

MYRON C. TAYLOR:

Cornell Benefactor, Industrial Czar, and FDR's "Ambassador Extraordinary"

RIGHT:

Myron C. Taylor's portrait, painted by Frank O. Salisbury, hangs in the foyer of Myron Taylor Hall alongside a portrait of his wife, Anabel Taylor.

W. DAVID CURTISS '40 AND C. EVAN STEWART '77

Editor's note: This is the first part of a two-part series on the life of Myron C. Taylor, Cornell Law School class of 1894. This first installment will cover his life up to and through his phenomenal business career. The second installment (to be published in the fall/winter 2006 issue of the Cornell Law Forum) will focus on his diplomatic career as President Franklin D. Roosevelt's "Ambassador Extraordinary."



Myron Charles Taylor had an amazing career. And yet when he died in 1959, *The New York Times's* lengthy obituary ended with the reserved observation that "[h]is was, indeed, a useful life." In large part this understated compliment was due to Mr. Taylor's intense personal distaste for publicity; when he gave Cornell University \$1.5 million in 1928 for the construction of a new law school complex, for example, the national media called him "the man nobody knows."

Notwithstanding that label, Mr. Taylor was in fact one of the major figures in American life during the first half of the twentieth century. Besides his contribution (monetary and otherwise) to Cornell—in addition to the main Law School building, he gave two other buildings to Cornell, one of which is named after his wife, Anabel Taylor—he played leading roles in two distinct spheres: he was probably America's leading industrialist, and he later was a key diplomatic figure at the hub of many of the most important geopolitical events before, during, and after World War II.



LEFT to RIGHT:

Mr. Taylor with his wife, Anabel

Mr. Taylor appeared on the cover of *Time* magazine in 1929.

Mr. Taylor was proclaimed “The Man of the Week in Finance” in 1932.



The Boy from Lyons, New York

Although Myron Taylor would later own a seventy-room mansion in New York City, a fabled villa in Tuscany, and a baronial country estate on Long Island, he was born (in 1874) and grew up in the small upstate town of Lyons, New York, just south of Lake Ontario. There, his father owned and operated a tannery business.

Myron Taylor dreamed of becoming a lawyer, and that dream brought him to Cornell Law School, where he studied as an undergraduate and ultimately earned a Bachelor of Laws degree in 1894. Instead of heading to Wall Street (as his first biographers have suggested), Mr. Taylor returned to Lyons, where for five years he struggled to establish a small-town law practice. Also never mentioned in those biographies was his early ambition for elective office. Shortly after graduating from the Law School, he twice ran for the New York State Assembly—as a Democrat; both times he was defeated.

By 1900, Mr. Taylor decided he wanted a bigger canvas on which to paint, and he left Lyons to join his brother William Taylor (Cornell A.B., class of 1891) on Wall Street. In that venue his focus turned to corporate law. But even as his legal career finally began to flourish, his focus changed again.

Textile Czar

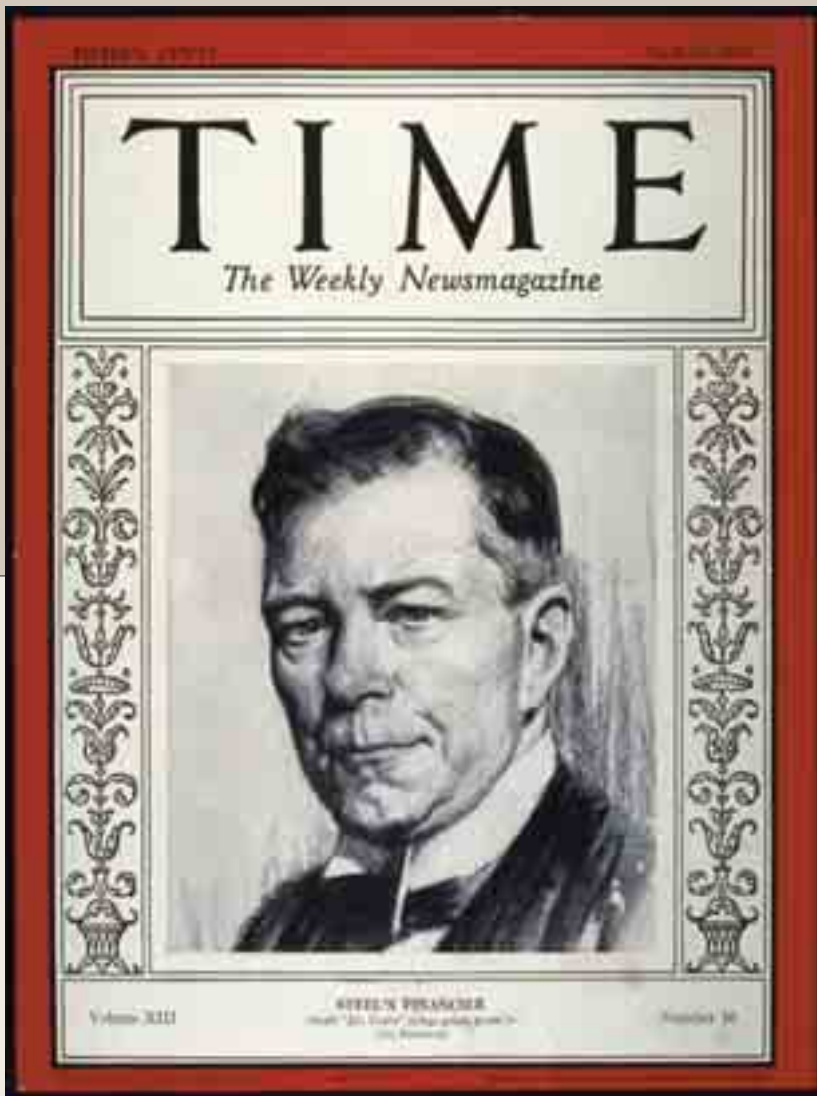
Arising out of litigation he had handled for his father’s tannery, Myron Taylor bid for and won

a U.S.-government contract for mail pouches and related products. Mr. Taylor quickly exploited this lucrative business and began not only to introduce numerous innovations (for example, the transparent “window” in envelopes through which a return address is displayed), but to buy up competitors.

He expanded beyond tannery products to cotton. After studying the cotton markets and identifying where the best opportunities were, Mr. Taylor began to acquire struggling mills, transforming their labor practices and modernizing their technology. This modus operandi later became known as the “Taylor Formula.” Applying the formula with great discipline, and demonstrating remarkable skills in what today would be called corporate finance, Mr. Taylor soon consolidated and eventually dominated the textile industry.

Not content with these successes, Mr. Taylor branched out. With remarkable foresight as to the future potential of the automobile industry, which was then in its infancy, he established a separate textile firm that became the leading supplier of combined tire fabric. During World War I, his plants became the major suppliers to the American military effort.

Throughout his business career, Mr. Taylor not only had keen insights into product and technological innovation, corporate finance, modern labor relations, and the workings of government, he also had an uncanny sense of timing—a sense of just when to take on a project and when to get out. At the peak of the textile markets industry after the Great War, Mr. Taylor foresaw a boom–bust cycle coming in the commodities markets. Thus, by 1923 he had disposed of all of his holdings in the mills.



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An Early Retirement or a Second Business Career?

Mr. Taylor had built up a sizable fortune, and he contemplated a blissful retirement with Anabel, to whom he had been married for three decades. He was soon diverted, however, by other commercial opportunities, requests from virtually every major public company to serve as a director, and (most importantly) the urgings of the two leading Wall Street bankers of the day—J. P. Morgan and George F. Baker—to help turn around the finances of U.S. Steel.

Mr. Taylor was reluctant to get involved, but he was told by Mr. Morgan that he would break his own long-standing rule of not holding an office in an outside company on the condition that Mr. Taylor sign on as well. With that, Mr. Taylor's answer was a simple one: "I'll do it."

Thus began Mr. Taylor's career at U.S. Steel. On September 15, 1925, he was elected a director and a member of the all-powerful finance committee. He became chairman of the finance committee in 1929. From March 29, 1932, until April 5, 1938, he was the chairman and chief executive officer. Not until January 12, 1956, did Mr. Taylor officially retire from the board.

From 1927 to 1938, Mr. Taylor dominated the affairs of U.S. Steel (often called simply "the Corporation"), leaving an indelible mark on its history. By then, no longer "the man nobody knows," he soon was featured on the covers of or in articles in *Time*, *Fortune*, *Business Week*, *The New Yorker*, and the *Saturday Evening Post*. Mr. Taylor's initial focus at U.S. Steel, however,

LEFT to RIGHT:

Myron C. Taylor meeting with John L. Lewis, the head of the Committee for Industrial Organization, regarding organizing the U.S. Steel workers

The *Myron C. Taylor* was launched in 1929 for the Pittsburgh Steamship Company (the private fleet of the U.S. Steel Corporation). Now a veteran of the Great Lakes, the *Taylor* remains an active, versatile member of the USS Great Lakes Fleet in the limestone, coal, and aggregates trades.



was on acquiring a first-hand understanding of the Corporation's wide-flung operations, as well as why it had "experienced 'a slide from leadership.'"

After almost two years of study, he turned to the Corporation's existing indebtedness, which totaled a staggering \$400 million. In short order (and just before the stock market's collapse in October 1929), he retired \$340 million in debt, saving U.S. Steel approximately \$31 million in annual debt-servicing costs. J. P. Morgan would later say that this action "was really entirely due to [Myron]. This was the most important thing that ever happened ... [W]e should now be 'busted' permanently if it hadn't been for that."

Mr. Taylor next turned to applying the Taylor Formula to U.S. Steel, closing or selling scores of plants, reorganizing the complex and often contradictory corporate structure of the world's largest industrial company, and upgrading and modernizing the Corporation's operations and technology. It would have been hard enough to do all that in the best of times, but Mr. Taylor managed to do it during the worst years of the Depression.

An Innovative Approach to Labor: "All America Gasped"

At a time when businesses were folding and unemployment lines were long (throughout America and the world), U.S. Steel was faced with falling demand and the need to cut production costs. Rather than affect a wholesale

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cut in the 200,000 plus workforce, however, Mr. Taylor came up with an innovative alternative. He inaugurated a share-the-work program.

Under this plan, work was divided among current employees—no one lost a job—rather, everyone continued at his or her regular rate of pay but for a shorter working day with correspondingly less total compensation. In 1932, when U.S. Steel was operating at approximately 17 percent capacity, Mr. Taylor's share-the-work program provided jobs and incomes to at least 75,000 U.S. Steel employees who otherwise would have had neither. Mr. Taylor initiated a number of other key relief programs for U.S. Steel employees during these bleak years (for example, \$16 million in direct relief in one year), but he always considered his

share-the-work program to be "the most important single contribution to the human side of the [D]epression."

Despite his private and innovative initiatives vis-à-vis his labor force, Mr. Taylor did not start out as a New Dealer or as a supporter of unions. And when the Wagner Act, which supported collective bargaining, was passed in 1935, Mr. Taylor was not (to say the least) an enthusiastic supporter.

And yet in early 1937, as "all America gasped," Mr. Taylor struck a deal with John L. Lewis, who was then head of the Committee for Industrial Organization (CIO). Through that deal, U.S. Steel agreed to recognize a CIO subsidiary for purposes of representing and



organizing U.S. Steel workers. The Corporation thus became the first major industrial company in America to take this historic step.

A lot has been written—much of it apocryphal, including a story giving significant credit to Anabel Taylor—about how this landmark development in labor relations came to be. The basis for the deal actually derived from what later became known as the “Myron Taylor Labor Formula,” a 100-word document Mr. Taylor drafted at his Italian villa in 1936 while reflecting on how to bring about labor stability and long-term prosperity for the Corporation. The document reads:

“The Company recognizes the right of its employees to bargain collectively through representatives freely chosen by them without dictation, coercion or intimidation in any form or from any source. It will negotiate and contract with the representatives of any group of its employees so chosen and with any organization as the representative of its members, subject to the recognition of the principle that the right to work is not dependent on membership or non-membership in any organization and subject to the right of every employee freely to bargain in such manner and through such representatives, if any, as he chooses.”

Mr. Taylor’s deal with Lewis was blasted by many other captains of industry. The chief executive officer of Republic Steel, for example, publicly rebuked Mr. Taylor and led his company in the opposite direction—a path that resulted in massive and bloody labor riots. Mr. Lewis, on the other hand and perhaps not surprisingly, praised Mr. Taylor for “one of the outstanding landmarks in the industrial history of our country.” Mr. Lewis predicted that Mr. Taylor’s “name will be remembered and revered by labor for generations.” Many other industrial and political leaders weighed in with praise or scorn, but we will give the last word to J.P. Morgan—hardly a lover of organized labor: “[Myron’s] was the finest performance I have ever known.”

Having eased the minds of workers and turned the world’s largest industrial corporation back into a thriving, highly profitable enterprise, Mr. Taylor told the Corporation that he was ready to turn the reins over to younger men. On April 5, 1938, he resigned as chairman and chief executive officer and prepared to enter a “sabbatical period of life.” His plan was that he and Anabel would spend part of the year in Tuscany and the remainder traveling around the world.

In the second installment of the series on Myron Taylor, we will see how, within weeks of his “retirement,” Mr. Taylor was called upon by the president of the United States to undertake critical diplomatic duties that would ultimately span the World War II years and involve some of the most important geopolitical issues of that era. ■

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