

THE CONTROL OF AMERICAN CORPORATIONS  
VERSUS  
THE CONTROL OF GOVERNMENT

by  
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to  
The Alumni of the  
Graduate School of Banking

Tilles Restaurant  
Sansom Street  
Philadelphia, Pa.

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  
under-aged  
disfranchised

C. - voting stock versus capital contribu-  
tions  
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  
 $\$1$  to  $\frac{1}{2}$  million for large corporations

(b) Voting the floaters

G. - The <sup>float</sup> ~~polity~~ 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

Dodge 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

<u>Types of control</u>	<u>200 largest</u>	
	<u>By number</u>	<u>By wealth</u>
Management	44	58
Legal device	21	22
Minority	23	14
Majority	5	2
Private	6	4
Receiver	1	—
	<u>100</u>	<u>100</u>

**C. Conflict of interest**

1. Loft Candy
2. Bethlehem Steel