

Mr. GATES. The trouble was that Carnegie had threatened to build the tube mill at Ashtabula and a railroad to haul his own ore down.

The CHAIRMAN. He was going to build a railroad to come into competition with the existing railroads?

Mr. GATES. Yes; and a tube plant to tear the National Tube, that Morgan had just put together, all to pieces.

The CHAIRMAN. He was going to give Morgan trouble, both in his manufacturing industry and with his common carrier?

Mr. GATES. It looked that way.

The CHAIRMAN. And it was to obviate this anticipated competition that this tentative plan was drawn up that afterwards became the United States Steel Corporation?

Mr. GATES. Yes, sir.

The CHAIRMAN. How long was it from the time you got started until this industrial accouchement actually occurred?

Mr. GATES. It was 60 days, I should say, or less—maybe 40 days. We worked pretty fast.

The CHAIRMAN. There was a thorough understanding, except as to details, as to the method of operation and what each man was to get, and what his relations were to be to his fellows, before the articles of incorporation were ever drawn up, was there not?

Mr. GATES. I think they drew up the articles of incorporation for the United States Steel Corporation originally for \$10,000, and then they gradually extended it as necessity arose. As each concern came in they would increase a few million or hundred million.

The CHAIRMAN. Mr. Carnegie, I believe, got \$320,000,000 in bonds, did he not, for his property—for the Carnegie Co.?

Mr. GATES. He got \$320,000,000 for what he had offered at \$100,000,000 or \$160,000,000 the year before, and got \$1,000,000 forfeit.

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The CHAIRMAN. I am now trying to get at what was the trouble. Was it not competition and threatened competition between these companies?

Mr. GATES. It was the threat of Carnegie to build a railroad from Ashtabula to his works at Pittsburg and to build a tube plant in competition with the National Tube Works, which Morgan had just finished.