067.

62/ Quarterly Journal of Economics, Aug. 1927, pp. 707-709, and Moody's, 1906, p. 1661.

PHELPS DODGE GROUP

Phelps Dodge Corporation was incorporated in New York, in 1885, as Copper Queen Consolidated Mining Company; its name was changed to Phelps Dodge Corporation, in 1917, when it acquired interests of Phelps Dodge & Company, Inc., a holding company. While it is one of the three leading domestic producers of copper, it is also one of the principal fabricators of copper and brass products in the United States. Approximately 55 percent of its copper production is sold in the form of fabricated products produced by one of its subsidiary and affiliated companies. The company's fabrication division produces various types and sizes of copper wire and cable, bars, condenser tubes, brass, copper and bronze plate and fittings, heater and core tubes and sundry copper alloys. ^{63/} Its mining and smelting operations as of 1938 were concentrated at three active mines in Arizona. In addition, the company operated in Mexico and plans were under way to bring into production by about 1942 the important Clay ore body at Morenci, Arizona, at a cost of approximately \$28,700,000. ^{64/}

Phelps Dodge & Company was incorporated in New York, in 1908. Prior to 1917, it owned the entire capital stock of Copper Queen Consolidated Mining Co., Detroit Copper Mining Company of Arizona, Burro Mountain Copper Co., Stag Canyon Fuel Co., Moctezuma Copper Co., Bunker Hill Mines Co. and Phelps Dodge Mercantile Co. It was decided early in 1917 to unite all of these companies under a single company which should own and operate or control through stock ownership all of the properties. The stock of the Copper Queen Consolidated Mining Co. was therefore increased from \$2,000,000 to \$50,000,000 and the name changed to Phelps Dodge Corporation. Thereafter, the previously named operating companies transferred their properties to the Phelps Dodge Corp., together with the remaining assets of Phelps Dodge & Co., all for \$45,000,000 of its stock. Thus, all of the properties and other assets formerly owned by Phelps Dodge & Co. passed into the hands of Phelps Dodge Corp. and the prior company was dissolved on May 15, 1917, distributing in liquidation the \$45,000,000 stock of Phelps Dodge Corp. share for share to holders of the \$45,000,000 stock of the old company.

In 1921, Phelps Dodge Corp. acquired all the assets of Arizona Copper Co., Ltd., including the Arizona & Mexico R. R., and later sold the railroad properties to the El Paso & Southwestern System. These acquisitions included mining property and the 4,000-ton-per-day concentrator and modern smelter with a capacity of 5,000,000 pounds. Thereafter, in 1928, the corporation, with others, acquired an interest in Nichols Copper Co. and in connection therewith built a copper refinery at El Paso, Texas, in 1929. In 1930, the corporation acquired practically all of the outstanding shares of the Nichols Copper Co., and thereby secured control over its assets, properties and subsidiary corporations which are shown on the chart appearing on page 26. ^{65/}

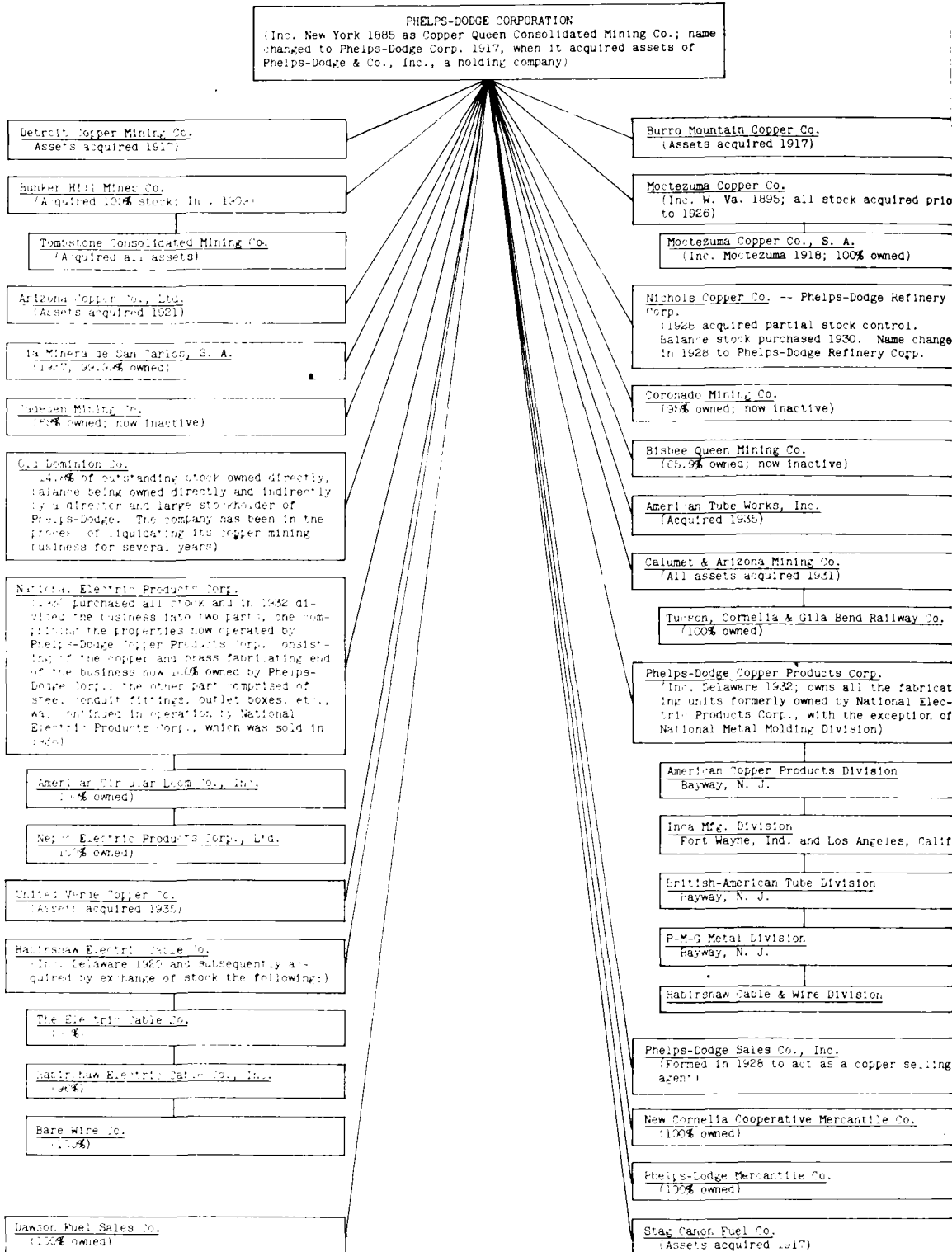
In 1930, the Corporation purchased all of the stock of the National Electric Products Corporation (manufacturer of copper, steel, rubber and textile products for electrical purposes) and thereafter, in 1932, divided the business of that concern into two parts, one comprising the properties now operated by Phelps Dodge Copper Corporation, consisting

^{63/} Standard Corporation Records, Revised, April 26, 1938, and Moody's, 1944, p. 2752.

^{64/} Standard Corporation Records, Revised, December 15, 1938.

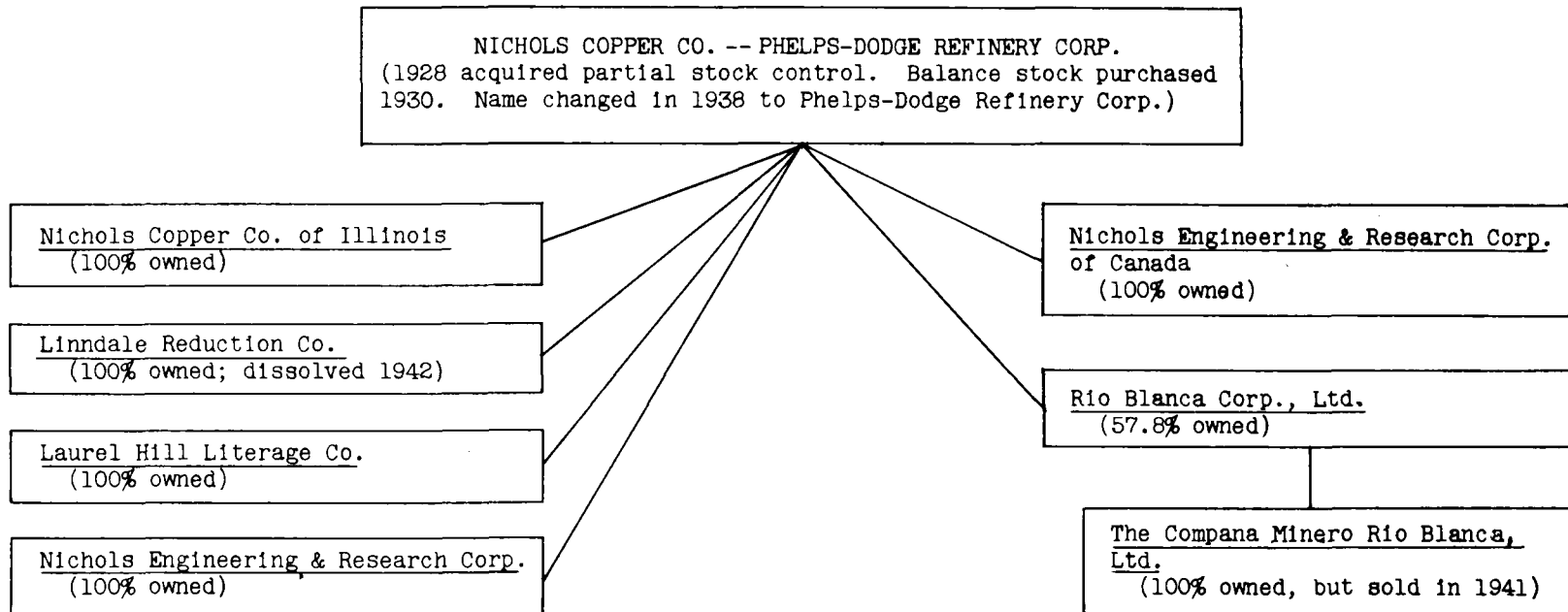
^{65/} Poor's Industrials, 1935, p. 2593.

Phelps - Dodge Group



COPPER

Phelps - Dodge Group



of the copper and brass fabricating end of the business now 100 percent owned by Phelps Dodge Corp.; the other part comprised of steel conduit, fittings, outlet boxes, etc., was continued in operation by National Electric Products Corp. 66/ The assets and corporation structure thus remaining as National Electric Products Corp. were sold to W. C. Robinson & Associates, February 18, 1935. 67/ The Phelps Dodge Copper Products Corp. thereafter became the principal instrumentality of Phelps Dodge Corp., through which it fabricated copper and brass items. It not only undertook the operation of the fabricating assets which had been acquired by Phelps Dodge Corporation from National Electric Products Corp., but also the assets which had previously been operated by Habirshaw Electric Cable Co., which had been incorporated in Delaware in 1920. Phelps Dodge Copper Corporation therefore, as a wholly-owned subsidiary of the Phelps Dodge Corp., operates the following divisions:

American Copper Products Division, Bay Way, New Jersey; Inca Manufacturing Division, Fort Wayne, Indiana, and Los Angeles, California; British-American Tube Division, Bay Way, New Jersey; P-M-G Metal Division, and Habirshaw Cable & Wire Division, 68/ American Tube Works, Inc., having been acquired in 1935.

The corporation acquired assets of Calumet & Arizona Mining Co. in October 1931, issuing in exchange therefor Phelps Dodge Corp. stock. Previously, the Phelps Dodge Sales Co., Inc., was formed in 1928 to act as a copper selling agency not only for Phelps Dodge Corp., but also for others including Calumet & Arizona Mining Co. and Old Dominion Co., but since the Calumet & Arizona Mining Co. was acquired in 1931 all copper sales have been handled by the Sales Department of the Phelps Dodge Corp. 69/ One of the principal subsequent acquisitions was that of the United Verde Copper Company, in which the corporation acquired a controlling interest in 1935 from the heirs of the late Senator W. A. Clark, who owned 94 percent of the outstanding shares. 70/ Cia. Minera de San Carlos, S.A., was formerly a subsidiary of United Verde Copper Co. and became a subsidiary of Phelps Dodge in 1935, when the United Verde Company control was acquired by Phelps Dodge, which later acquired additional shares and held 99.99 percent of those outstanding by mid 1937. The Cia. Minera holds its properties in Mexico under a 25-year lease from September 1928, which can be extended at the option of the company for another 20 years. The properties include about 445 acres in Chihuahua, Mexico, 54 miles by road from Presidio, Texas. 71/

Subsidiaries of the Corporation, consolidated and unconsolidated, included in reports filed with the registration statements, and subsequently with the Securities and Exchange Commission, reported as inactive subsidiaries, with the percentages of ownership, are:

Coronado Mining Company.....	95	percent
Cadenen Mining Company.....	68	percent
Bisbee Queen Mining Company.....	65.9	percent
Burro Mountain Copper Co.....	100	percent
Arizona Copper Co.....	100	percent
Rio Blanca.....	57.8	percent <u>72/</u>

66/ Moody's, 1944, p. 2752.

67/ Poor's Industrials, 1935, p. 2593.

68/ Moody's, 1944, p. 2752.

69/ Poor's Industrials, 1935, p. 2593.

70/ Ibid.

71/ Mines Register, 1937, p. 748.

72/ Papers filed with SEC May 23, 1936, pp. 3-8, Doc. 1-82-1. See also SEC File 2-3150-1

As of 1938, the copper mining properties directly and indirectly owned or controlled by the Phelps Dodge Corp. included 12,740 acres in the Warren Mining District, Bisbee, Arizona, known as the Copper Queen branch; 3,670 acres in Ajo Mining District, Pima County, Arizona, known as New Cornelia branch; 2,180 acres of patented mining claims and 4,000 acres unpatented claims in Verde Mining District at Jerome, Arizona, known as United Verde branch; 9,290 acres patented mining claims and other lands in Copper Mountain and Greenlee Gold Mining Districts, of Morenci, Arizona, known as Morenci branch; 3,100 acres in Moctezuma Mining District, Sonora, Mexico, known as Moctezuma Copper Company, Mexico branch. Production from those properties in 1937 exceeded 314,000,000 pounds and showed a growth in the corporation's total production from a low of 83,000,000 pounds in 1932. ^{73/}

Other miscellaneous companies which have been organized by the corporation include New Cornelia Mercantile Company and Dawson Sales Company. Little information is available concerning the degree to which those companies relate to the corporation's principal business of copper mining, smelting, refining and fabricating.

AMERICAN SMELTING & REFINING GROUP

American Smelting & Refining Co. as a producer of lead, copper and other nonferrous metals, is now primarily so because of its operations as a custom smelterer and refiner, although it continues to own and operate extensive mining properties. It was organized in April 1899 by consolidating into a single corporate ownership 17 smelters, 8 refineries and a number of mines and mining claims. ^{74/} The properties thus consolidated include:

- Omaha & Grant Smelting & Refining Co.
- San Juan Smelting & Refining Co.
- Consolidated Kansas City Smelting & Refining Co.
- Kansas City Smelting & Refining Co.
- Arkansas Valley Smelting Co.
- El Paso Smelting Co.
- Mexican Ore Company
- International Metal Co.
- United Smelting & Refining Co.
- National Smelting & Refining Co.
- Helena & Livingston Smelting & Red. Co.
- Montana Smelting Co.
- Colorado Smelting Co.
- Chicago & Aurora Smelting & Refining Co.
- Pennsylvania Lead Co.
- Pennsylvania Smelting Co.
- Globe Smelting & Refining Co.
- Pueblo Smelting & Refining Co.
- Germania Lead Works
- Abraham Hanauer, Partnership
- Ibex Manufacturing & Smelting Co.
- Bi-Metallic Smelting Co.

^{73/} Standard Corporation Records, Revised as of April 1938.

^{74/} Report to the Stockholders of American Smelting & Refining Co. as made by Stockholders' Committee of Investigation, May 10, 1922, p. 5.

The purchase price of the assets thus acquired amounted in the aggregate to \$27,400,000, and that amount of preferred capital stock of American Smelting & Refining Co. and a like amount of common stock was issued, making the total original capitalization of American Smelting & Refining Co. \$54,800,000. 75/

The promoters of the company intended and desired to include in the consolidation which provided the basis for the formation of the American Smelting & Refining Co. the plants and other assets of what promised would be one of its principal competitors, namely, M. Guggenheim & Sons, but since they were unwilling to come in under the terms then provided it was not until 1901 that they joined the company. That merger in 1901 was accomplished by transfer to the Smelting Company by M. Guggenheim & Sons of certain properties, quick assets and cash in consideration of the issue to them of \$45,200,000 par value of stock, half preferred and half common. 76/ The assets thus acquired included those previously owned by M. Guggenheim & Sons which, among others, included Philadelphia Smelting & Refining Co., a Colorado corporation, 100% owned; Guggenheim Smelting Co., a West Virginia corporation, 100% owned; Great National Mexican Smelting Company, a Colorado corporation, 100% owned, and Compania Huanchaca de Bolivia, owned lease and contracts. (For a listing of those companies, as well as subsequent acquisitions of assets and stock control of other companies, see the chart on page 32.) 77/

In 1905, American Smelting & Refining Co. organized a New Jersey corporation known as American Smelters Exploration Company, the name of which was later changed to that of the American Smelters Securities Company, for the purpose of taking over properties of Guggenheim Exploration Company, a New Jersey corporation, which had been formed in 1899. 78/ In what follows with reference to Guggenheim & Company, to the Smelters Exploration Company, and to the Securities Company, confusion will be avoided if it is understood that references to "Guggenheim Company" are to the Guggenheim Exploration Company as organized by the Guggenheim family in 1899, and references to "Smelters Exploration Company" are to American Smelters Exploration Company which was organized on March 30, 1905, to take over the properties of the Guggenheim Company, and references to the "Securities Company" are to American Smelters Securities Company. The latter resulted virtually as a reorganization of the Smelters Exploration Company with an increased capitalization for the acquisition of new properties. The reorganization of this latter company made possible the ultimate development of the American Smelting & Refining Co. into the large copper smelting company that it has been in later years. This reorganization of the American Smelters Exploration Company, with its name changed to the American Smelters Securities Company, was effected only about six weeks after the original organization on March 30, 1905. The assets and stock controls over those various companies which were involved in acquisitions by American Smelters Securities Company, including those acquired from Guggenheim Exploration Company, are listed in detail on the chart on page 32. It is noted that they include the following:

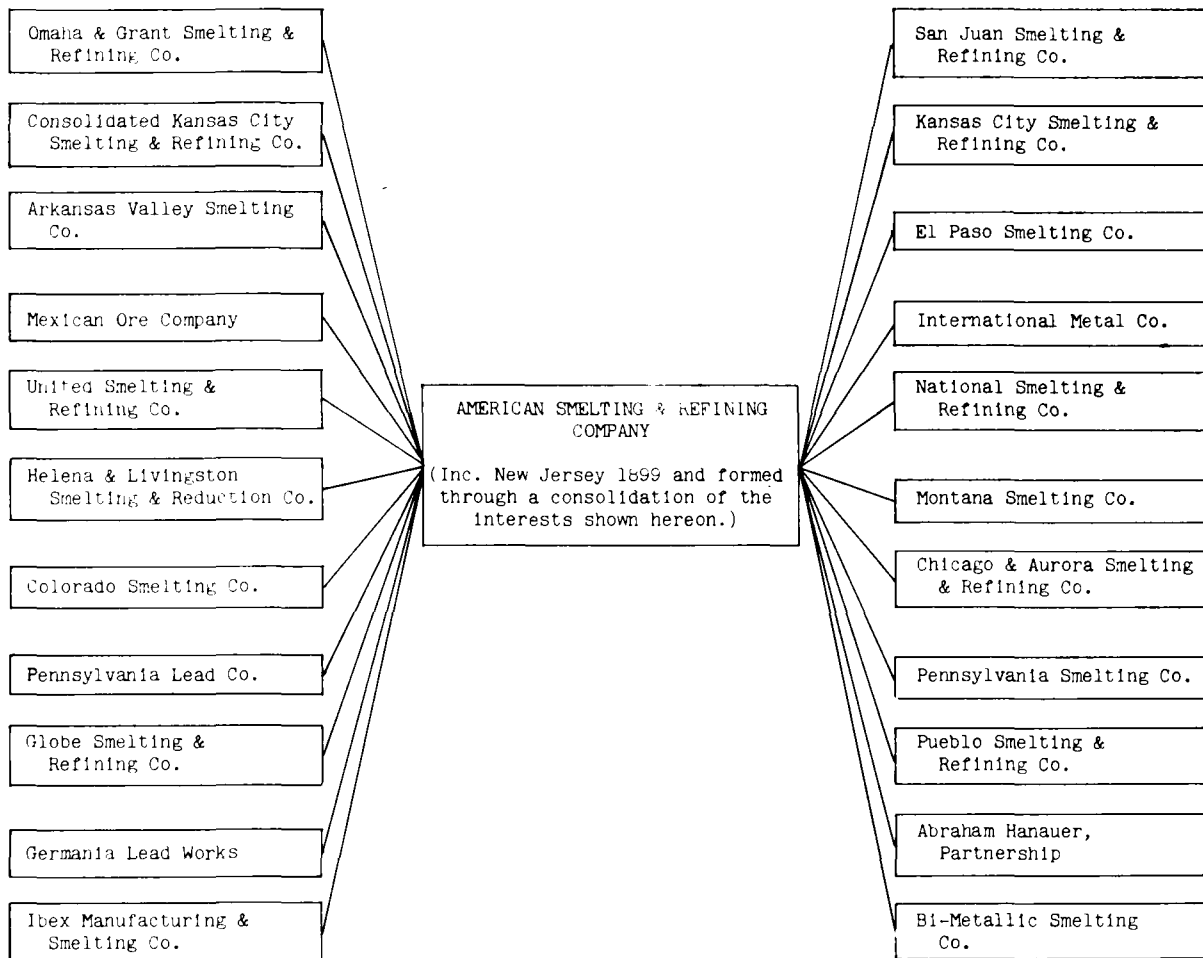
75/ Ibid.

76/ Ibid.

77/ Ibid.

78/ Ibid., p. 18

American Smelting Group

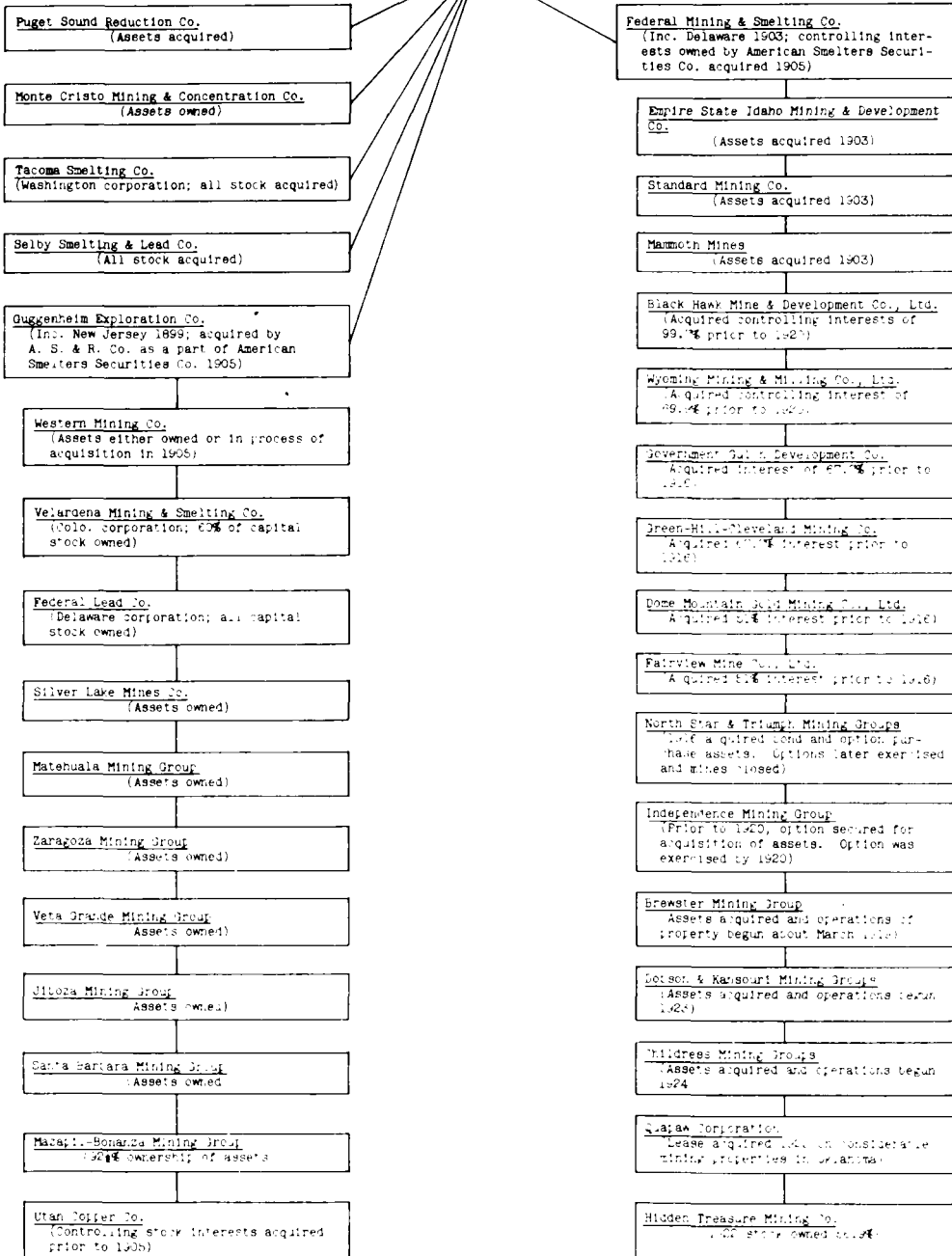


COPPER - LEAD

American Smelting Group

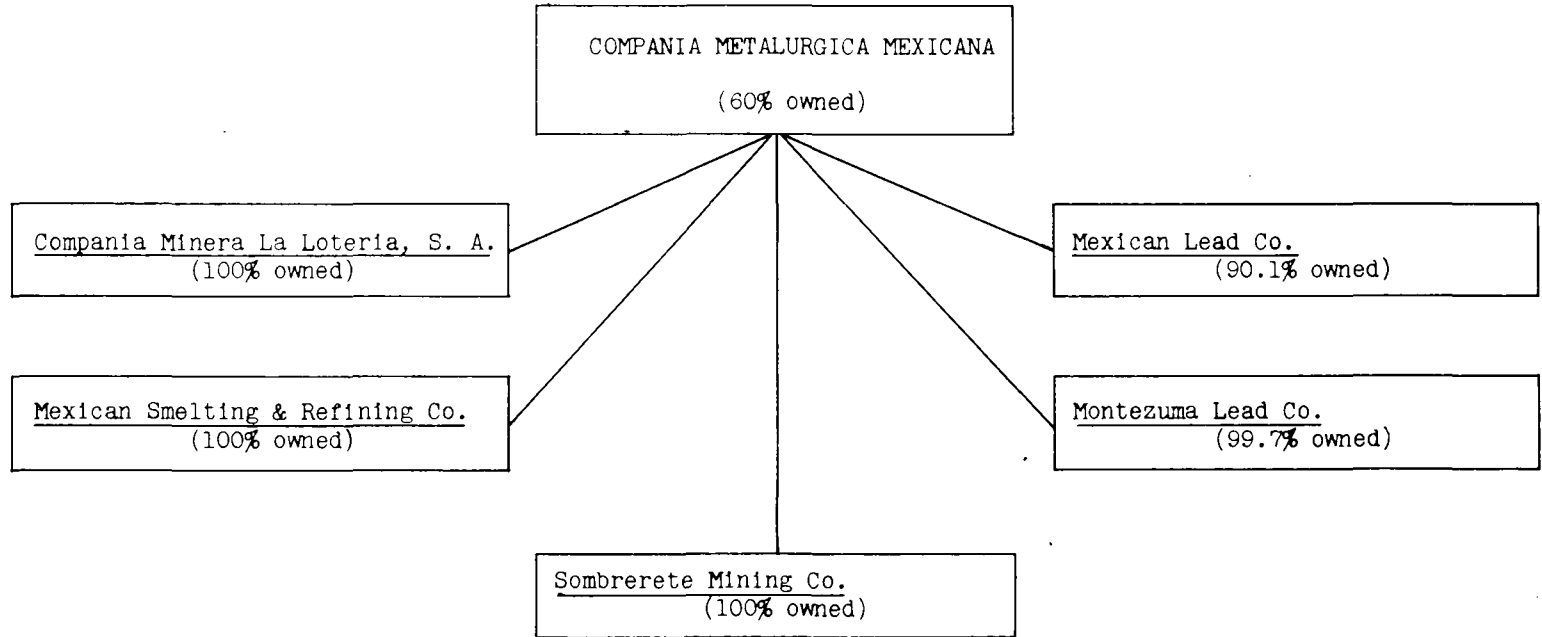
AMERICAN SMELTERS SECURITIES CO.

(Inc. in N. J. as American Smelters Exploration Co. in 1903, A. S. & R. Co. acquired controlling stock interests in 1905; dissolved in 1923, when assets were taken over)



COPPER - LEAD

American Smelting Group

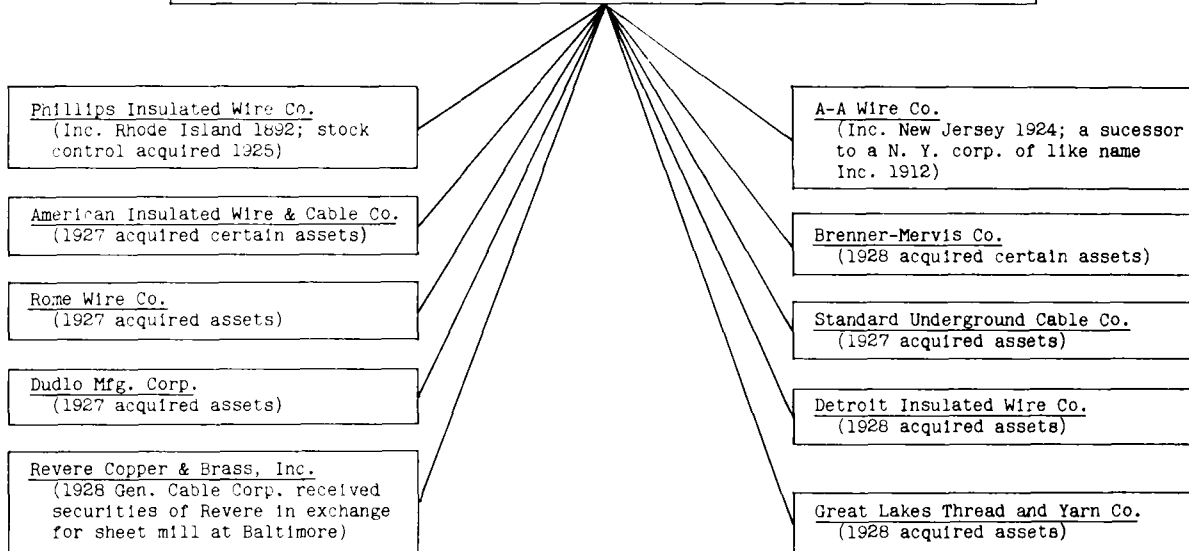


COPPER - LEAD

American Smelting Group

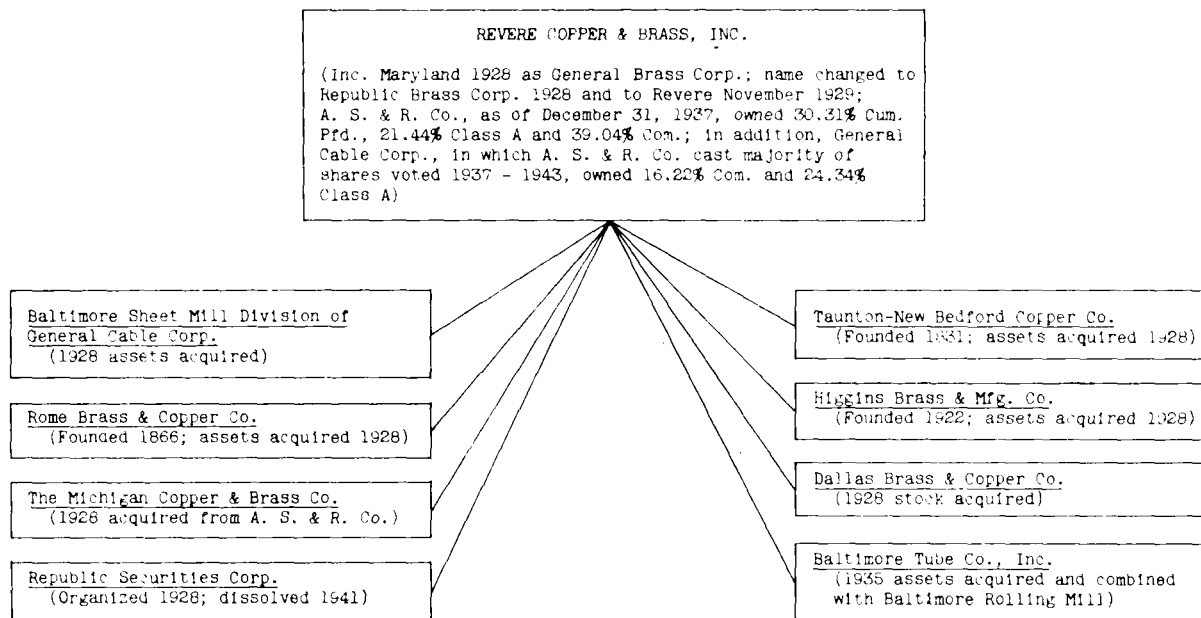
GENERAL CABLE CORPORATION

(Inc. New Jersey 1902 as the Safety Insulated Wire & Cable Co., a successor to Safety Insulated Wire & Cable Co., a New York Corp.; name was changed to Safety Cable Co. 1925 and to General Cable Corp. 1927; A. S. & R. Co. acquired a considerable volume of its bonds in 1927 in exchange for its Rod & Sheet Mills at Baltimore; as of January 1, 1944, A. S. & R. Co. owned directly and through Subs 33.78% of total voting stock and from 1937 to 1943, inclusive, such shares constituted a majority of all those voted at stockholders' meetings; half of the directors are directors of A. S. & R. Co.)



COPPER - LEAD

American Smelting Group



LEAD

National Lead Group

NATIONAL LEAD COMPANY
(Inc. 1891 New Jersey)

Cornell Lead Co.,
Buffalo, N. Y.
(Properties and stocks
acquired 1891)

The National Lead & Oil Co.,
New York, N. Y.
(Properties and stocks
acquired 1891)

Atlantic White Lead & Linseed
Oil Co., New York, N. Y.
(Properties and stocks
acquired in 1891)

Salem Lead Co. of Mass.

(Properties and stocks
acquired 1891)

The J. H. Morley Lead Co.,
Cleveland, Ohio.
(Properties and stocks
acquired 1891)

The Eckstein White Lead Co.,
Cincinnati, Ohio.
(Properties and stocks
acquired 1891)

Anchor White Lead Co.,
Cincinnati, Ohio.
(Properties and stocks
acquired 1891)

Maryland White Lead Co.,
Baltimore, Md.
(Properties and stocks
acquired 1891)

American White Lead Co.,
Louisville, Ky.
(Properties and stocks
acquired 1891)

Kentucky Lead & Oil Company,
Louisville, Ky.
(Properties and stocks
acquired 1891)

Southern White Lead Co.,
Chicago, Ill.
(Properties and stocks
acquired 1891)

D. B. Shipman White Lead
Works, Chicago, Ill.
(Properties and stocks
acquired 1891)

Southern White Lead Co.,
St. Louis, Mo.
(Properties and stocks
acquired 1891)

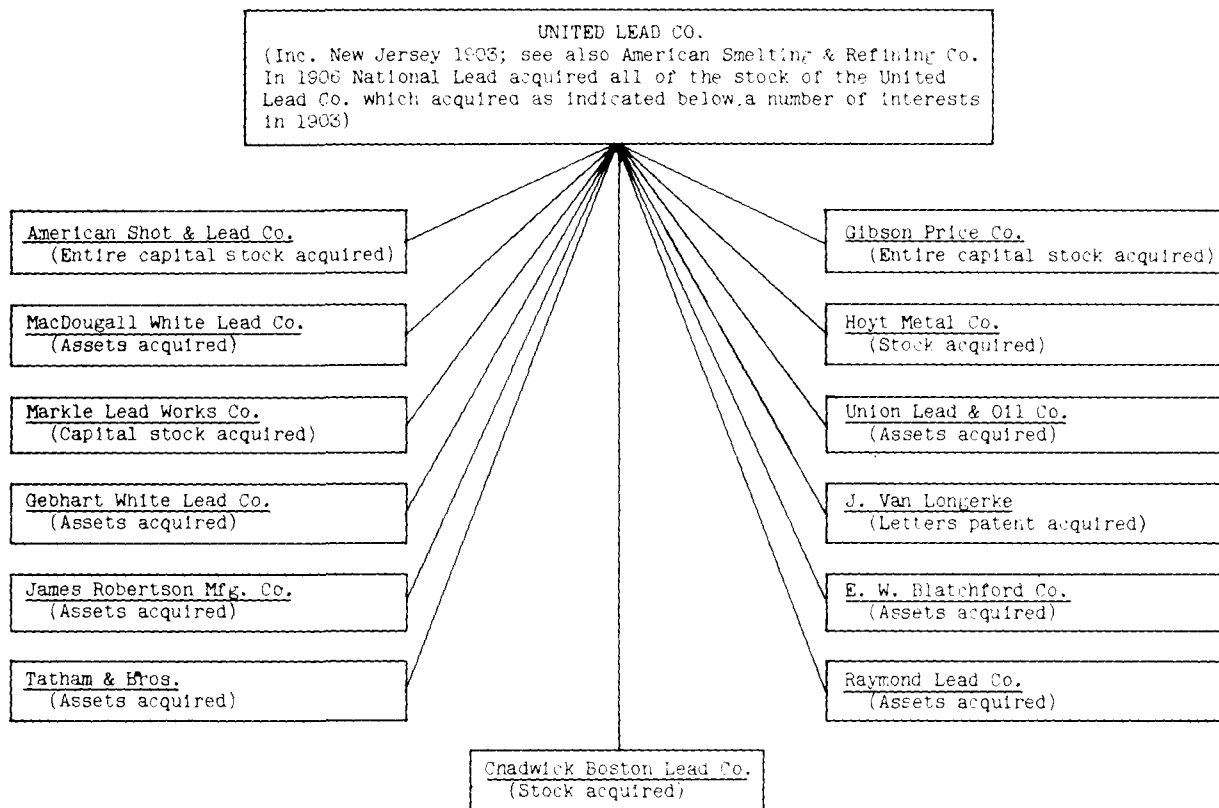
St. Louis Lead & Oil Co.,
St. Louis, Mo.
(Properties and stocks
acquired 1891)

Collier White Lead & Oil Co.,
St. Louis, Mo.
(Properties and stocks
acquired 1891)

Red Seal Castor Oil Co.,
St. Louis, Mo.
(Properties and stocks
acquired 1891)

LEAD

National Lead Group



National Lead Group

NATIONAL LEAD COMPANY

(Inc. 1891 New Jersey)

United Lead Co.
(Inc. N. J. 1903; stock acquired 1906)

Magnus Metal Co.
(All capital stock acquired 1907)
Chicago Metal Bearing Co.
(1926 acquired assets)

Matheson Lead Co.
(Acquired all stock 1912; plant was closed 1927)

Bass-Huerter Paint Co.
(All capital stock acquired 1916; now inactive)

Hirst & Begley Co.
(Assets acquired 1919)

Cinch Expansion Bolt & Engineering Co.
(51% of stock 1919)

Patino Mines & Enterprises Consolidated, Inc.
(1923 acquired stock interest in two companies owning ten mines in Bolivia and merged them in 1924)

Mueller Brass Foundry Co. of St. Louis
(1924 acquired all capital stock and in 1935 dissolved corporation and took over assets)

Titan Co. A/S of Norway
(1927 acquired 67% of stock)

Associated Lead Manufacturers, Ltd., of England
(1929 acquired 20% of capital stock)

Morris P. Kirk & Sons, Inc.
(1930 acquired all preferred and 60% of common stock)

Master Metals, Inc.
(1933 acquired 63% of stock)

MacIntyre Iron Co.
(1941 acquired Ilmenite Mining properties at Newcomb County, N. Y., for use in connection with the manufacture of titanium.)

Mine La Motte Corp.
(50% stock acquired, remaining 50% owned by St. Joseph Lead Co. which by agreement with National Lead has three of the five directors)

Carter White Lead Company
(All stock acquired 1906; assets acquired and corporation dissolved 1936 and plant closed down)

United States Cartridge Co.
(1909 purchased one-half capital stock. Purchased remaining half 1920 and acquired assets 1936)

River Smelting & Refining Co.
(Organized 1916)

National Lead Co., S.A., of Argentina
(100% owned 1917)

Williams Harvey & Co., Ltd.
(1919 acquired 32-1/3% of stock)

Titanium Pigment Co., Inc.
(1921 acquired 50% capital stock and in 1932 acquired the remaining 50% of stock and dissolved the corporation 1936)

National Pigments & Chemical Co. of St. Louis
(1923 acquired capital stock and 1930 acquired assets and dissolved corporation)

Metallurgical & Chemical Corp.
(1925 acquired all capital stock. Plant later closed)

Titan-Gesellschaft
(1927 National acquired a 40% interest in this German corporation; the remaining 60% was owned by I. G. Farben)

Midwest Cartridge Corporation
(1929 organized jointly with Shawinigan Products Corp.)

Evans-Walloway Lead Co.
(1930 acquired assets in the form of lead oxides plant at Charleston, W. Va.)

American Bearing Corp.
(1935 acquired majority of capital stock)

Magnesium Reduction Co.
(Formed 1942 to produce magnesium metal and magnesium alloys to perform a contract with DPC; all funds for the building of the plant provided by DPC)

John T. Lewis & Bros. Co., Pa.

Puget Sound Reduction Co. (Assets acquired)
 Monte Cristo Mining & Concentration Co. (Assets owned)
 Tacoma Smelting Co. (Washington corporation; all stock acquired)
 Selby Smelting & Lead Co. (All stock acquired)
 Guggenheim Exploration Co. (Incorporated in New Jersey 1899;
 acquired by A. S. & R. Co. as a part of American Smelters
 Securities Co. 1905)
 Western Mining Co. (Assets either owned or in process of
 acquisition in 1905)
 Velardena Mining & Smelting Co. (Colorado corporation; 60%
 of capital stock owned)
 Federal Lead Co. (Delaware corporation; all capital stock
 owned)
 Silver Lake Mines Co. (Assets owned)
 Matehuala Mining Group (Assets owned)
 Zaragoza Mining Group (Assets owned)
 Veta Grande Mining Group (Assets owned)
 Jiboza Mining Group (Assets owned)
 Santa Barbara Mining Group (Assets owned)
 Mazapil-Bonanza Mining Group (92½ ownership of assets)

Prior to the acquisition of the Guggenheim Company by the Smelters Securities Company, the Guggenheims individually had a large stock interest in the Utah Mine at Garfield, near Salt Lake City, at a cost of nearly \$5,000,000, to smelt the ores of the Utah Mine. The Guggenheim Company invested over \$1,500,000 in the Utah Mine shortly after the sale of the Guggenheim properties to Smelters Exploration Co. (Smelters Securities Co.). ^{79/} It has been reported that when American Smelting & Refining Co., in April 1905, acquired a majority of the common stock of the American Smelters Securities Co., the latter owned a controlling interest in not only the Federal Mining & Smelting Co., but also the Utah Copper Co. which operated the Utah Mine. ^{80/} However, that be as it may, the control of Utah Copper Co., as heretofore outlined in the course of the discussion of the KENNECOTT GROUP, passed from the Guggenheim Exploration Co. to Kennecott Copper Corp. Kennecott secured its first interests therein in 1915, and thereafter added to its holdings until, in 1936, it owned 98.87 percent of the outstanding stock thereof.

Federal Lead Company, a Delaware corporation, which was acquired by American Smelting & Refining Co. through its acquisition of the American Smelters Securities Co. and its subsidiary, Guggenheim Exploration Co., was sold and transferred by American Smelting & Refining Co. to the St. Joseph Lead Co. in 1923 under the terms of a contract whereby two-thirds of the total lead ore output of St. Joseph Lead Co. is to be treated by American Smelting & Refining Co. in its plants for a period of thirty years. ^{81/} The Federal Lead Company and its properties referred to, consisting of soft lead mines, etc. in Missouri, should not be confused with any of the properties of Federal Mining & Smelting Co., a Delaware corporation, incorporated in 1903. The control of the latter is reported to have been secured by American Smelting & Refining Co. in May 1905, through the acquisition of a majority of the common stock of American Smelters Securities Co., which in turn was said to own a controlling interest in the Federal Mining & Smelting Co. ^{82/}

^{79/} Ibid., p. 40.

^{80/} Moody's Manual, 1906, p. 1661.

^{81/} FTC File 1-7239-1, p. 2; Dkt. 2102-4-1, p. 2. (See also Moody's 1944.)

^{82/} Moody's, 1906, p. 1661.

Included among the properties, such as physical assets and stock interests in various companies, which were in 1905 owned or subsequently acquired by Federal Mining & Smelting Co. were the following: ^{83/}

Empire State Idaho Mining & Development Co. (Assets acquired 1903)
Standard Mining Co. (Assets acquired 1903)

Mammoth Mines (Assets acquired 1903)

Black Hawk Mine & Development Co., Ltd. (Acquired controlling interests of 99.7% prior to 1920)

Wyoming Mining & Milling Co., Ltd. (Acquired controlling interest of 89.9% prior to 1920)

Government Gulch Development Co. (Acquired interest of 67.7% prior to 1916)

Green-Hill-Cleveland Mining Co., Ltd. (Acquired 67.7% interest prior to 1916)

Dome Mountain Gold Mining Co., Ltd. (Acquired 51% interest prior to 1916)

Fairview Mine Co., Ltd. (Acquired 51% interest prior to 1916)

North Star & Triumph Mining Groups (1916 acquired bond and option to purchase assets. Options later exercised and mines closed)

Independence Mining Group (Prior to 1920, option secured for acquisition of assets. Option was exercised by 1920)

Brewster Mining Group (Assets acquired and operations of property begun about March 1919)

Dobson & Kansouri Mining Groups (Assets acquired and operations begun 1923)

Childress Mining Groups (Assets acquired and operations begun 1924)

Quapaw Corporation (Lease acquired 1925 on considerable mining properties in Oklahoma)

Hidden Treasure Mining Co. (1922 stock owned 56.9%)

The plan for the organization of the Federal Mining & Smelting Co. was originated by a Mr. Charles Sweeny, a large miner in the Coeur d'Alene District in Idaho, who interested Mr. John D. Rockefeller who in turn interested Mr. George Gould, and these three, with others, effected the organization. ^{84/}

The American Smelting & Refining Co. desired a supply of silver-lead (galena) ore from the mines of the Coeur d'Alene District in Idaho for the operation of its smelters in Colorado. It was valuable for admixture as a flux with the silver- and gold-bearing ores from the Colorado Mines, because the latter contained little or no lead which in the process of smelting acts as a collector of silver and gold. It was also of great intrinsic value, and the Smelting Company's successful efforts in procuring it resulted in a wide and very profitable extension of the company's lead smelting business. The latter is reflected in the great quantities purchased, even before the Federal Company was acquired by the American Smelting & Refining Co. The purchases were made pursuant to the terms of a contract for the entire ore production of the Federal Company for a period of six years to expire 1909. ^{85/} Not even the total output of the Federal Company thus contracted for was sufficient to meet the Smelting Company's desires. It made large additional purchases from other Coeur d'Alene Mines, such

^{83/} Ibid., 1920, p. 2553; 1933, p. 584; and 1944, p. 1603, and Record of TNEC Hearings, Part 25, p. 13388.

^{84/} Report to the Stockholders of American Smelting & Refining Co. as made by the Stockholders' Committee of Investigation, 5/10/22, p. 9.

^{85/} Ibid., pp. 8-10.

as Hercules, besides contracting in 1905 for the total production of the Bunker Hill & Sullivan Company for a period of 25 years. The latter was the largest and most important Coeur d'Alene producer after the Federal Company. 86/

In connection with the making of the contract for the total production of the Bunker Hill & Sullivan Company, the Smelting Company purchased the Tacoma Plant at Tacoma, Washington, a lead and copper smelter and copper refinery of which the Bunker Hill Company was the largest owner. It also purchased the Selby Plant near San Francisco, a lead smelter, lead, gold and silver refinery and manufactory of lead products to which the Bunker Hill Company supplied ores under contract. 87/

The Federal Mining & Smelting Company began operations as a mining company, for after having sold its entire ore production for six years, as above outlined, it had none left which it might itself smelt or refine. 88/ The 6-year contract which had thus been entered into by the Federal was superseded in 1905 by a new contract whereby it agreed to sell the American Smelting & Refining Co. its total production for 25 years, ending in 1930. 89/ Although the Federal Company thereafter expanded its capitalization, the American Smelting & Refining Co. in 1905, and thereafter, continued to purchase a stock interest in that company sufficient to retain its majority or stock-controlling interest.

In addition to the acquisitions of assets and stocks of other companies acquired by American Smelting & Refining Co., as have already been discussed, prior to 1905 it also acquired a controlling stock interest in the United States Zinc Co., 90/ in Baltimore Copper Smelting & Rolling Company in 1911; and in numerous other instances, as is indicated by the charts, pages 31 to 36, inclusive. 91/ Many of the mining interests thus acquired, as indicated by the names shown on the charts, are located in Mexico and in South America.

In referring to the charts, the listing there of the United Lead Company should also be noted. It was formed in 1903 as a New Jersey corporation through a consolidation of 13 independent producers of lead and lead products, many of which were concerned with fabricating and in manufacturing white lead and other lead products. The organization of the United Lead Company was promoted by Grant Hugh Browne, who was said to have been associated with Thomas F. Ryan in that organization. Thomas F. Ryan, had heavily invested in the Union Lead & Oil Company which was one of the companies absorbed in the formation of the United Lead Company. After the United Lead Company was incorporated under the laws of New Jersey, in 1903, the American Smelting & Refining Co. purchased a substantial number of shares of its voting stock in addition to the interests held therein by Daniel Guggenheim (one of the principal owners and directors of American Smelting & Refining Co.), who also associated with Browne & Ryan in the formation of the United Lead Company. It was reported, in 1904, that the American Smelting & Refining Co. was closely allied with the interests which controlled the United Lead Company. 92/ It was also reported that a movement was on foot in December 1902 to consolidate not only the Union Lead & Oil Co. properties with the other properties which were absorbed into the corporation

86/ *Ibid.*, p. 8.

87/ *Ibid.*, p. 8.

88/ *Ibid.*, p. 12.

89/ *Ibid.*, p. 12.

90/ Moody's, 1906.

91/ Moody's, 1944.

92/ Moody's, (Report on American Smelting & Refining Co.), 1904 Edition, p. 1260.

known as the United Lead Company, but to also include in such consolidation all of the properties of the National Lead Company and the American Linseed Company. 93/ It appears that probably some progress was made in the negotiations toward that end because it was also reported that the American Smelting & Refining Co. had become closely allied with the interests which controlled the American Linseed Company, known as the Linseed Oil Trust, the National Lead Company, known as the Lead Trust, and the United Lead Company, as formed in 1903, and that all of those combines were operating in harmony. 94/ It is apparent that the interests of these lead producers and fabricators in the linseed industry arose from the fact that linseed oil when mixed with white lead produces white lead paint. The American Linseed Company by that time, that is, 1903, had absorbed not only the National Linseed Oil Company, with all of its numerous assets and stock controls over producing units, but continued its acquisitions until the properties it controlled represented about 85 percent of the linseed oil production in the United States. 95/ For a list of the many properties thus absorbed into the American Linseed Company combine, see Moody's Manual for 1904, p. 1262.

The stock interests which had been acquired by the American Smelting & Refining Co. in the United Lead Co. were transferred to the National Lead Company through the period of 1906-1908. However, during that period of time several members of the board of directors of the American Smelting & Refining Co. were also members of the board of directors of the National Lead Co., including Daniel Guggenheim.

The National Lead Company, as is shown by charts, pages 37 to 39, inclusive, was formed in 1891 as a New Jersey corporation to take over the properties and stocks of 17 companies which had theretofore formed the National Lead Trust. 96/ Many of those companies, which were thus absorbed into the National Lead Company's structure, were fabricators of lead products including white lead for manufacture of white lead paint. Through those and subsequent acquisitions the National Lead Company has attained the foremost position in the white lead industry, with its production far outstripping the production of all other producers put together. Statistics prepared by the Lead Industries Association show that the production of white lead by the National Lead Company and the Eagle-Picher Lead Company accounts for approximately two-thirds of all the white lead produced in the United States. 97/

As of January 1, 1944, American Smelting & Refining Co. and a subsidiary controlled 38.78 percent of the voting stock of General Cable Corporation which was incorporated in New Jersey in 1902 as the Safety Insulated Wire & Cable Co., a successor to Safety Insulated Wire & Cable Co., a New York corporation, the name of which was changed to Safety Cable Co. in 1925, and to General Cable Corporation in 1927. 98/ General Cable Corp. is engaged as a fabricator and manufacturer of electric wire and other copper products. American Smelting & Refining Co. acquired a considerable volume of the bonds of the General Cable Corp. outstanding in 1927, in exchange for the Rod and Sheet Mills of the American Smelting & Refining Co. at Baltimore. Thereafter, it also

93/ Ibid., (Report on National Lead Company), 1904 Edition, p. 1260.

94/ Ibid., (Report on American Smelting & Refining Co.), 1904 Edition, p. 1260.

95/ Ibid., Industrials, 1904, p. 1262.

96/ Ibid., (Report on National Lead Company), 1900 Edition, p. 427 and 1904 Edition, p. 1262.

97/ FTC Docket 5253.

98/ Moody's 1944, p. 2661; also, p. 540.

acquired stock in the General Cable Corp. However, the General Cable Corp. disclaims that the American Smelting & Refining Co. holds effective control; but it may be noted that as of December 31, 1943, the latter owned directly or through a wholly-owned subsidiary 28,740 shares, or 19.16%, of the General Cable Corporation's outstanding 7% Preferred, 148,908 shares, or 48.55%, of the outstanding Class A stock, and 260,042 shares, or 38.70% of the company's outstanding Common, constituting in the aggregate 38.78 percent of the total voting stock, and that at the company's annual meetings of stockholders in 1937 to 1943, inclusive, a majority of the shares voted were shares owned directly or indirectly by American Smelting & Refining Co. Of the 14 directors of the Company as of December 31, 1943, one was a director of American Smelting & Refining Co. and six were both directors and officers of that company. 99/

The General Cable Corp. thus under the control of American Smelting & Refining Co. is a large and important fabricator. It and the companies to whose business it succeeded, namely, the Safety Insulated Wire & Cable Co. and Safety Cable Co., acquired the businesses of the following: 100/

Phillips Insulated Wire Co. (Inc. Rhode Island 1892; stock control acquired 1925)

A-A Wire Co. (Inc. New Jersey 1924; a successor to a New York corporation of like name, incorporated in 1912)

American Insulated Wire & Cable Co. (1927 acquired certain assets)

Brenner-Mervis Co. (1927 -- acquired certain assets)

Rome Wire Co. (1927 -- acquired assets)

Standard Underground Cable Co. (1927 acquired assets)

Dudlo Mfg. Corp. (1927 acquired assets)

Detroit Insulated Wire Co. (1928 acquired assets)

Great Lakes Thread and Yarn Co. (1928 acquired assets)

Revere Copper & Brass, Inc. (1928 General Cable Corp. received securities of Revere in exchange for sheet mill at Baltimore)

As is shown by the charts, pages 31 to 36, inclusive, American Smelting & Refining Co. also acquired more than 90 percent of the stock in 1928 in the Michigan Brass & Copper Co., which in turn, with a number of companies, sold their assets to the Republic Brass Corp. which name was later changed to Revere Copper & Brass Inc.

Revere Copper & Brass, Inc., was incorporated in Maryland, in 1928, under the name General Brass Corporation. The name was changed in 1929. It is a fabricator of copper and brass products. American Smelting & Refining Co., as of December 31, 1937, owned 30.31 percent of its Cumulative Preferred, 21.44 percent of its Class A, and 39.04 percent of its Common stock, and in addition General Cable Corp., in which American Smelting & Refining Co. cast a majority of shares voted during the years 1937-1943, inclusive, owned 16.22 percent of Revere's Common and 24.34 percent of Revere's Class A stock. 101/

Revere Copper & Brass, Inc., since the date of its formation in 1928 has acquired the following: 102/

99/ Ibid., p. 2661.

100/ Ibid., p. 2661; Poor's, 1911, p. 1262; and Poor's, 1926, pp. 2628 and 2630.

101/ Record of TNEC Hearings, Jan. 1940, Part 25, p. 13366 footnote 5.

102/ Moody's, 1944, pp. 540 and 2661.

Baltimore Sheet Mill Division of General Cable Corp.

(1928 assets acquired)

Taunton-New Bedford Copper Co. (Founded 1831; assets acquired 1928)

Rome Brass & Copper Co. (Founded 1866; assets acquired 1928)

Higgins Brass & Mfg. Co. (Founded 1922; assets acquired 1928)

The Michigan Copper & Brass Co. (1928 acquired from American Smelting & Refining Co.)

Dallas Brass & Copper Co. (1928 stock acquired)

Republic Securities Corp. (Organized 1928; dissolved 1941)

Baltimore Tube Co., Inc. (1935 assets acquired and combined with Baltimore Rolling Mill)

In addition to the vast copper and brass fabricating facilities of the General Cable Corp., Revere Copper & Brass, Inc., and Michigan Brass & Copper Co., over which control has been secured by American Smelting & Refining Co., as heretofore outlined, it also has secured 56.1 percent of the capital stock of Garfield Chemical & Manufacturing Co. 103/

From what has been presented in the way of information concerning acquisitions of assets and stocks by the American Smelting & Refining Co. in not only the copper but also the lead industry, it would appear that the recent history has more than made an understatement of what was said by Mr. S. R. Guggenheim in his speech, in 1921, to the stockholders of American Smelting & Refining Co., when he stated that the 1905 conveyance of the Guggenheim Company to the American Smelting & Refining Co. as a part of the deal which involved the American Smelters Securities Company, in 1905, "launched the Smelting Company for the first time in a large way in the copper industry."104/ That is true because subsequent acquisitions of assets and stocks, as well as contractual control over the production, of what previously had been numerous independent competing concerns have established American Smelting & Refining Co. as the dominant seller of lead in the United States and one of the principal sellers of copper and other nonferrous metals.

ST. JOSEPH GROUP

St. Joseph Lead Co. was incorporated in New York, in 1864. The company owns directly the mineral rights of more than 6,000 acres of good lead-bearing lands, of which more than 4,000 acres are in the Flat River-Leadwood District, and more than 2,000 acres in the Bonne Terre, Missouri, District. 105/ Through ownership of the properties it originally owned, as well as those acquired since its formation, it is one of the foremost producers of lead in the United States. For a list of the properties it has acquired since its formation, see chart on page 46. Through ownership of the properties acquired from Doe Run Lead Co. it also owns mineral rights on more than 7,000 acres in the Flat River-Leadwood and Doe Run Districts, Missouri. It owns and operates in St. Francois County, Missouri, three concentration mills having a daily capacity of 6,000 tons. At Herculaneum it operates a smelter with a capacity of more than 120,000 tons of pig lead annually. 106/

103/ Record of TNEC Hearings, Jan. 1940, Part 25, p. 13367.

104/ Report to the Stockholders of American Smelting & Refining Co., as made by Stockholders' Committee of Investigation, 5/10/22, p. 29.

105/ Moody's, 1920, p. 1522.

106/ Ibid., 1920, pp. 1532 and 1933.

LEAD

St. Joseph Group

ST. JOSEPH LEAD CO.
(Inc. New York 1864)

Doe Run Lead Co.
(1914 acquired 94.6% stock)

Federal Lead Co.
(1923 purchased Missouri properties of the Federal, a subsidiary of American Smelting & Refining Co.)

Batmat Zinc Mine
(1926 purchased option on this mine)

New York Zinc Co.
(1926 purchased assets)

Deslogo Consolidated Lead Co.
(1929 purchased assets)

Mine La Motte Corp.
(50% capital stock owned; remaining 50% owned by National Lead Co., which, by agreement, consents that St. Joseph may elect three directors and National Lead two)

It also owns practically all of the outstanding stock of the Bonne Terre Farming & Cattle Co. The latter owns in fee simple the surface rights of about 35,000 acres of land in St. Francois, Jefferson and Washington Counties, Missouri, the mineral rights of which are owned by St. Joseph Lead Co. 107/

In addition to the properties already referred to, St. Joseph Lead Co. in 1926 purchased property in St. Lawrence County, New York, which had been owned by the New York Zinc Co. and an option on the undeveloped Balmat Zinc Mine for \$1,500,000; and in 1929 it purchased the Missouri properties of the Deslogo Consolidated Lead Co. for \$10,000,000. The company also owns 50 percent of capital stock of Mine La Motte Corp., the remaining 50% being owned by the National Lead Company. By mutual consent St. Joseph Lead Company is represented on the directorate by three members and the National Lead Company by two. Mine La Motte Corp. owns lead mines and a thousand-ton concentration mill in Missouri. 108/

BUNKER HILL GROUP

Bunker Hill & Sullivan Mining & Concentrating Co. was incorporated in Delaware, in 1924, as a successor to an Oregon corporation of the same name which was incorporated in 1885. The company produces principally lead, also zinc, silver and other nonferrous metals. Its properties include about 3,000 acres located at Kellogg, Idaho. It has a modern lead-silver smelting plant in which is treated the company's own ores, as well as custom ores from local and outside sources. 109/

As of December 31, 1941, the Company owned 100 percent interest in Wood River District, Idaho, Mines and Ajax Mines, Lalande District, Burke, Idaho. It also owned a 75 percent interest in the McNally Group Mines, Orient District, Washington. In addition, it owned 50 percent stock interest in Sullivan Mining Company (the other 50 percent interest was owned by Heckla Mining Company), 96.07 percent stock interest in North American Mining & Smelting Co., and a 92 percent stock interest in Northwest Lead Co., Seattle, Washington. During that year, it also disposed of its 32.5 percent interest in the Treadwell Yukon Corp., Ltd. 110/

There is little information available concerning the time, manner or significance of the acquisitions of these various interests as made by the Bunker Hill Company. However, it is repeated that if the provisions of the pending S. 615 and H. R. 2357 had been law, the Bunker Hill Company would have been required to have informed the Federal Trade Commission concerning the acquisitions it has made before they were consummated.

CONCLUSION

What part of the copper and lead industries remains independent? What exists in the industries over which the above mentioned combines have not acquired some measure of control or influence as the above outlined consolidations, mergers and acquisitions progressed and were consummated?

107/ Ibid., 1920, p. 1532.

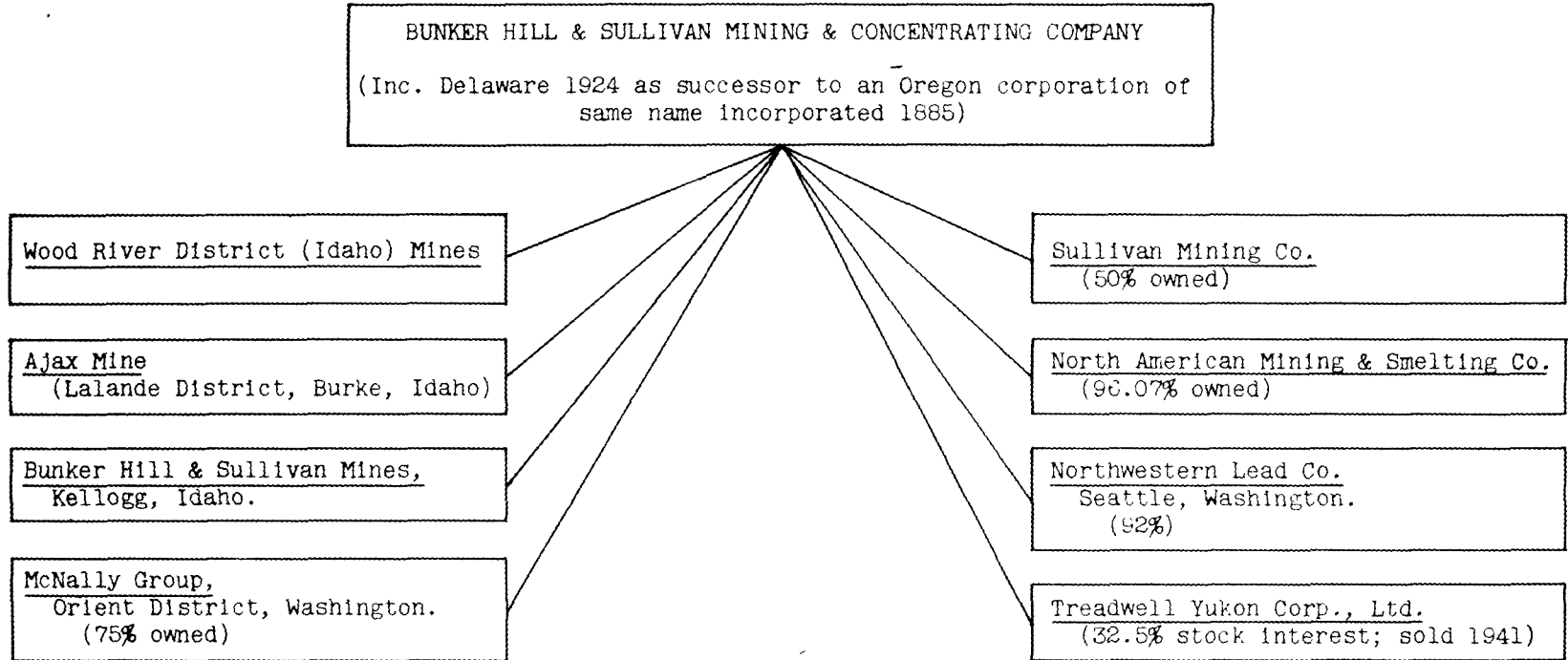
108/ Ibid., 1944.

109/ Ibid., p. 740.

110/ Ibid., p. 740.

LEAD

Bunker Hill Group



Graph, page 4, shows that as of 1937 approximately 80 percent of the copper production in the United States was concentrated in three companies -- Anaconda, Kennecott and Phelps Dodge. Graph, page 6, shows that as of 1941 almost 90 percent of lead sold in the United States was accounted for by the sales of four companies, namely, American Smelting, St. Joseph, Bunker Hill and Anaconda (International Smelting & Refining).

Concentration, as has been outlined, did not stop with the production of raw copper and lead but was enhanced through acquisition of assets and stocks all the way through to the end point, namely, fabrication of copper and lead into finished products. According to the Wall Street Journal of November 29, 1928, the complete integration of the copper industry was then well on the way to completion. An article appearing therein on that subject stated:

"The moves under way, which it is fairly certain will be carried ultimately to fruition, will divide the copper and brass fabricating into three major units. Anaconda will control roughly 42% of the brass capacity of the country and over 40% of the wire capacity, through American Brass and the Great Falls wire and rod mill. Calling General Cable and the consolidation of brass and sheet companies American Smelting affiliations, American Smelting will control about 25% of the wire and around 20% of the brass capacity of the country, and Phelps-Dodge and its affiliated companies will probably control 18% to 20% of the wire and 8% of the brass capacity.

INTERNATIONAL STATISTICS NEXT

"With formation of these new fabricating subsidiary or affiliated corporations, integration of the copper industry of the United States, after consummation of the merger of southwest copper mining companies will be about completed.

"Formation of these fabricating subsidiaries will help greatly in giving the copper producing companies the link with ultimate consumption that they need for keeping production and consumption in touch with one another, and is most promising as to the producers being able ultimately to stabilize the copper industry of the world through balancing production with consumption."

It is noted that those figures do not include the portion of the industry held by Kennecott nor some portions acquired by Anaconda's subsidiaries, American Brass Co. and Anaconda Wire & Cable Co., nor some parts acquired by American Smelting & Refining Co. through its subsidiaries General Cable Corp. and Revere Copper & Brass, Inc., nor the parts acquired by Phelps Dodge and its subsidiaries, since 1928. Therefore, it appears that Mr. Kelley, president of Anaconda, was quite conservative when he testified in 1940 on that point, as follows:

"MR. SCOLL. Perhaps I shouldn't ask you this question, but do you have any idea how much of the fabricating capacity of the United States is owned by producing companies?

"MR. KELLEY. I should say approximately 75 percent of the primary fabricating capacity." lll/

Has the very fact that so many independents have been absorbed into so few combines of economic power and control made it easier for such combines to cooperate for their common good, whether or not the same coincided with the public good? Writers of economic literature in analytical articles on the copper industry appear to think so. ^{112/} What is considered to be to the best interests and the common good of these large companies? A director of one large company (whose acquisitions have been discussed herein) in speaking of copper, stated:

"Now, our interest lies in maintaining a price level as high as we can and still sell at it." ^{113/}

Information at hand is to the effect that the opportunity to cooperate (that fewness in numbers affords) has been grasped by the small number of combines that now, for the most part, constitute the copper industry in the United States.

The New York Journal of Commerce of September 19, 1928, carried an editorial entitled "The Price of Copper," from which the following paragraphs are quoted:

"That the latest rise in the copper price was the result of price fixing on the part of both trade associations is evident for several reasons. In the first place there was much opposition among several producers toward this rise. However, the majority members of these copper trade associations won, the majority being determined by the amount of copper controlled. Following this decision of the trade associations those opposed to the advance fell into line. Today all producers are quoting the new price of 15¢ per pound.

"Were not some organized body of producing companies behind this movement price movements would be irregular, a rise of 1/8¢ per pound here and there taking place, with no clean-cut advance of 1/4¢ in a day such as took place last Saturday. For instance, some producers might be selling at 15¢, while others were at 14-3/4¢ or 14-7/8¢. Moreover, were it not for this price-fixing agreement of the copper producers those who were opposed to the recent rise would still be selling at the old price.

"In fact it has been the open hostility among producers themselves which has most betrayed the price-setting machine in copper. One of the leading producers in favor of the rise and whose influence brought about the action of Saturday has a three-fold interest in higher copper prices: First, to realize higher returns on refined metal sold as such; second, to get better quotations on the copper and brass fabricated products of its subsidiary company; third to increase the price of its shares on the New York Exchange, in which it is said to be more interested than is the average company in its stock value."

Who would deny that a situation as thus described, as well as other agreements of which we are better informed, have been facilitated as a result of the wholesale liquidation and elimination of independent concerns through acquisitions of assets and stocks by the present large combines as heretofore outlined? Who would deny that the purposes, effects and results of such acquisitions have been essentially the same as the agreements effected by the leaders of such combines as the

^{112/} Walters, Adelaide, Southern Economic Journal, Oct. 1944, p. 139; Notman, Arthur, Record of Hearings before TNEC, Jan. 1940, Part 25, p. 13548.

^{113/} Record of Hearings before TNEC, Jan. 1940, Part 25, p. 13268.

Anaconda Group, Kennecott Group, and so forth? One of the principal acquisitions by the American Smelting & Refining Co. admittedly took place in large part to effect "the removal of the principal competitor of the Smelting Company." 114/ For the purpose of refreshing the minds of the members of the Committee, further reference is here made to some of the agreements among the leaders of such combines, the admitted purpose of which have been to curtail competition and the effects thereof.

In November 1930, the membership of the Copper Institute, comprised for the most part of the large combines and their subsidiaries, effected an agreement to curtail production. A report concerning that agreement as made by a special agent of the Department of Justice, who investigated the matter, is quoted in part as follows:

" * * Mr. Brownell /president of the Copper Institute and chairman of the board of directors of the American Smelting & Refining Co./ stated that the present plan for curtailing production grew out of a meeting of the Copper Institute held Monday, Nov. 3, 1930, at 2:30 P.M. in Room C. of the Midday Club, 25 Broad St. This meeting was a regular meeting of the Copper Institute * * *.

* * * *

"Mr. Brownell stated that the Katanga Mines in So. Africa are owned and operated by the Belgian government, and that F. Pisart and C. Gutt make about two trips a year to the United States in the interest of the Katanga Mines; that while in New York they make their headquarters at the American Metals Corporation, 25 Broadway, in which concern they are also interested. Both Mr. Pisart and Mr. Gutt happened to be in New York at the time the meeting was held in the Midday Club, and they were invited to attend, * * *.

* * * *

"It is believed that the copper industry at large will be greatly benefited and the smelters and refineries saved very large losses if the quantity of copper purchased on a daily quotation basis be limited to the class of copper with which it originated; * * *.

"Be it, therefore, resolved by the Copper Institute that smelting and refining companies be, and they are hereby, asked, for the good of the industry at large, to agree each with the other, not to enter into any new contracts under which any smelting or refining company obligates itself to buy the copper, * * * for refining, by paying for the same on a daily quotation basis, * * *.

"Be it further resolved that the said smelting and refining companies endeavor to unite in buying copper tonnages * * *.

* * * *

"The next meeting was held Thursday, November 6th, 1930, at 10:00 A.M., in Room 1938, at the Biltmore Hotel, Madison Avenue & 43rd St. * * *.

"At this meeting the resolution proposed at the meeting held at the Midday Club and more fully set forth above was adopted and regularly entered upon the records of the Copper Institute. * * *.

114/ Report to the Stockholders of the American Smelting & Refining Co. by Stockholders' Committee of Investigation, 5/10/22, p. 5.

"The next meeting of all producers held for the purpose of discussing curtailment of production, and which was in no sense an Institute meeting, was held Tuesday, November 11, 1930 at the Board Room of the American Smelting & Refining Co., 120 Broadway New York City. * * *

* * * *

"* * At this final meeting, the producers present agreed that a curtailment of production was necessary to save the industry from further distress. * * *

"Everyone present understood that this proposed agreement is purely voluntary on the part of all producers and is for the best interest of the industry. After this agreement had been reached, Mr. F. H. Brownell, Mr. C. F. Kelley, and Mr. L. Vogelstein were appointed as a committee to release a notice to the press concerning the action taken as a result of the conference. * * " 115/ That agreement was followed by an agreement of the industry represented by the provisions included in the Copper Industry Code for allocations of quotas to each of the producers. 116/

Before the date of the Schechter decision in May 1935, outlawing NRA Codes, representatives of subsidiaries of Anaconda and Kennecott (the two companies accounting for almost 60 percent of the copper production in the United States) on March 28, 1935, entered into an international cartel agreement with representatives of Katanga, Mufulira, Rhokana and Roan Antelope interests. 117/ The cartel structure was a voluntary alliance of five groups who were parties to the written agreement. It is also reported 118/ that linked to those parties were the non-voting groups and by cooperation included friendly outsiders who were not an integral part of the cartel, but were bound to it by the tenuous threads of tacit or oral understandings.

Mr. Stannard, of Kennecott Copper Corp., in his testimony before the TNEC (p. 13232), emphasized that there were really only five groups involved in the agreement. It appears that those were grouped according to corporate and intercorporate connections with the three foreign subsidiaries of the Anaconda Company united in one group with one production quota, Braden (Chilean subsidiary of Kennecott) with one production quota, and the other three groups lined up as follows: The three Northern Rhodesian companies, namely, Rhokana Corporation, Mufulira Copper Company, and Roan Antelope Copper Mines are commonly referred to as the "Rhodesian group"--not only because there is a proximity of interests and locality, but also because they have close interlocking financial arrangements. Roan Antelope and Mufulira, indeed, have practically the same management. Each of the three Rhodesians was allotted an independent quota, but for all other purposes such as voting and committee representation, Roan and Mufulira were grouped together. Thus, we see the five full members of the cartel were:

1. Rhokana Corporation (British)
2. Mufulira Copper Mines, Ltd. and Roan Antelope Copper Mines, Ltd. (British)

115/ Report of Special Agent W. C. Gorsuch, New York City, 11/17/30, as appearing in Records of Hearings before TNEC, January 1940, Part 25, pp. 13467-13472.

116/ Ibid., p. 13570.

117/ Ibid., p. 13528. See also, page 13232.

118/ Southern Economic Journal, October 1944, p. 137.

3. Union Miniere du Haut Katanga (Belgian)
4. Braden Copper Company -- Chilean subsidiary of Kennecott Copper Company (United States)
5. Chile Exploration Company, Andes Copper Mining Company, Greene Cananea Copper Company--the first two located in Chile, the third in Mexico and all three subsidiaries of Anaconda Copper Mines (United States).

According to the testimony given at the TNEC hearings, Mr. Arthur D. Storke, managing director of Roan Antelope and Mufulira Copper Mines in Rhodesia, telephoned Mr. E. T. Stannard, president of Kennecott Copper Corporation (and its Chilean subsidiary, Braden Copper Co.) to invite him and Mr. Kelley, president of Anaconda Copper Mining Co., with subsidiaries in Chile and Mexico, to discuss the matter of agreements concerning the copper market. Mr. Stannard suggested that the Rhodesian Group producers first make an agreement among themselves, "then compose their differences" with the Katanga, the Belgian Congo concern. Thereafter, in February 1935, Mr. Storke again telephoned to say that he and the other mentioned parties had solved their major difficulties and were ready to confer with the New York copper producers. The meetings in New York followed, were harmonious and culminated in the aforesaid agreement of March 28, 1935. 119/

Although the terms of that agreement supposedly limited it to an agreement on production outside of the United States, let us on that point refer to the admission which was made by Mr. Kelley, of Anaconda, in the course of his testimony before TNEC:

"The Chairman. I am not even implying that so far as the domestic market was concerned there was any intention to violate the Sherman Act or the Clayton Act or to do any of the things prohibited so far as operations in the United States are concerned; but I should like to have your opinion as to whether or not an export organization of this kind can operate to fix prices in the world market without at the same time affecting the prices in the domestic market.

"Mr. Kelley. I don't think it could." 120/

If such cooperation among the few remaining supposedly independent producers of copper in the world is to be taken as evidence of an effective working combination, then what is its legal and economic status and significance, promoted and furthered to the extent outlined by mergers, consolidations and acquisitions of assets and stock controls? For an answer to that question let us turn to the opinion rendered on March 12, 1945, by Chief Justice Learned Hand in the case of United States vs. Aluminum Co. of America, et al. (That case was referred to the United States Circuit Court of Appeals, Second Circuit, for decision in lieu of a decision by the United States Supreme Court, pursuant to the provisions of the 1944 amendment to Section 29, of Title 15, United States Code.) 121/ There he stated:

"If ~~it~~ /Aluminum Co. of America/ had been a combination of existing smelters which united the whole industry and controlled the production of all Aluminum ingot, it would certainly have monopolized the market. * * * the origin of a monopoly may be critical in determining its legality; * * *" (p. A 1678).

119/ Record of Hearings before TNEC, January 1940, Part 25, pp. 13230-13231.

120/ Ibid., p. 13158.

121/ Unreported in Case Reports as of Apr. 20, 1945, but was printed in Congressional Record, March 28, 1945, pp. A1675 to A1686.

Then Justice Hand outlined the exception in the law concerning monopoly power thrust upon one through involuntary elimination of competitors by automatically operative economic forces when he said:

"The only question is whether it falls within the exception established in favor of those who do not seek, but cannot avoid, the control of a market. * * * Nothing compelled it /Alcoa/ to keep doubling and redoubling its capacity * * *. It insists that it never excluded competitors; but we can think of no more effective exclusion than progressively to embrace each new opportunity as it opened, and to face every newcomer with new capacity already geared into a great organization, having the advantage of experience, trade connections and the elite of personnel. * * *" (p. A 1679)

Respectfully submitted,

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April 18, 1945.