

Samuel Insull Brings Electricity And Power To Chicago, Gains Control Of Every Public Utility, Makes Millions

LIFE STORY OF SAMUEL INSULL



Samuel Insull arrives in Chicago

Viewing his first steam turbine

He buys up many utility plants



Insull, the shrewd executive



His first financial holding company



Insull's domain becomes utilities nationwide

Insull power... utilities fuel

(This is the third of five articles on how Insull rose and fell. This article tells of his Chicago beginnings.)

CENTRAL PRESS

Chicago, May 2.—In 1892 the electric light and power industry, which was destined to revolutionize the world, was in its infancy in Chicago.

Horses still pulled street cars, kerosene gas lamps were still in evidence on street corners.

The city had a number of small and struggling electric companies none of which seemed to be getting anywhere. There were numerous little generating stations were widely scattered, serving only nearby offices and stores.

Insull at 33

Into this picture marched Samuel Insull, 33 years old and fresh from his experience as business manager for Thomas A. Edison and vice president of what is now the General Electric company. Having been asked by the troubled directors of the Chicago Edison company to recommend a good man to run their concern Insull recommended himself and thus became president of it in June, 1892.

Forty years later this same Samuel Insull controlled every public utility in Chicago, in addition to others serving 5,000 other communities in the United States, and had amassed a personal fortune of \$100,000,000.

How he did it is one of the most interesting stories in the annals of American promotion and high finance. It is equally as spectacular as the story of his sudden downfall which today finds the former Napoleon of public utilities facing trial for the collapse of his \$3,000,000,000 industrial empire in the world's largest business failure.

No Time lost

Perhaps with the dream of the Chicago utilities monopoly that was to be his, Insull lost no time in his efforts to gobble up his weaker competitors. By 1907 he had consolidated 17 Chicago electric companies of various sizes into his own Chicago Edison company and in the same year he took over his biggest rival, the Commonwealth Electric company, thus paving the way for the gigantic Commonwealth-Edison company of today, a \$400,000,000 concern which now has slipped from his grasp.

With his engineering training, Insull pioneered in the development of alternating current, thus making possible the transmission of power over greater distances and cheapening the cost. Similarly, he developed the steam turbine with its more economical production.

An interesting story is told of Insull's first steam turbine, installed at the old Plank Street power house in Chicago. Insull had invested nearly everything he could command in the experiment that, if successful, was to do so much for the power industry.

When the steam was turned on for the first time, the machine started with such an awful clatter that Insull assumed the installation experts whether there was any danger of its blowing up.

"I don't think so, but to play safe you'd better get out," he was told. "No," replied Insull. "If it blows up, the company will blow up, too, so I might as well stay here and blow up with it."

Immense Mergers

Immense successful with his Commonwealth-Edison company Insull expanded in 1910 by taking over public utility companies around Chicago and linking them together as the Public Service Company of Northern Illinois. This brought under his control a large

number of gas and electric plants and transportation system which, in 1931, had assets of \$210,000,000.

In 1919 he became Chicago's gas czar when he took over the Peoples Gas Company, an \$85,000,000 concern which had fallen into a decrepit state and was rapidly approaching bankruptcy. With his keen business genius Insull effected a drastic reorganization, scrapped antiquated plants for modern and more economical ones, put in an improved system of accounting, bettered the service to the public and soon had the company in a prosperous condition.

Those three operating companies—as distinguished from Insull's great holding companies—were not directly affected by the collapse of Insull's hollow financial pyramid and are doing as well today as other operating companies of their kind, although they suffered great losses because of Insull's manipulations. Those losses probably prevented rate reductions so the public pays there, too.

It was Insull's holding companies, having no assets except paper securities, that failed; not the operating companies that are actually producing.

The Fatal Year

It was in 1912, when he formed the Middle West Utilities company, that Insull began his chain of financial holding companies that ultimately brought about his downfall. And having started this financial monstrosity he began to stack holding company on top of holding company until, in some cases at least, there were as many as seven intermediate holding companies between the topmost one and the operating company at the bottom.

On a tremendous scale, Insull began buying up utilities throughout 32 states and Canada, financing their purchase by means of his constantly increasing holding companies and often paying fancy prices in order to get control of esired plants. Thus, the Middle West Utilities company whose electric light, gas, water and other plants had served 355 communities in 1917 and 772 communities in 1923, was at the peak in 1929, serving 5,300 communities from Maine to Texas.

There were other Insull holding companies, of course, but Middle West Utilities was the most important of the lot. And on top of this, in 1928, Insull piled two large super-holding companies, Insull Utility Investments and Corporation Securities company of Chicago. All of them sold stock to the public and in the hectic days of the boom period millions poured into the Insull coffers each month.

A Broad Network

The Insull domain covered every state east of the Rocky mountains except one. In Maine you could run your factory with Insull power; in Texas, you could irrigate your land with Insull water; in Illinois, you could ride on Insull electric trains; in Louisiana, you could buy ice from an Insull ice plant; in Indiana, you could cook your meals with Insull gas—such examples might be cited without number.

Samuel Insull, who had come to Chicago 40 years before, virtually penniless, now was ruler of a mighty domain—a ruthless and shrewd ruler.

(Tomorrow—The halcyon days of Insull and how he "ran" Chicago.)

CHILD GUIDANCE

By Frank Howard Richardson, M. D., F. A. C. P.

Driving the Family's Car

There is considerable heat, not to say acrimonious discussion in the Roscoe family over the question of the moment. Shall sixteen-year-old Ed be permitted to drive the car; and if so, shall he do so only when acting as the family chauffeur, or shall he feel free to use it whenever he likes? And if whenever he likes, how late may he "like"? And who is going to pay for the gas—not to mention oil, and tires, and repairs?

Ed says that "all the other fellows do"; and that to him is an argument that should crush all opposition. Cross-examined, Ed admits that quite a number of his friends' families do not own cars; that some of those that do, have them occupied all day by the head of the family in his business or profession; and that most of the boys who do drive the family's car, do so with very definite restrictions

as to time, place, gasoline consumption, and associates. Ed means to be truthful; but his statements are sometimes reminiscent of the little boy who told his mother that there were a million cats on the backyard fence.

"Are you sure there are one whole million?" inquired his mother in the interests of strict accuracy.

"Well anyway, I saw ours, and the Morgans', and another old cat," testified the witness, thus cross-examined. "But aren't you going to tell Roscoe whether Ed should drive their car?" asks a puzzled reader.

"Of course I'm not. They wouldn't do what I said; and it's none of my business, anyway. Let them settle their own difficulties; but let them get all their acts straight, first."

Questions and Answers

Question—Dear Dr. Richardson: I am planning to have my child go to

camp this summer; and I should like to know something about camps and camping. I don't think they had summer camps when I was a girl, like those they have now. Where can I learn something about them?

Answer—If you will send a stamped and addressed envelope, I shall be glad to send you a reprint of an article on the history and present set-up of the summer camp, that will answer many of your questions. And if you will give me the age and sex of the youngster in question, as well as a little idea of the part of the country names of some camps that I can recommend.

DANIELS INVITED

Chapel Hill, May 3.—Honorable Josephus Daniels, distinguished alumnus of the university and war-time secretary of the navy, has been invited to be the guest of honor at the Carolina-Navy track meet here Saturday afternoon.

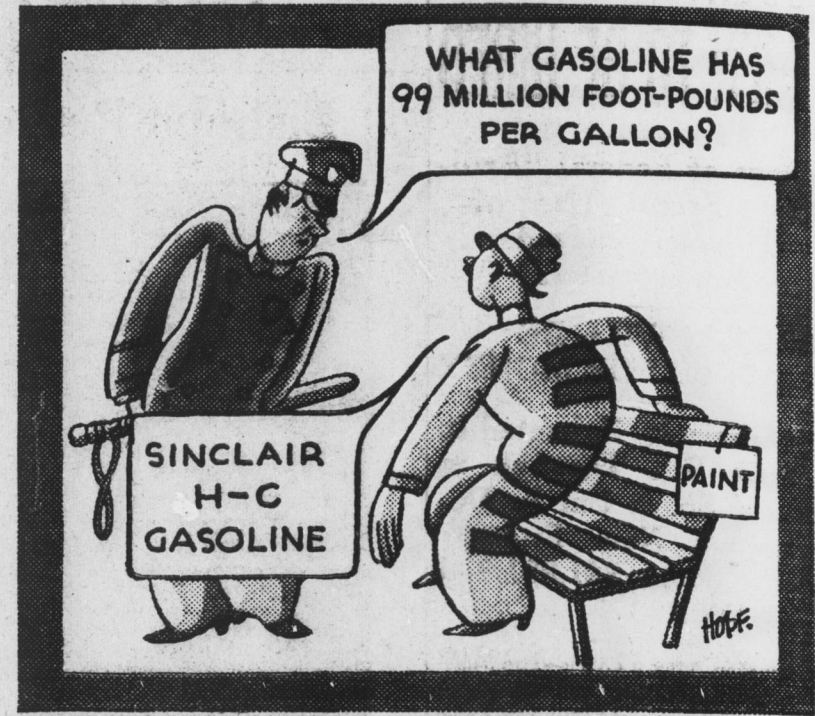
It is not yet definitely known whether Mr. Daniels, who is now ambassador to Mexico, but who is spending a vacation at his home in Raleigh, will be able to be present.

RED CROSS TO HOLD COUPLE INSTITUTES

Washington May 3.—Red Cross chapters all over the State will be represented at disaster institutes to be held in Winston-Salem May 7 and New Bern May 8. Maurice R. Reddy, assistant director of disaster relief service American Red Cross will make addresses at each of these preparedness schools and will assist the chapter representative in perfecting local machinery for coping with sudden emergencies.

These two schools like many others conducted this year in the eastern and southern states, are held in anticipation of tornadoes, floods, fires, droughts and other catastrophes. Members of disaster committees will be shown how disaster victims may be fed, sheltered given medical attention and hospitalization; how supplies should be handled and records kept.

To these institutes have been invited, in addition to Red Cross chapter workers, city and county authorities, public health experts, police and fire officials, civic leaders, welfare workers, and others occupying key positions.



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so round, so firm, so fully packed—no loose ends that's why you'll find Luckies do not dry out

We like to tell about the finer tobaccos in Luckies—the choicest Turkish and domestic, and only the mild, clean center leaves—they taste better—then "It's toasted"—for throat protection. But we're just as proud of the way Luckies

are made. They're so round and firm, so free from loose ends. That's why Luckies "keep in condition"—that's why you'll find that Luckies do not dry out—an important point to every smoker. Luckies are always—in all-ways!—kind to your throat.



"It's toasted"

✓ Luckies are all-ways kind to your throat

Only the Center Leaves—these are the Mildest Leaves



RECORDER'S COURT FEES TOTAL \$439

40 Cases Tried in April, With 37 Convictions; Fines Are \$181

Fines and fees collected from defendants who were haled into recorder's court during the month of April amounted to \$820.38, and 40 cases were tried, it was announced today at the office of Clerk of Superior Court E. O. Falkner, who is clerk to the recorder's court.

Fines for the month were \$181 and fees \$439.38. Convictions were obtained in all of the 40 cases tried except three, who were discharged. Seven were sent to the roads and 30 were let off with suspended judgments or merely the payment of the costs.

The \$820.38 was the biggest aggregate amount of money handled in that court in any one month in almost three years, or since June, 1931. The fines were the most for any one month since last September and the fees more than for any month in considerably more than six years.

In March this year 48 defendants were tried, and the fines were \$100.40, with fees \$157.57, while in April last year there were 47 cases and fines amounted to \$67.10 and fees to \$138.

Mrs. Jenkins III Mrs. W. H. Jenkins was reported ill today at the home of Mrs. R. E. Bryan.

PHOTOPLAYS

STEVENSON
LAST TIMES TODAY
Zasu Pitts
Slim Summerville
—IN—
"The Love Birds"

Winners in The
BABY CONTEST
Will Be Announced
TONIGHT
At 8:30 O'clock on The Stage

TOMORROW
John Barrymore
—IN—
"LONG LOST FATHER"

Moon Theatre
"Sensation Hunters"
11c To All
Added Charlie Chaplin Comedy