THE CONTROL OF AMERICAN CORPORATIONS
VERSUS
THE CONTROL OF GOVERNMENT

by
Karl R. Bopp

to
The Alumni of the
Graduate School of Banking

Tilles Restaurant
Sansom Street

Tuesday, December 7, 1943
6:30 P.M.
A. The set of authority

1. Sources of power: Govt. - the electorate
   Corps. - owners of voting stock
   
   G. - electorate versus population
       uncer-aged
       disfranchised
   
   C. - voting stock versus capital contributions
       bond holders
       non-voting stock

2. Exercise of power: indifference of electorate

3. Selection of candidates - extra legal machinery
   
   G. - at least two sets of candidates
       (sometimes primary is important)
   
   C. - only one set
   
   G. - the "ins" select one set only
   
   C. - the "ins" select the only set

4. Conduct of elections
   
   (a) Raising funds
   
   G. - Privately: Teapot Dome a scandal
   
   C. - Corporate treasury for the "ins",
       privately for the "outs"

Legitimate recouping of costs
¾ to ½ million for large corporations
(b) Voting the floaters

G. - The political gang

C. - Brokers, nominees, intermediaries
e.g., Rock Island 27/30’s largest

Why not refuse vote to floaters
Adjourn meetings

B. Control

1. Through complete ownership
2. Majority control
3. Control through legal devices

   (a) Pyramiding
   (b) Non-voting stock

Dodd & Brothers 1925
City Service - H. L. Dougherty
Standard Gas and Electric

(c) Voting trust

4. Minority control

Proxy committee
J. D. Rockefeller versus Col. Stuart

5. Management control

<table>
<thead>
<tr>
<th>Types of control</th>
<th>200 largest By number</th>
<th>200 largest By wealth</th>
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</thead>
<tbody>
<tr>
<td>Management</td>
<td>44</td>
<td>58</td>
</tr>
<tr>
<td>Legal device</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>Minority</td>
<td>23</td>
<td>14</td>
</tr>
<tr>
<td>Majority</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Private</td>
<td>6</td>
<td>4</td>
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<tr>
<td>Receiver</td>
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<td></td>
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<td>100</td>
<td>100</td>
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C. Conflict of interest

1. Loft Candy
2. Bethlehem Steel