

The Truth About Bethlehem Steel

By Scott Nearing

THE Bethlehem Steel Corporation was born on the 10th of December 1904—born to "perpetual life" under a charter granted by the State of New Jersey. Since that time Bethlehem Steel has been growing as every healthy child of capitalism should grow. The Bethlehem Corporation is an international capitalistic enterprise typical of capitalism at its biggest. Beside the Lehigh plant at Bethlehem the Corporation has plants at Readington, Pa.; at New Castle, Del.; at Tituville, Pa.; at Lebanon, Pa.; at Cornwall, Pa.; at Steelton, Pa.; and at Sparrows Point, Md.

When the outlook for the shipbuilding business became bright the corporation went in for the production of maritime commodities. Through one of its subsidiaries the Bethlehem Steel Corporation has secured plants at Elizabethport, N. J.; at Wilmington, Del.; at Sparrows Point, Md.; at San Francisco, Cal.; at Alameda, Cal.; at Quincy, Mass.; at Squantum, Mass.; at Buffalo, N. Y., and Providence, R. I. One of the San Francisco plants, beside the plants at Quincy, Squantum, Buffalo and Providence is owned by the United States Government, but operated by the Bethlehem Steel Corporation.

The Bethlehem Steel Corporation has extensive quarrying and mining properties. Five quarries in Pennsylvania and New Jersey furnish fluxing stone for the Corporation. There are three large Cuban ore properties. One of them contains 3,500,000 tons of ore; the second, 560,000,000 tons of ore, and the third, 970,000,000 tons of ore. One of the three Cuban tracts totals 55,000 acres.

The Bethlehem Steel Corporation also controls important iron ore mines in Chile and important coal mines in Pennsylvania and West Virginia. The Corporation has also organized a steamship company to carry its ore from South America and Cuba to Sparrows Point, Philadelphia and New York.

The Corporation has issued \$105,000,000 worth of stock besides its bonded indebtedness. The stock is in four classes. Until January, 1918, the 8 per cent. preferred stock never paid any dividend. The 7 per cent. preferred paid dividends until February, 1907. From then until April, 1913, no dividends were paid. The initial dividend on the common stock (30 per cent.) was declared January 20th, 1916. A 200 per cent. stock dividend was paid on Class B Common Stock, February 17, 1917. In other words Bethlehem

was made by the war.

The net manufacturing profit of the Bethlehem Steel Corporation was eight millions and a half in 1913 and a little more than nine millions in 1914. In 1915 it was twenty-three millions, and in 1916 sixty millions. Even more striking is the "surplus" in the pre-war as contrasted with the war years. In 1913 it was only a little over one million dollars; in 1914 it was nearly five million dollars; in 1915 it was sixteen millions; in 1916 it was thirty-eight millions; and in 1917 it was nineteen millions.

The total amount of money paid in dividends reflects the same condition. The Company paid dividends of seven millions in 1913; less than five millions in 1914; eight millions in 1915, twenty-three millions in 1916, and thirty-four millions in 1917.

Bethlehem has been made by the war! Its prosperity is as distinctly a war prosperity as that of any other company in the United States. Until the time of the war the Corporation was doing badly, but since the war it has been a "gold mine" to its stockholders.

The average net income of the Bethlehem Steel Corporation for 1911, 1912 and 1913 was \$3,075,108; in 1914 it was \$5,590,020; 1915 it was \$17,762,813; 1916 it was \$43,593,968.

These figures are startling, but they are merely surface indications of Bethlehem's prosperity. They are the figures that go to the public. Behind them in the reports of the corporation are figures of far greater significance.

A Corporation like the Bethlehem Steel Corporation appropriates money out of its income for "additions" and for "working capital." That is, it takes a part of its earnings and turns them back into the business without ever giving the stockholders a look at them. In 1912, and again in 1913, the Bethlehem Steel Corporation appropriated seven and a half millions for this purpose; in 1914 it appropriated twelve and a half millions; in 1915, twenty-five millions; in 1916 sixty millions, and in 1917 forty-seven millions, five hundred thousand dollars. In other words, in the three war years—1915, 1916, 1917—the corporation put back into the business out of its earnings \$132,500,000—or thirty million more than its entire capital stock.

The same facts are brought out very clearly in the charges for "depreciation," "repairs" and "mainte-

nance." In 1912, 1913 and 1914 the amount charged for repairs and maintenance was about the same each year; namely, a million and three-quarters; in 1915 three and a half million was so charged; in 1916 nine millions, and in 1917 eighteen millions. The same thing is true of the charges for relining furnaces, etc. In the years from 1912 to 1915 these charges averaged about eight hundred and fifty thousand a year. In 1916 they were three millions and in 1917 \$10,869,000.

A great corporation like the Bethlehem Steel charges off large amounts against the losses due to the working out of mines, the running out of patents and the general depreciation of its capital. From 1912 to 1915 Bethlehem charged about three hundred thousand dollars a year for "amortization of patents and extinction of mining investments." Other depreciation charges were: In 1912, three-quarters of a million; in 1913, one million and a quarter; in 1914, a million and a half, and in 1915, \$4,377,000. For 1916 and 1917 both accounts were lumped together as follows: 1916, \$14,351,000; 1917, \$17,912,000.

In other words during the year 1917, Bethlehem paid approximately thirty-four millions in dividends. It made appropriations for "additions" and "working capital" of about forty-seven million, five hundred thousand dollars. It invested \$18,330,000 in repairs and maintenance and \$10,869,000 for relining furnaces, etc. It laid aside \$17,912,000 as a depreciation fund and then had a surplus for the year of \$19,143,417.

Every worker in the employ of the Bethlehem Steel Corporation should rejoice at these figures. They indicate a state of prosperity heretofore undreamed of, even by the most optimistic apologists for modern capitalism. Never in the history of the economic world has there been such stupendous surplus placed in the hands of a few individuals with no responsibility to the public save that of citizenship. The war has brought unexampled prosperity to Bethlehem. Its stock holders have earned fabulous dividends. Its properties have been lined with "fat" that will run for a decade.

The annual reports of the Bethlehem Steel Corporation make no mention of the workers. The manuals of industrial securities do not comment upon them at all. The corporation has laid by its tens of millions. The workers are for the most part still laboring at the old subsistent wages.

British Workers Speak to President Wilson

John McLean, member of the Independent Labor Party of Great Britain, was sentenced to five years penal servitude for his activities in the great munitions strike last year. He served nine months of his sentence and was then released owing to the demand of the Scottish and English workers. McLean was appointed some time ago by the Soviet government to be its ambassador in Great Britain.

Upon his release he addressed the following letter to President Wilson:

Woodrow Wilson,
President, U. S. A.

Sir:

You are here in Europe to negotiate a "Democratic Peace" as a Democrat. If so, I wish you to prove your sincerity by releasing Tom Mooney, Billings, Debs, Haywood, and all others at present in prison as a consequence of their fight for Working Class Democracy since the United States participated in the War.

The Working Class Democracy of Britain forced the Cabinet to release me from Peterhead Prison, where I was undergoing five years' sentence under D. O. R. A. (Defense of the Realm Act)

I therefore write as an ease to my conscience and a repayment to the World's Working Class Democracy to release my above-mentioned friends and comrades.

The Clyde Workers will send me as one of their Delegates to the coming Peace Conference, and there,

inside or outside the Conference Hall, I shall challenge your U. S. A. Delegates if my friends are not released.

After that I shall tour America until you do justice to the real American champions of Democracy.

Yours in deadly earnest,

JOHN McLEAN,

42 Auldhouse Road,

Newlands, Glasgow, Scotland.

The following letter was sent to Miss Eleanor Fitzgerald, secretary of the New York Council of the International Workers Defense League:

Dear Madam:

I am directed by the Glasgow Trades and Labour Council to inform you that the undernoted resolution was unanimously passed by the Council on Wednesday, December 11:

"The Glasgow Trades and Labour Council joins in protesting against the continued imprisonment of T. J. Mooney and others, and demands new trials or immediate release. One hundred thousand Trades Unionists in this city protest against the unscrupulous methods of trumping up evidence, and ask you to convey to America's President our demand for Justice."

I was accordingly instructed to cable to you the foregoing resolution, which I hope you have received, and I shall be pleased to have an acknowledgment of the resolution from you.

I have to inform you, also that a large Demonstration in the interests of Labour was held in the St.

Andrew's Halls on December 6, when the following resolution was unanimously passed by the audience inside the St. Andrew's Halls and the overflow Meeting outside. These Meetings represented rather more than ten thousand workers, and the resolution referred to, and which was unanimously carried, was moved by Mr. Robert Smillie, President of the British Miners' Federation, as follows:

"Resolved that this Meeting in the St. Andrew's Halls, numbering, with the overflow Meeting, ten thousand workers, protest against the life-sentence on Tom Mooney, and desire to associate ourselves with the American Federation of Labour in respect to a compromise of Penal Servitude, and further declare that Tom Mooney is either Guilty, or he is Innocent, and be it therefore resolved that the workers of Scotland demand the release of Tom Mooney, or we shall judge the American Democracies by the final outcome of the fate of Tom Mooney."

You may take it that the Labour movement in Britain is with the Labour movement in America in their demand that Mooney and his fellow Trade Unionists must not be allowed to rot in prison, and will continue to agitate and demonstrate until they are released.

Yours truly,

WILLIAM THAW.

The National Security League is sending out thousands of pamphlets written by Dr. Moore to the Negroes, telling them to work and save. Making the Negro safe for exploitation!