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John Dennis Ryan, Copper King

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EDWARD CORNELIUS DENNEHY
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INTRODUCTION

This dissertation, JOHN DENNIS RYAN, COPPER KING, was written under the direction of the Reverend J. W. McCormick, Ph. D., head of the Department of History of Carroll College.

I have attempted in the following chapters to focus some light on the career of John D. Ryan, his part in building up the great Anaconda Copper Mining Company, and further to analyze the opinions of various authors and acquaintances of Mr. Ryan regarding his life and accomplishments.

Seldom have I expressed my own opinions on different matters, and when I did so, it was only after making a complete study of available material.

My source material has been limited to matter found in the following:

1. Libraries
   - Carroll College Library;
   - State Historical Library;
   - Public Library, Helena; and
   - Public Library, Butte.

2. Newspaper "morgues"
   - Independent Record, Helena; and
   - The Montana Standard, Butte.

I also had personal interviews with Mr. J. D. Murphy and Mr. Wm. J. Scallen, both one-time associates and friends of Mr. Ryan.

To the above mentioned gentlemen, to the librarians of the libraries mentioned, and to Father McCormick, I express my sincere appreciation for the valuable assistance rendered and so willingly given me.
CHAPTER I: The Early Years

The great empire of Anaconda was built up largely through the efforts, vision and wisdom of one man. That man was John Dennis Ryan. His power and influence in the industrial world, his tact and diplomacy and great forcefulness were the instruments chiefly responsible for the making of an industrial giant, the like of which is found nowhere else on this earth.¹

In the city of Hancock, Michigan, on October 10, 1864, was born John D. Ryan, the son of John Carlos and Joanna Ryan. His father was a mining expert and prospector, a pioneer in the Lake Superior Copper District. But the son for a number of years showed little interest in mining. Nor did he accept the college education his parents offered him. At 17 he went to work in a general store owned by an uncle in one of the Michigan copper towns, and for the next 8 years was a clerk. At 25 he went to Colorado, and obtained work as a traveling salesman of lubrication oils. A part of his territory was in Montana, and there he met and sold oils to Marcus Daly, the copper magnate, who more than once offered him a position. But Ryan, so far satisfied with his job, refused. Not until he married an old playmate, Nettie Gardner of Hancock, Michigan, in 1896, did ambition begin to stir within him. He now began buying stock in Daly's Bank and Trust in Montana, and in the course of several years, became an important factor in its affairs.²

After the death of Marcus Daly, it became necessary for Mrs. Daly and her advisers, A. J. Campbell and Dan J. Hennessy, to select a new manager for the Daly Bank and Trust Company, the largest bank of the Daly interests. Mrs. Daly suggested John D. Ryan for the position. She felt he was a deserving and capable young man and she wanted to give him his opportunity. Her advisers acquiescing, Mr. Ryan was appointed to the place and became a resident of Butte.3

Eventually he bought up the shares of the bank with his savings and borrowings until it finally became his.4

Thus Mrs. Daly, a gentle old lady, started on his romantic and successful career one of the greatest captains of the copper industry of all time.5

Also instrumental in getting for Mr. Ryan the job as head of the Daly Bank and Trust was Mr. Wm. Scallon, then president of the Anaconda Company and business advisor of the Daly estate. It was Scallon who urged him to come to Butte. This he did in 1901.

At that time the so-called Heinze-Amalgamated copper war was raging at its height. Under the law of the Apex Controversies, some real and others artificially created by Heinze, practically every vein and ore body within and beneath Butte’s matchless hill of mineral wealth was involved.

All efforts of a settlement had been abortive and it seemed nothing but the financial inability of one party to continue the warfare could end it.6

About this time the trust builders of Standard Oil and the National City Bank of New York became interested in the possibilities of doing in copper what they had so profitably done in other industries. For this purpose Messrs. William Rockefeller, James Stillman, and H. E. Rogers organized the Amalgamated Copper Company as a holding company to acquire control of the mining companies at war with each other in Butte. First, in 1899, Amalgamated bought Anaconda from Marcus Daly. Then, one by one, the other companies came into the fold of Amalgamated. But it was no process of peaceful purchase. 

In 1904 Mr. Scallon, after several attempts, finally succeeded in securing an acceptance of his resignation as head of the Montana operations of the Amalgamated. Several months elapsed before the place was filled. Finally the job was given to Mr. Ryan. He was given powers of command over political and fighting forces.

Butte was not only engaged in the battle of the so-called Amalgamated Copper companies on one side and the Heinze interests upon the other, but there was little of community interests between the individual units that represented the so-called Amalgamated Copper companies. Old feuds, controversies, and traditions existed among these several units. Their interests had never been completely unified. It was therefore, thought advisable upon the resignation of Mr. Scallon, to look outside the immediate mining organizations for a man capable of taking charge of the situation and bringing about unity of effort. This man was John D. Ryan.

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The time was ripe, and the means abundant and fit for operations under direction of a man like Ryan. As a dignified banker, an habitual churchman, a representative of the Daly interests, a friend and protege of William Scallon, with exemplary personal habits and admirable attachment to home and family, Mr. Ryan enjoyed the esteem and confidence of reputable people.

Ryan had impressed himself upon the community and had worked in close harmony with the Anaconda interests. He held an independent position in the community and his ability had been recognized. He had not been directly connected with any faction. It was, therefore, natural that he should be considered as the logical successor to Scallon and such was the recommendation which the late D. J. Hennessy and the late John G. Morony made to the directors of the Amalgamated Copper companies. This advice was accepted and Ryan entered upon a career that rapidly led to a position, not only of accepted leadership of the copper industry in the world but to a recognized position in national and international finance and business.

Three important results followed Ryan’s entry into the copper business within the next five years. First, under his guidance there was brought about a settlement of the copper war in 1906; second, his entry into the power situations in 1908; and third, the consolidation of the Butte camp in 1910.

The first thing Ryan set about to do when he took over as head of Montana Operations for the Amalgamated Copper Company, was to bring about a settlement with the Heinze interests. This was not easy. Heinze was a capable opponent and the stakes were high—the richest hill on earth. But finally in 1906, after a great deal of negotiating, Heinze was bought out for $14,000,000.11

He made peace in the Montana copper district, but he made it through the sheer force of his will and his powerful intellect, which convinced men associated with him that he was the reasonable and effective cause. Only a few men have rivaled John D. Ryan as a business organizer. Taking the constituent companies of the Amalgamated, including the Anaconda Company, and scores of subsidiary mining, smelting, railroad, lumber and other industries, he welded them all into a coherent whole until this industrial group today stands second to none in resources, power and efficiency.12

In 1910 Clark sold out most of his remaining copper-mining properties. Thereafter Ryan ruled the hill unchallenged.13

The kingdom of Anaconda was never formally proclaimed. But it came into being in the year covered by the dry annual report that was read at the stockholders' meeting on May Day, 1911.14

Now that the Butte Hill had finally been secured, Ryan set his sights on bigger things. It was largely due to his genius that the Amalgamated broadened the scope of its efforts into many other fields than mining, and had been responsible for the development of some of the great hydro-electric powers of the state of Montana.¹⁵

By 1912 two new hydro-electric plants on the Missouri River in northwestern Montana, the Rainbow and the Volta, were together generating 140,000 horsepower. John D. Ryan organized a company with offices in Great Falls that acquired control of these and other power sites in the state.¹⁶

To the production of and sale of copper he had given his most intensive effort. This now became secondary to his zeal for developing markets for, and the building of, plants to supply electric power. The Rainbow development, completed in 1910 with a capacity of 21,000 kilowatts, was further developed and its capacity increased in 1913 to 25,000 kilowatts. In 1917 it was again increased to 35,000 kilowatts. The Great Falls development was started in 1913 when 10,000 kilowatts were completed on August 15, 1915, and the remaining two units in September of 1916, bringing the total capacity of the plant to 60,000 kilowatts. The Thompson Falls development on the Clark’s Fork of the Columbia River was completed in 1915 with 35,000 kilowatts. Construction on the Holter plant on the Missouri was started in March, 1916, and completed in February, 1918, with a capacity of 50,000 kilowatts. In the year 1926 the Black Eagle falls was redeveloped and completed in September, 1927. The Morony hydro-electric development was completed in 1930 with a capacity of 45,000 kilowatts.

The Kerr plant at Polson was completed in 1938 with 56,000 kilowatts.

Thus had John D. Ryan brought about the development of this great hydro-electric system which with that optimistic courage that was perhaps his most dominant characteristic he had set about to realize.17

Up until this time Anaconda’s mines and refineries had been powered by electricity bought from various utilities serving their areas. Under the circumstance nothing seemed more likely than that Ryan, President of Anaconda, should consolidate them as his pet corporation, and sell electricity to his copper company. And that is exactly what he did in 1912 by founding The Montana Power Company. The fertile mind of Mr. Ryan was also seized with the notion of adding a third angle to the relationship between Anaconda and power. Following up the electrification of the little Butte, Anaconda, and Pacific Railway that carried ore to the smelter in Anaconda, Mr. Ryan sold electrification also to the great Chicago, Milwaukee and St. Paul Railway in 1913 for all of its 440 mile route across the Rocky Mountains. Thus Ryan sold to the road, of which he was a director, more than $5,000,000 worth of Anaconda copper to carry out the program.18

Anaconda had done its own smelting and refining for years but it stepped out of the state of Montana in 1914 and brought the International Smelting and Refining Company for 330,000 shares of Anaconda stock. The expansion continued in 1915 with the acquisition of a big distributing agency (the United Metals Selling Company of New Jersey), for which Anaconda paid $8,600,000.19

In 1914 Anaconda brought the International Smelting and Refining Company, which had lead and copper smelters at Toole, Utah, a local railway serving them, a lead refinery in East Chicago, Indiana, a smelter under construction at Miami, Arizona, and a copper refinery at Perth Amboy, New Jersey.

Mr. Ryan's Anaconda was beginning to "encircle" like Grant's forces around the copper market of the United States.20

The final absorption of Amalgamated by Anaconda took place in 1915, when Anaconda had increased its capitalization to take over, in exchange for its additional stock, the holdings of the parent in the other copper-mining companies on Butte Hill.21

Now Mr. Ryan and his associates wisely turned their eyes toward foreign sources of copper, preparing for the day when their domestic supply would decrease below the demand. Also the Great War of 1914-18 was on and demand for copper was high.

In 1916 Anaconda acquired holdings in the Greene Cananea Copper Company, Mexico and in Inspiration Consolidated Copper Company, Arizona.

Also in 1916, through a holding company, the Andes Copper Company, Anaconda had acquired control of some promising mining properties in Chile.

Mr. Ryan was instrumental in obtaining this Andes Company, consisting of 5,300 acres, containing over 150,000,000 tons of good grade, cheaply mined copper ore. This property is located about 300 miles south of Chuquicamata. Since then it has poured millions of dollars into the development of this region, building a fifty-five-mile railway, a thirty-five-mile pipe line, setting up deep in the Alacama Desert the substance of an engineering dream of the ideal mining property.

For a brief time during the First World War, Mr. Ryan served as director of aircraft production. He did this at the request of President Wilson.

After the war was over an investigation into the aircraft production program was held. A special committee inquired into its expenditures. A prominent part of the controversy was over the connection of Mr. Ryan, with the construction of a government built railroad, which, it had been charged redounded to the benefit of the Chicago, Milwaukee and St. Paul railroad, of which Mr. Ryan was a director.

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22. Ibid., pp. 98.
24. The Copper Target, Published by Anaconda Copper Mining Company, 1924.
Disclaiming any efforts to determine motives, the majority report to Congress on that point says:

"If Mr. Ryan's statement of disinterestedness is true, he has been most unfortunate in handling a public matter that in the judgment of your committee covered a flimsy effort to promote private business and blundering transactions from beginning to end."

In contrast, the minority report of Representative Lee said:

"The evidence shows that Mr. Ryan practically abandoned his own business affairs and devoted himself unremittingly to the service of his official duty. Without directly charging it, the report of the majority insinuates that Ryan used his power as head of aircraft production to cause selection of the Lake Crescent route for the benefit of the Milwaukee Railroad. The purpose to construct a railroad from Lake Crescent, connecting with the Milwaukee at some point along its line, was determined several weeks before Mr. Ryan was connected with the aircraft service. The Lake Crescent route was selected over the opposition of the Milwaukee Road.

Up to the moment the decision was made the Milwaukee contended for the surveyed extent of its own route, which served its interests far better than the present route. The Lake Crescent route was distinctively the best route the government could have selected to serve its purpose."

The majority board had indicated gross waste and extravagance in the early aircraft appropriations. Rep. Lee, also in his minority report replied these charges as "indeterminate, biased, and vituperative, an exaggeration of alleged mistakes and mis-statements," a "gratituous reflection upon men who faithfully served the government during the war," and "a repetition of defamatory charges admittedly unsustained by evidence." 28

Due to lack of evidence the charges were finally dropped.

CHAPTER III: The Last Years

Now that the war was over, the price and demand for copper fell considerably. Also the great amounts of surplus copper from government contracts were stranded in the company warehouses, as well as the scrap copper being picked up on the battlefields, painted a gloomy picture for the immediate future for Messrs. Ryan, Kelley and associates of the Anaconda Copper Mining Company.

Something had to be done to get rid of this surplus. For a long time Mr. Ryan and Mr. Kelley had had their eyes focused upon the American Brass Company. This company was the largest producer of brass products in the United States. Here was the answer to Anaconda's troubles. The time had come to buy up American Brass.

One fateful day in the autumn of 1921 two men issued from the executive offices of a factory in Waterbury, Connecticut, and stepped into a waiting limousine. One—John D. Ryan—was a tall, imposing Irishman who had built up the great Anaconda Copper Mining Company. The other—Cornelius F. Kelley—was the 200 pound Butte lawyer, formerly Mr. Ryan's lieutenant, who had become Anaconda's shrewd and close-mouthed President.

Having settled themselves in the safe enclosure of the limousine where no eavesdroppers were to be feared, this pair spoke cryptically of the mill they had just seen, long association having enabled them to dispense with words that most people found helpful to intelligent communication. What they had just seen was the American Brass Company, biggest consumer in the world, which they were exceedingly anxious to buy.
In the contemplation of this question Chairman Ryan drew from his pocket two blank scraps of paper. He passed one of them over to Mr. Kelley. Each took a pencil and after a moment's reflection each wrote down a figure. Then Mr. Ryan showed his to Mr. Kelley and Mr. Kelley showed his to Mr. Ryan. One figure was $47,000,000; the other $43,000,000. Which figure was which few men will ever know because Mr. Ryan is now dead and Mr. Kelley won't tell; but in view of the size of the transaction the $4,000,000 discrepancy was almost negligible, and the unity of the two minds altogether startling.

The contemplated merger was not to be a love match from any point of view. It was to be a "mariage de convenance".

The groom, The Anaconda Copper Mining Company, was a swaggering nouveau riche who had dug his pile out of fabulous Butte Hill in Montana, but whose money making had been temporarily checked. The bride, The American Brass Company, was a prim, fussy, opulent New England spinster.

Together they could set up the same kind of industrial menage that the steel family had been enjoying for years. Anaconda producing and American Brass fabricating.

Neither would be marrying below station, because each was supreme in its province. And mingling the red Irish blood of the groom with the slightly decadent Yankee blue of the bride should certainly produce eugenic perfection.

Everything was favorable for the nuptials. The groom was eager, and generous; the bride was demure, but willing; their friends and stockholders had common interests in the match.

Anaconda was eager because, faced with a deficit of $17,000,000, it had to find a mother for its war-born babies—thousand of tons of unsold copper. It was generous because it wanted, through American Brass, to gain permanent social contact with the right people, the ultimate consumers of the copper it had mined.

American Brass, on the other hand, while it had made a great deal of money in the past (during the decade 1912-21 it had earned an annual average of approximately $25.00 per share as against Anaconda's $6.50), was faced with a deficit of $1,600,000 and was therefore the more ready to consider the perils of matrimony.3

On Monday, December 12, 1921, word got around that the nuptials were being prepared. On the previous Saturday American Brass had been quoted at 243. By Monday's closing it had jumped thirty-two points to 275—eloquent testimony to the groom's generosity. Anaconda, indeed, had offered American Brass $300 per share, one-half in cash, the other in three shares of Anaconda stock, which was then selling on the New York Stock Exchange at about its $50.00 par.

On February 10, 1922, the marriage was effected, and Anaconda found itself in possession of more than 99 per cent of the stock of the American Brass Company, for which it had paid the sum of $45,000,000—half-way between the two guesses.32
This second form of expansion under Mr. Ryan's guidance was so mighty that, in spite of all the glamorous mines it had gathered into itself, Anaconda's fabricating capacity just about balances its producing capacity.

The third expansion of Anaconda under the guidance of John D. Ryan was the development of foreign sources of copper.

Now that the greatest brass fabricating industry of the country was in the fold, new fields of copper were sought so Anaconda could feel secure for the future and also to feed its new "baby".

One possible avenue toward the goal of new copper had been paved already with part of $50,000,000 that Anaconda had borrowed on bonds during 1919 and 1920 mainly to undertake exploration and development work in South America.

Messrs. Ryan and Kelley turned their eyes upon the Guggenheim family, with the idea that they might be preparing to retire from the business of copper mining.

Since domestic copper resources could not last forever, it was a matter of national security that America should control virgin foreign reserves. The reasoning was cogent and Anaconda began negotiating with the Guggenheims in 1922 through J. P. Morgan and Company.

Also it was important to buy out the Guggenheims because if they didn't, a British company would.

As it turned out, however, the Guggenheims were not so eager to sell that they did not wait for Anaconda to raise its bid for a controlling 51 per cent of the stock to $77,000,000 in cash and debentures.  

The deal gave Anaconda control of a source of cheap copper and twice as much of it as all developed ore in the United States. In 1923 Chile Copper produced 205,000,000 pounds of copper, and a few years later twice as much. That went a long way toward supplying the 400,000,000 pounds of new copper that Anaconda's new fabricating capacity demanded.

The time for the final stage of consolidation was at hand—the acquisition of all the stock in the South American companies. Consequently, in 1929 Anaconda more than doubled its stock outstanding, to over 944,000,000 partly to retire debt and partly to exchange its additional shares for the public's holdings in Chile and Andes.34

This self-contained domain, with assets listed at $118,000,000 and a production capacity of 300,000,000 pounds of copper a year, 15 per cent of the world's output, was now the world's largest copper company. And it has been ever since.35

It was vision that pushed John D. Ryan to the top of the turbulent copper heap. He inherited much of it from Henry H. Rogers of Standard Oil fame, but it was his own vision that resulted in the steps which had wrested the hegemony of the copper world away from the Guggenheims. For with the control of the American Brass Company and domination of the great South American properties of the Chile Copper Company, the Ryan company, known as the Anaconda Copper Mining Company, is not only the producer of one-fifth of the world's total production of copper, but it also is the largest producer of silver in the United States and the world's greatest manufacturer of brass and copper goods.36

In his dedication speech at the renaming of the Volta Dam at Great Falls to the Ryan Dam, on August 18, 1940, Mr. Cornelius F. Kelley, long a business associate and personal friend of Mr. Ryan's, had this to say of the great copper magnate:37

"John D. Ryan was a man of outstanding ability in business, a genius in finance, and an accomplisher of important undertakings, but he was more, much more than that. As in his business life his honesty and integrity were unquestioned his private life was beyond reproach, his personality left an indelible impression that never can be forgotten by those who knew him and inspired the confidence of all with whom he came in contact. I have said this before and I say it again, the quality that impressed me most through many

years of close association was his courage and I have had many opportunities to see it tested.

"While some of his major benefactions are public, the majority of the people will never know the extent of his generosity or his boundy to those who needed help. He was deeply religious and throughout his life up to the day of his death realized the greatest consolation and happiness from observing and practicing the tenets of his religion. Nothing in our long acquaintance ever impressed me more than the calmness, courage and Christian charity with which he contemplated his demise when he knew it was but a few hours away."

Mr. J. D. Murphy, secretary to Mr. Ryan from 1914 until the latter's death has this to say about his former employer:

"He was one of the keenest judges of men and events. He had great vision and it was largely due to this vision that the Anaconda Copper Mining Company is what it is today.

"Mr. Ryan was undoubtedly one of the greatest Catholics of his time. Never did he leave a night pass without saying the Rosary. His contributions to different groups of the Catholic Church were outstanding. His death was a great loss not only to his family, friends, the Anaconda Company, but also to the Church."

38. Murphy, J. D., Personal Interview, March 18, 1930.
A few of his official titles in the business and financial world were as follows: President of the Anaconda Copper Mining Company, United Metals Selliing Company, Montana Power Company; vice-president and director of the Greene-Cananea Copper Company; director of the Mechanica and Metals National Bank, the Chicago, Milwaukee and St. Paul Railway Company, the American International Corporation, the Inspiration Consolidated Copper Company; and a trustee of the American Surety Company, and the Emigrants' Industrial Savings Bank.

Death came to Mr. Ryan on the morning of February 11, 1933. So ended the career of one of the great business and financial figures in the history of American Industry.

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