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DONNER TAKES THE REINS

THE HARDSCRABBLE HILLSIDE TOWN OF DONORA WAS FOUNDED AT THE terminus of America's Gilded Age, a time when a scattering of unimaginably wealthy individuals began coasting on their monetary laurels, soon to become legendary benefactors and philanthropists. They became known as robber barons for the monopolies they created and the legally and ethically questionable tactics they used. They included the likes of J. P. Morgan, Andrew Carnegie, Cornelius Vanderbilt, Andrew Mellon and his even wealthier brother, Richard, and John Davison Rockefeller, the wealthiest of them all, even by today's standards.

The founder of Donora, William Henry Donner, might not have been a robber baron, but he was close. A slight fellow with deep blue eyes, thick eyebrows, and a pleasant smile, Donner had gained a degree of wealth investing in real estate in the 1880s. He had taken full advantage of a boom in the development of natural gas factories in northeast Indiana, purchasing about 150 properties in Jonesboro and the appropriately named Gas City. He had no intention of settling there permanently, not at all.

For the most part Donner's investments proved profitable, most of the land being sold for considerably more than his purchase price. The young businessman began making a name for himself. Donner was coming of age during what would become known as the second period of industrialization, from the late 1800s to the early 1900s, a time marked by laissez-faire capitalism. Industrial leaders conducted business then with little or no governmental oversight. It was a glorious time for free-market capitalists, a time of wealth beyond measure, but that wealth was built mostly on the backs of common laborers, men and women whose yearly earnings wouldn't be enough to fill Andrew Mellon's vest pocket.

In any case, Donner bought low and sold high, and used the profits to subsidize his next venture, the manufacture of tinplates. Tinplates are thin sheets of iron or steel covered with a layer of tin to protect the underlying metal from rusting. In the nineteenth century tinplate was used to produce pots, pans, cans, stoves, candlesticks, kettles, and all sorts of tableware.

There was virtually no tinplate manufactured anywhere in the United States prior to 1890, however, so manufacturers were forced to rely on tinplate imported from Great Britain, Wales, or Germany. Donner believed that tinplate could be a profitable business if a plant could be built near a steady, inexpensive form of fuel. With a large number of productive coal mines throughout western Pennsylvania, Donner aimed to build a tinplate plant in the middle of those mines, in an area along the Monongahela River south of Pittsburgh.

Donner's plans changed, however, during a trip to Europe in 1898. Donner stopped first at a tinplate works in Wales. He wanted to better understand the manufacturing processes used in Britain before he returned home to build his own plant. From Wales he traveled to London, and there happened upon a good friend, John Stevenson Jr., who later became part owner of Sharon Steel Company, a steel factory on the Pennsylvania border near Youngstown, Ohio. Donner recalled that he and Stevenson met at what he remembered as Victoria Hotel, but what was probably the Grosvenor, located above Victoria Station. The two men soon began talking business.

Stevenson had recently built a plant to produce steel rods, wires, and nails in New Castle, Pennsylvania. The plant was considered at the time the largest such mill in the world. He told Donner that if he was going to build another rod, wire, and nail plant, "it would have a continuous

FIG. 1.1. William Donner at about age thirty-four. Courtesy of Donora Historical Society.

roughing mill and a Belgian finishing mill similar to the Joliet plant," the Joliet Iron and Steel Works, the second-largest steel plant in the country. Built in 1869, the Indiana plant manufactured rails for trains and numerous other steel and iron products.

The idea of producing steel rather than tinplate so intrigued Donner that he changed his plan. "After considering my financial position," Donner said, "I decided to build a rod, wire, and nail plant in which I would have a substantial interest. I knew that the American Wire and Nail Company of Anderson [Indiana] and the Consolidated Steel and Wire Company [in Cleveland] were money makers." Donner, along with his mentor and business partner Andrew Mellon, decided to purchase a number of properties in West Columbia, a sparsely populated area along the inside of a horseshoe-shaped curve in the Monongahela River.

Pre-contact Native Americans who inhabited the area, a people known variously as Alligewi or Monongahela, called the river Minaugelo, or "River with High Banks." Locals now refer to the river as simply "the Mon." The Mon meanders northward from West Virginia coal country to the middle of Pittsburgh, the epicenter of the steel industry, where it joins the Allegheny River to form the Ohio, a confluence known as Three Rivers. Of the three rivers, the Mon is the shortest and by far the muddiest.

The Allegheny's riverbed is largely rock, whereas the Mon's bottom is soft and silty, ready to loose its sediment with a good rain. After a strong rainstorm the churning Mon can send chocolate-brown water streaming northward to Pittsburgh, where it meets the blue-gray Allegheny water flowing south. On certain days the Ohio can seem like a split-personality river, steely blue on the west side and a muddy, cloudy, unappealing umber on the east.

The Monongahela River flowing past West Columbia formed over the millennia a steep-walled valley that rises 480 feet above the river on the western side and nearly 560 feet on the eastern side. Both sides of the river are steep, with the eastern side having a considerably sharper grade than the western. It was on the western side of the river's bend, about twenty miles as the crow flies south of Pittsburgh, that Donner and Mellon decided to build a brand-new town, a town created solely to make steel.

The town's name is a merger of William Donner's last name and the first name of Andrew Mellon's wife at the time, Nora Mary Mellon. Donora was then and remains today the only town so named in the world. It sits directly across the river from the tiny community of Webster, a town that shared in Donora's growth as well as in its sad decline.

To create the town, Andrew Mellon set up a trust in early 1899. The word "trust" in those days didn't mean what it does today. Trusts today are used to administer a person's legal and financial affairs, typically after a child reaches a certain age or after a person's death. During the latter half of the 1800s, however, and through the early 1900s, trusts were used to consolidate power among a group of investors. Shareholders in companies owned by the investors would assign their shares to specific trustees, who were then given carte blanche to make business decisions on their behalf. Trusts became a highly regarded tool for avoiding governmental control of corporations.

Mellon's Union Transfer and Trust Company, later renamed the Union Trust Company, could manage businesses under its umbrella as the trustees saw fit, without interference or oversight from the government. If a trust controlled several banks, for instance, it could dictate interest rates for each bank, thereby squelching competition from lesser institutions. Just so did trusts allow monopolies to develop, using sheer, overwhelming market power rather than open and honest competition.

In 1890 the government tried to clamp down on unfair competition and prevent monopolies with the Sherman Antitrust Act. The act was proposed by Ohio senator John Sherman, who served thirty-two years in the US Senate. Antitrust sentiment had been growing throughout the country during the late 1800s, and Sherman had led the charge to reign in those trusts. However, the act failed to define such critical terms as *monopoly*, *conspiracy*, or even *trust*.

A stronger bill in 1914, the Clayton Antitrust Act, would prove significantly more effective in blocking monopolies. That act would prohibit anticompetitive mergers, block predatory pricing, allow individuals to sue companies for illegal or unethical corporate behavior, and promote key labor rights, such as unions' right to organize and to peaceably protest. Until the Clayton Act was passed, though, Mellon could continue to use trusts to shield his interests. Through his Union Trust Company, Mellon set up a separate trust for the Donora project in early 1899. That trust, named the Union Improvement Company, would control virtually everything in the new town, and in charge of the Union Improvement Company, Mellon placed William H. Donner.

Donner immediately assumed responsibility for nearly all aspects of the development of the new town, from the maps of home lots to the roads and streets in town to the homes where mill officials would live, and even the makeup of the town's own government. His decisions would affect the life of every resident for decades to come.