

ECHOS Interview

with

C Y R U S S . E A T O N

AMERICAN IRON, COAL AND STEEL KING

Mr Cyrus Stephen Eaton is perhaps the only American "billionaire" who resembles the idea given by popular magazines of a great British, aristocratic, Nobel prize winning man of learning.

When he speaks his blue eyes sparkle, and his long thin face, the metallic quality of his voice, and above all his will to throw into every word ready formed ideas, recall G. Bernard Shaw rather than the last survivor of the great tycoons of the beginning of the century: the only one who has managed, after losing everything in 1930, to make a huge fortune again.

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By the end of the year 1930 Mr Eaton had regained financial power by fighting, with his own means, against Wall Street. Every time a railway company asked a Bank for an equipment credit in exchange for a parcel of shares Mr Eaton, contrary to custom, took the initiative of intervening in the circuit, and offering one or two million dollars more, and he thus obtained control of the biggest railway in the United States, the Chesapeake and Ohio.

But Mr Eaton's second empire has for its main foundations steel, iron and coal. Paradoxically disdaining petrol, it is in this domain that he has increased his fortune in the course of the last twenty years, thanks to a series of exceptional ventures.

Would it have seemed conceivable, before the event, that a U.S. businessman, discovering, in 1942, reserves estimated at 500 million tons of iron ore under a Canadian lake 22 kms. long near the U.S.A. frontier, should manage to drain it, contrary to the advice of all the geologists, thanks to the support of a loan of 40 million dollars obtained from President Roosevelt and the Canadian Government?

Also could it be foreseen that the financial cooperation of his friend John Lewis, all-powerful boss of the miners' trade union, would contribute to assure to him the control of a coal group, the third in America, supplying 12,500 tons of coal yearly (West Kentucky Coal Company)? Wall Street intermediated for certain in this collaboration between the millionaire and the good trade unionist, even though the fact be not proved, (the first action of Mr Cyrus Eaton was to hand over the organisation of the non-union miners of his group to John Lewis).

On the other hand it is undeniable that the support of the Krupp group, of Mannesman, and of three other Ruhr leaders, enabled Mr Eaton in 1957 to begin the development of a stratum of good quality iron stretching without interruption over nearly 1,500 kilometers in the extreme north of Canada, on the edge of the bay of Ungava, blocked by ice for eight months of the year, so as to make it necessary, during the four months of free access to the sea, to transport the ore to Greenland, to a port equipped to send it on to the Ruhr.

Reserves are estimated by Cyrus Eaton, junior, 38 years old, who directs operations, at 1,500 million tons.

President Roosevelt, John Lewis, Robert Young, the railway king, and Krupp - such are the allies that Mr Cyrus Eaton was able to make sure of.

Son of a Canadian village shopkeeper, farm boy who was educated to be a shepherd, Mr Cyrus Eaton, who went to the U.S.A. to live at the age of 16, did not sell newspapers in the streets of New York as did the uranium millionaire, Mr Hirshorn, or do other menial work as did Mr Sarnoff before becoming the king of American telecommunications: he met, at the home of an uncle, Presbyterian Minister John D. Rockefeller, first of the dynasty, who engaged him as his secretary and gave him his independence a few years later, when Cyrus Eaton had assimilated with great rapidity the principles of business.

How far away all that is!

Cyrus Eaton, become a diplomat of big business, receives us on his return from Moscow, where he has been explaining to Mr Kroutchev his ideas about the possibilities of expansion of American-Soviet trade, just before his departure for Vienna, where the President of the

Austrian Government, Dr Schweitzer and various Nobel prize winners await him to thank him for having discreetly received for several years in his country house at Pugwash men of learning and economists from the East and West for private conversations which have greatly contributed to the happy outcome of the Geneva atomic discussions.

#### A DIRECT & FAST DIALOGUE

No preamble for asking Mr Eaton questions. He comes forward, dressed in black, hands outstretched. He is in a hurry, complaining, at 75 years of age, of no longer being able - alas! - to work more than 14 good hours per day!

What would be, in your opinion - you who are a friend of both General Eisenhower and Mr Truman - the reaction of the business world in the case of a Democrat succeeding to the White House?

The greatness of America is due to the creative genius of its industrialists and not of its statesmen and its soldiers, and its strength increases in the proportion that it takes its industrialists, its agricultural producers, its trades union chiefs and its men of learning most seriously.

What would be more precisely the effect on the Stock Exchange of an eventual Democratic victory in the elections?

But come! The bureaucrats, in the two parties, cannot be counted amongst the best friends of finance. In my opinion, the only important thing is to have a clear majority one way or the other, for us to have a true sense of stability.

What is very bad is a Republican executive and a Democratic legislative, or reciprocally. This leads to all sorts of demagogic manoeuvres.

#### THE RECESSION IN THE U.S.A. IS OVER

Do you consider that Wall Street has or has not anticipated the end of the recession in returning to its record levels of July

1957?

During my last fifty years of business activity I have lived through the recessions of 1907, 1914, 1921, 1930 and 1946. All except one were of short duration. I myself think that our last recession is well and truly over. The majority of those which preceded it were mainly provoked by the lack of credits and liquidities. It is no longer at all so.

Furthermore I hope that thought is going to be given to the future and that an end will be made to spending some 40 milliards of dollars for armaments which can be of no use other than the destruction of us all, since the U.S.A., the foremost industrial power in the universe, are at present in the best position to raise the standard of living of the world by selling their manufactured products, if necessary on credit terms.

Do you think then that the international credit mechanisms are adequate? Neither the International Monetary Fund, nor the B.I.R.D., nor the Import-Export Bank is sufficient to incite the capital of the credit countries to irrigate the under-developed countries. Would you advocate the formation of a second bank of the type of the B.I.R.D., or the establishment of a regional bank for each country, such as the White House envisages?

I much prefer enterprises of industrialists and bankers to all the efforts of governments.

Too much is talked, at the present time, about charters and international guarantees for the investment of capital abroad. But it is the taste for risk of the merchant adventurers of old England that has made its greatness. Risks must be taken, and only the domain of trade.

Let me add that when I did business in France for the first time, there were 4 francs to the dollar; there are now more than 400. That always happens when a nation does not discover quickly enough that the only heroes are business men, industrialists and men of learning, and not military men.

FIRST FRENCH COLONY: CANADA

What do you think of the international prospects of investment in the Sahara and in French black Africa? Has not U.S. capital there a chance of aiding the expansion of a new continent and contributing to the assurance of reserves of raw materials?

There are very interesting possibilities there, but the French neglect the main colony too much - the only one where there are 5 million French out of a total of 16 million inhabitants and in a territory vaster than the U.S.A., - Canada.

This is the country of the future.

Two hundred years ago your soldiers were sent out of it, but French genius and blood persist and produce marvels.

Good opportunity to interrogate Mr Eaton, President of the Portsmouth Steel Corporation and creator in 1930 of Republic Steel, about his hopes with regard to the exploitation of his gigantic strata of iron ore.

Do you think that the rhythm of growth of production will not outdistance the increase of the needs of users?

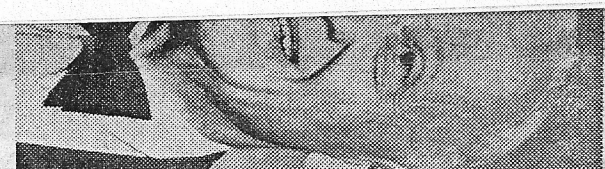
In all parts of the world more and more steel will be needed. Of course, there may be periods of over-production. But the United States alone, in normal times, absorb 150 million tons of iron ore per year. The ore which is in the earth was formed a million years ago, and no more is being made. Western Europe is constantly increasing its iron production.

Twenty years ago the great Indian poet, Rabindanath Tagore, said to me that at all costs his country must be spared the contamination of the comfort of electricity for it to devote itself to music and philosophy. Krishna Menon, the right hand man of Mr Nehru, with whom I have just had interviews, no longer speaks like that.

The needs for iron and steel will be developed more and more in the measure that men have understood that one of the most interesting parts of life takes place on the earth..

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WHAT IS MOST PROFITABLE FOR A MILLIARDAIRE...

Mr Eaton's belief in progress leads one to ask him what the U.S. wireless calls the "64 dollars question".

If you wanted to conquer a new empire during the next twenty-five years of your life, in what domain would you develop your activity?

After a half century of varied activities, smiles Mr Eaton, I am convinced that the most fruitful would be, at the present moment, to organise on a large scale commercial exchanges between the U.S., the U.S.S.R. and China, which implies that we should grant them credits.

For my part, I have always believed that a start must be made by satisfying needs, and afterwards look for the means of settlement.

Mr Eaton thinks aloud:

The Russians... A nation which has never bought anything on credit. It is magnificent! If the Soviet banks gave them loans to buy a house or even fit a bathroom on the instalment plan, what possibilities there would be!

Interrupting Mr Eaton's chain of thoughts, I ask him, as I did Messrs Van Zeeland, Cortney, Maurice Frères and Mikořan, if he is for or against a revaluation of the price of gold to contribute to the development of international trade by increasing available funds.

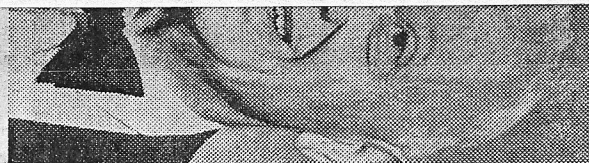
Mr Eaton sweeps aside the question and the problem by a gesture, and concludes:

Remember well that there is no permanent efficacy in financial operations decreed by bureaucrats. The only thing that counts is the will to work of the producers.

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Sept. 1958

WITH COMPLIMENTS FROM  
**forum**

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Bernard Shaw rather than  
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CLARENDON HOUSE,  
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