



*John D. Rockefeller and His Career*

Silas Hubbard

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JOHN DAVISON ROCKEFELLER

JOHN D.  
ROCKEFELLER

AND

HIS CAREER

BY  
SILAS HUBBARD



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## P R E F A C E

**T**HE aim of this sketch of John D. Rockefeller and his career is to furnish a popular manual of the schemes and plans and enterprises that have contributed to upbuild the Standard Oil Trust.

To many minds the achievements of John D. Rockefeller seem uncanny and full of mystery. The writer has taken particular pains to unravel the mystery and explain the uncanny. The acquisition of wealth to many is the great end of life. To such, John D. Rockefeller must forever be a marvel. But to those who believe that there are greater and better and nobler things in life than money-making, Rockefeller's career is a subject, not for admiration, but for criticism.

It is, indeed, instructive to watch Mr. Rockefeller climbing to fame, to power, and to boundless wealth through systematic violation of the laws and the Constitutions of the States and Nation, but it is not admirable.

The American forms of government as organized by the Fathers of the Revolution and developed by succeeding generations, have broken down disastrously when confronted with the genius or obstinacy or ambition of John D. Rockefeller and his imitators.

Hatred of monopoly is inbred in the American people. It was an inherited hatred. And yet, in a single generation, in defiance of law and precedent,

Mr. Rockefeller built up a world-wide monopoly. The laws of the States and the Constitution of the United States failed to stop him.

He has had his imitators till almost every necessity and luxury of life is in the hands of a monopolist. Between the consumer and the producer stands the middleman, who grinds the one and squeezes the other. He is the unnecessary middleman. The butcher is a necessary middleman. But when the unnecessary middleman comes along and fixes the price at which the butcher must buy his cattle, and then fixes the price which the consumer must pay for his beef, we have the beginning of intolerable tyranny. And yet this system is growing hourly and daily.

These pages are intended to elucidate the origin and growth of the American latter-day monopoly.

No more shining light for its illustration could be got than John D. Rockefeller. In studying his career it is easy to see how monopoly has been created and how monopoly has been preserved. It is not so easy to see, however, how monopoly is to be ended.

That, however, is a paramount duty of statesmanship, but the evil must be thoroughly appreciated and understood before the people demand in tones of thunder that the builders of monopoly be curbed and punished. The writer sincerely hopes that the facts herein set down and the story of Mr. Rockefeller's career will do some little to awaken the people from their lethargy to a consciousness of the evils and the dangers besetting the Nation from Trusts and Trust-Builders.

SILAS HUBBARD.

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# I

## THE RISE OF ROCKEFELLER

IT IS NOT too much to say that John D. Rockefeller is an epoch-making personality. It is he who has injected a new force of far-reaching influence into the financial and political world. That force is not less potent because it is hidden, for in every savage and civilized nation or people on the globe it is a living, vital power.

~~The career of John D. Rockefeller is as interesting as the career of Napoleon, or an Alexander, or, rather, as the career of a Mahomet, a Luther, or a Calvin. He has been the chief and indispensable factor in the upbuilding of the Standard Oil Trust, and that concern is to-day a political, commercial, and financial institution of world-wide influence and power.~~ Some people say it has reached its zenith; that decay and dry-rot have already begun to operate for its dissolution. But such statements are idle or premature. Doubtless the Standard Oil Trust will perish like all other human institutions. Doubtless, too, the unparalleled hoards its up-builders have amassed will, in due time, be dissipated. Empires and dynasties are but creatures of an age. They rise but to fall; they live but to die. And the house of Rockefeller will perish as did the Valois, the Stuarts, and the Plantagenets. But its end is not yet. It has a mission to perform, and that is as yet undone. Diderot, Rousseau, and Voltaire did not perish till their work was accomplished. They made the French Revolution, and who knows whither tends the astonishing work that John D. Rockefeller has accomplished so far in his career?

It is no easy task to analyze the character, elucidate the

motives, illustrate the ambitions, and chronicle the deeds and achievements of Mr. Rockefeller. To his friends and relatives John D. Rockefeller is a species of demigod; to his foes, an ogre. In his dealings with his own he is eminently kind, just, and charitable. Temperate, frugal, and parsimonious, he is to his family all that father, husband, and brother ought to be. He has never been known to cross the steps of a playhouse, and his assiduous attendance at church has aroused the admiration of multitudes and the jeers of more. Suave, silent, and unostentatious, this man has wedded an iron will to indomitable patience. His ends are as vivid to his mind as the noonday sun, and he pursues those ends with relentless energy until they are achieved.

There is a tendency to magnify the talents of John D. Rockefeller, and to attribute to him almost superhuman or uncanny business ability. This is a mistake; for the more this man's career is studied, the more clearly it will be seen that his unparalleled success is the fruit of incessant labor, marvelous perseverance, and of a frugal, temperate, and meditative life. Even as a child he was thoughtful. At the age of eight he was master of a turkey-farm, and so great was his care and attention to the business of this farm that it realized him a handsome sum of money, which he invested at seven per cent. Legend or fact, this story illustrates the characteristics of the child John D. Rockefeller. From his earliest years he was saving, accumulating, and investing. While other children played and romped, and spent their pocket money in little childish luxuries, young Rockefeller was working, and dreaming, and multiplying his savings.

Brought up from childhood among the race of sturdy, God-fearing pioneers that had settled down in Central New York, young Rockefeller grew up a sturdy and God-fearing youth.

In 1852, when the lad was thirteen, his father moved to Cleveland, Ohio, and entered into the produce commission business. This afforded the son his first opportunity for a regu-

lar education, and for the next three years he was assiduous in attendance at school. Here again he was silent and shy, but most persevering and methodical. At sixteen he became a bookkeeper in the store in which his father was a partner. His regular habits, his simple ways, and his extraordinary industry soon attracted even more attention than his shy and silent manners. In three years he had saved enough to enter into a partnership in the produce commission business. That was in 1858, three years before the war. His first partner, M. B. Clark, was an Englishman, who sought in the Western world opportunities for fortune which were denied him at home. He had crossed the ocean in a sailing ship, had landed penniless in Boston, and, after a world of vicissitudes, had pushed on westward through New England and New York till he reached Ohio, and settled down at Cleveland. From him young Rockefeller, still silent, sleeplessly active and persevering, absorbed a vast amount of information. Other men get their knowledge from books and from learned professors. Rockefeller got his first-hand from those who did and saw. Needless to say, the firm of Clark and Rockefeller prospered. Clark's experience and Rockefeller's push and astuteness would have made almost any business prosperous, and the concern grew and flourished in an extraordinary manner.

Then in 1861 a great black cloud hung upon the horizon. A bitter, cruel, terrible war had been precipitated upon the land. The hotheads of the South had risen to wreck the Union, and all that was noble, and generous, and heroic in the North were rushing forward to save the nation, or give their life-blood to the sacred cause. We have no record of any patriotic enthusiasm surging in the breast of John D. Rockefeller, then two-and-twenty. If any such enthusiasm arose it was quickly stilled, for Rockefeller was far more bent on making money out of the Government's necessities than giving his life to save it.

The war was a godsend to Rockefeller in his produce commission business. All through it he kept building up and



accumulating a fortune. A million young men had abandoned trade, business, and professions for years of hardship, trial, danger, and distress. And when the war was over they went back again to the plow, and the counter, and the bar, too often broken in health and prematurely aged. While they had been fighting and suffering to save the Union, John D. Rockefeller had been gathering a golden harvest, and at the close of the war Rockefeller was worth a quarter of a million. He was twenty-six years old then, and already great ambitions were surging in his breast.

## II

### THE GREAT PETROLEUM DISCOVERY

**T**HE discovery of the extent and utility of the mineral oil deposits of America in the middle of the nineteenth century was an event of surpassing interest and importance to the whole commercial world. When John D. Rockefeller was cultivating turkeys on a farm in western New York, America was a very poor country. Outside of New England there was little or no manufacturing industry. There was no money in the country, and America had to go to Europe for all the capital it needed to build its canals and railroads, or develop its virgin resources. As a result the New World was the financial vassal of the Old, and as slavery is always hateful, the financial dependence of the young Republic on monarchical Europe was deeply felt at the time that young Rockefeller was making his first money by raising turkeys.

Europe had by no means very friendly feelings toward the United States. The growth and development of the American Republic was a perpetual reproach to the monarchies and despotic governments of Europe, and if they could not enslave America politically they planned to keep her their financial slave forever. To Americans of to-day it is strange to look

back sixty years and see the utter and absolute financial dependence of America on Europe, and it is still stranger to find, at the end of two generations, that America has ceased to be the vassal, and has become the great financial power of the world.

Two portentous and unexpected events have brought about this financial revolution. The first was the great gold discovery of the West, the second the discovery of the petroleum deposits of the Mississippi Valley. It were hard to decide which of these two events was the greater factor in the financial emancipation of America. The gold discoveries of California induced the settlement of the Western States and Territories by a race of men that has never been equaled in energy, ability, and love for adventure. Sixty years ago there was not a wheat farm, a cattle ranch, or an orchard west of the Missouri River, and there was not a hamlet or a white settlement from Mexico to the Arctic Ocean. To-day that vast territory is the granary of the earth, and the surplus products of its gardens, fields, and orchards suffice to feed the world. The desert and the wilderness have disappeared, or, rather, given way to farms, orchards, and gardens, hamlets, towns, and cities, where dwell the most prosperous and contented communities of civilized men that this earth of ours has yet known.

The unparalleled development of the West was the direct fruit of the wonderful gold and silver discoveries of the latter half of the nineteenth century. They inspired hope and abounding confidence in the breast of every American. It needed no seer to tell that the time was at hand when America would cease to be the slave of the money kings of Europe; and yet no less potent, perhaps, was the influence on the fortunes of the Republic of the mineral oil discoveries which were contemporaneous with the Civil War. During the past forty years America has exported two thousand millions' worth of mineral oil products. Prior to the discovery of petroleum wells and the gold of the West, the cotton plantations of the South and

the wheat fields of the North had to liquidate America's indebtedness to Europe. Since then it is the gold, silver, and copper mines of the West and the petroleum wells of the Mississippi Valley that have been the prime factors in emancipating America from financial vassalage to the Old World. Apart from the mineral oil products used for domestic purposes this country has been able to sell, up to date, to the rest of the world two thousand million dollars' worth of mineral oil products. The immense significance of this fact hardly needs elucidation, but it can readily be seen that if petroleum products had not enabled us to pay two billions of our indebtedness within forty years we could by no possible means possess the sound financial position, or rather financial supremacy, that is ours to-day.

This, of course, is only one phase of the great events that have followed from the oil discoveries of 1859. The creation of an entirely new industry was another, and the whole nation was stimulated by the new life and energy that characterized the oil regions.

The younger generation of Americans have but a faint conception of the stupendous excitement that followed in the wake of the gold discoveries in California less than sixty years ago, and they have but a still fainter conception of the extraordinary excitement born of the oil discoveries of less than fifty years ago. Indeed the America of the golden days of '49 and the America that witnessed the first petroleum developments are gone forever. Those days are not yet remote, and multitudes are living still who saw them, but yet the story of those times reads now like ancient history, so great have been the changes which those events and other great developments have brought about.

In the middle of the nineteenth century northwestern Pennsylvania, or rather that portion of it drained by the Upper Alleghany River, was almost as remote from civilization as Central Africa is to-day. The hunter and the woodsman had, indeed, been there. The woodsman had cut the pine and hem-

lock and floated it down the creeks at high water to the Alleghany, and later it was carried down the main river as far as Pittsburg. But neither the hunter nor the lumberman tarried long in this rough and lonely region. It was too far from civilization, and the few settlers that took up lands and began to grub and cultivate had a hard time, with bad roads and inclement weather and want of markets. For fifty miles along this rough and unattractive country there was hardly a prosperous farmer or a storekeeper making a decent living. It was a country to avoid and not to seek, and hence the tide of settlement that was even then pushing westward left it severely alone.

### III

## THE DRILLING OF THE FIRST OIL WELL

**I**T WAS in this community, in the spring of 1858, that Colonel E. L. Drake made his advent. He came by stage to Titusville, a tumble-down hamlet on Oil Creek, seventeen miles above the junction of that creek with the Alleghany River. Oil Creek was so called because of varied springs of mineral oil that contributed to it. Indeed, ever since 1854 attention had been directed to the petroleum of this region. A company had been formed to exploit it. It was called "The Pennsylvania Rock Oil Company," and Colonel Drake had invested \$200 in the concern. But the Pennsylvania Rock Oil Company was, after all, a visionary concern. While rock oil had often been collected in small quantities, and its value as an illuminant was known, until Drake's advent into Titusville no serious project was ever undertaken to make rock oil a valuable commercial commodity, and Colonel Drake had merely come to experiment. He came to bore for petroleum wells.

Colonel Drake was born in Vermont in 1819, and though not yet forty years of age, he had had more than his share of

“ups and downs.” He had by turns been a clerk, an express agent, and a railroad conductor, and he was finally chosen by the Pennsylvania Rock Oil Company to superintend the sinking of an artesian well for petroleum. The idea of sinking a well to tap the petroleum deposits of the region did not originate with Colonel Drake. The credit of the great discovery belonged to George A. Bissell. Bissell was a graduate of Dartmouth College. He had spent ten years of his young life in the South. He was schoolmaster and journalist by turns, but small indeed was the opportunity for fortune in those days, and when George Bissell revisited his old college he was as poor as at the beginning of his career.

There the professor of chemistry showed him a bottle of rock oil and told him that it flowed in springs out of the ground at Titusville. He also told him of its excellent qualities, and thereupon George Bissell organized The Pennsylvania Coal Oil Co. He leased the lands where the springs at Titusville were, and he sent a bottle of the crude oil to Professor Silliman of Yale for analysis. In due time Professor Silliman made his report, and declared that from this oil could be made the best of all illuminants. Gas, paraffin, and lubricating oils were also, he said, ingredients of rock oil. He assured George Bissell that other valuable products could also be extracted from rock oil at small expense, and that if secured in quantities a great commercial commodity would be his.

Professor Silliman's report was most satisfactory, but the difficulty that now confronted Bissell was securing it in quantities. The few springs on Oil Creek were not worth experimenting on, and for a long time George Bissell kept ruminating on some plan for securing rock oil in quantity. Light came to him one day while strolling down Broadway. Stopping in front of a drug store, he saw on a bottle a label entitled “Kier's Petroleum or Rock Oil.” It had an illustration of an artesian well, and the description contained the statement, “Celebrated for its wonderful curative powers. A natural remedy produced from a well in Alleghany Co., Pa., four

hundred feet below the earth's surface. Is pumped up with salt water, flows into a cistern, floats on top, where a quantity accumulates; is drawn off in barrels in its natural state without any preparation or admixture."

It was this label that pointed out the road to fortune to George Bissell. S. M. Kier had struck oil in 1847 while boring for salt wells, but he had never realized its true value. George Bissell knew the value, and got from Kier's label the secret of procuring it in quantity. Colonel Drake was thereupon selected to go to Titusville and bore for oil on the leased ground. He reached Titusville in the spring of 1858, but he had a world of difficulty in securing an engine and tools and rigging to drill for the oil. Before he had his plant complete the summer had gone and the icy hand of winter had settled down on that remote and inhospitable region. Many were discouraged, but not so the genial Colonel. He talked the long winter nights away, and told how Titusville would yet become the Mecca of fortune hunters as well as a great commercial metropolis. "Underneath this little town of yours," he used to say, "is a storehouse of unparalleled wealth—wealth greater than the wealth of India and the Incas—and you will all live to see Titusville become the El Dorado of the American Continent." And thus Drake talked on during the long weary nights of winter. Everybody loved Drake, but as he moved from house to house, telling wondrous tales of what was to come, he was listened to in silence. The good and simple folk thought him a dreamer, a visionary, a crank, an enthusiast, and the venture he was engaged in was spoken of all over the entire region as "Drake's Folly." But with the first breath of the spring of 1859 Drake drove off with a borrowed horse and wagon to secure a competent mechanic to drill the well. It was with great difficulty that he had procured the horse, and he had to drive a hundred miles before he secured his man. That done, he returned in triumph to Titusville.

Then on every side new difficulties beset him. The machinery was wretched, and the driller was anything but an ex-

pert. Another summer was nearly gone before any results were visible. The settlers used to come from long distances to gaze at "Drake's Folly," and then go home believing that the Colonel was the most charming of lunatics. But on August 29, 1859, the well was full of oil, and when the pump was started next day "Drake's Folly" yielded twenty-five barrels of oil. That was a proud day for E. L. Drake. It was, indeed, the proudest day of his life. Four years later he left the oil regions with \$16,000 and went to New York. He speculated, and the \$16,000 was swallowed up in Wall Street. Soon after his health broke down, and he and his family were utterly destitute; but the people of the oil regions did not forget him. They instantly raised a fund for him, and the State of Pennsylvania conferred on him a pension of \$1,500 a year, which he enjoyed till his death in 1881. Later on his remains were transferred to Titusville, where a handsome monument had already been erected to recall to the minds of all the memory of the first great benefactor of the oil regions. He did not amass the wealth of Rockefeller, for he died poor and dependent, but his memory will be forever held in benediction in the towns and villages of northwestern Pennsylvania.

Titusville, Oil Creek, and the whole district was a region of wild excitement all that fall and winter. Fortune had suddenly come to all the farmers and settlers of the region even while they slept. All through the winter every one of the wretched roads leading to Titusville and the oil regions was thronged with speculators and investors seeking to obtain leases to sink wells. They all wanted to tap the fabulously rich petroleum deposits of the district. Companies were formed in New York, in Boston, in Philadelphia, in Pittsburg, and in every other city in New York, New England, Ohio, and Pennsylvania, to exploit the oil regions. Machinery and supplies were carried in over the snows, and the forty miles from Erie to Titusville was a thoroughfare crowded with wagons and teams and a motley mass of humanity on their way to Colonel Drake's new El Dorado.

To take care of the hordes that flocked to the oil regions was the first difficulty, but cities and towns sprang up as if by magic, and before the summer of 1860 came there were hotels and boarding-houses sufficient to take care of the multitudes. Meanwhile every piece of ground was leased, and oil wells were being drilled for not only in the low ground, but up on the hill-sides, and on top of rugged, rocky hills. The innocent ones in the big cities were buying stock in any kind of an oil company, and the promoter who had an oil farm on the crest of a hill had just as good an opportunity to sell stock in his wild-cat oil venture as the promoter who was exploiting likely ground. Millions were wasted in exploiting barren ground, but the net result was the opening up of mineral oil wealth greater than the wildest visionary could have dreamed of. The oil poured forth in floods, and before the end of 1861 oil was selling at Titusville for ten cents a barrel. In January, 1860, it was twenty dollars.

#### IV

### THE TRANSPORTATION PROBLEM

THE first great difficulty that beset the oil producers was that of storage. Every State and Territory was ransacked for barrels to hold the oil. Beer, turpentine, and whiskey barrels came into the oil regions by the tens of thousands, and still an agonizing cry for more barrels went up. An Iowa school-teacher devised a wooden tank to hold the oil, and made a fortune out of his invention, but even that in time was displaced by the iron tank in use to-day. The next great difficulty was the transportation of this wondrous harvest of mineral oil wealth to a market. The Pennsylvania and New York Central Railroads at Erie were forty miles away, and the Erie Railroad was reached at Meadville, Union City, and Corry—all stations between twenty and thirty miles away. But the roads leading to the Erie line were in a frightful con-



dition. Caravans of oil teams soon, however, made all roads to the railroads wellnigh impassable, and new roads were run out through the fields or through the forests, only to be soon also made impassable and abandoned for others.

Teaming in the oil regions was then a most lucrative occupation. It was at teaming that Wesley Chambers got his first great start and achieved his first renown. It was as a teamster that Daniel O'Day began his career and first displayed the iron nerve and genius for organization which have since made him famous. But the teamsters of the oil regions were, as a rule, the tyrants of their class. At first they were absolutely indispensable to the oil regions, and they tyrannized over the district with whip and wheel. They often charged \$4 for hauling a barrel of oil five or ten miles, and they cut new roads through farm lands without the owner's license whenever the old roads became impassable. Often they scared many a farmer whose lands they appropriated for new roads with loud-resounding oaths and the crack of the terrible black snake whips they usually carried.

The oil producers were at the mercy of the teamsters, and many a device was tried to escape from their tyrants. Perhaps the strangest was the damming of Oil Creek and making a canal of that treacherous stream. Flat-bottomed boats were loaded high with oil barrels, and at a given time the dams placed at different distances along the creek would be opened and the flood would float down the boats to the Alleghany River. From there the trip of the oil fleet to Pittsburg was easy and safe. At one time there were one thousand oil boats and thirty steamers sailing the Alleghany River.

Captain J. J. Vandergrift was the hero of this fleet. He had risen from cabin-boy to captain on Mississippi River steamers, but when the war broke out he found his occupation gone. He gave the steamers he could not sell to the Confederates and he hastened to Pittsburg in search of a new sphere. He towed four thousand empty barrels up the Alleghany to Oil Creek and sold them. Then he hastened back

to Pittsburg and built twelve boats suitable for the oil trade. It is said that on one trip with his new fleet he made \$70,000.

But the damming of Oil Creek and the ingenuity of Captain Vandergrift did not free the oil region from the tyranny and extortion of the teamster. Nature's abundance made transportation all the more difficult and put the producers more and more at the mercy of the jolly, boisterous, tyrannical teamster. In a little while the Pennsylvania, the New York Central, and the Erie Railroads had built branches to Oil City, to Titusville, and to the other centres of production in the oil region. But railroads could not get to each oil farm, and the teamsters controlled the situation and took most of the profits.

## V

### SAMUEL VAN SYCKEL'S PIPE LINE

**I**N 1864, however, Samuel Van Syckel came to the Creek. He leased lands and developed several fine wells, but he saw all his profits eaten up by the teamsters. A man of energy and resource, he immediately laid two 2-inch pipe lines from his oil farm to a storage point on the railroad. The teamsters jeered and laughed, but he went ahead, and in a little while his two pipe lines were doing the work daily of three hundred teams. At this the fury of the teamsters knew no bounds. They tore up the pipe lines and let the oil run away, but Van Syckel persevered and demonstrated that the pipe line was the salvation of the new industry. For a long time the teamsters grumbled and fought. As new pipe lines were laid they cut them, and in some instances set fire to the oil tanks of the producers with pipe lines. But their doom was sealed, and in a little while the teamster was but a name and a picturesque memory in the oil regions of Pennsylvania. Samuel Van Syckel did almost as much for the new industry by his device of a pipe line as Colonel Drake had done by sink-

ing the first well ; but, like Drake, Van Syckel reaped but small rewards for the benefits he conferred on the region. He put \$100,000 into the first pipe line, but, through some strange fatality, he lost it. He then went into the business of refining oil, and, being a man of great inventive genius, he made many and great improvements in the process of refining petroleum. He took out a patent for the continuous refining of oil that was the most valuable patent of its day ; but by that time John D. Rockefeller was in the oil business, and wanted Van Syckel out of it. He got the Acme Oil Company of Titusville, one of his subsidiary companies, to enter into an agreement with Van Syckel to build a plant to manufacture by his method. Poor Van Syckel waited and waited for years to see his process tried till at last he discovered he had been tricked. In 1888 he sued the Acme Oil Company and won his case ; but it was in a Pennsylvania court, and all he got was six cents damages. Six years later, mourning over the injustice and ingratitude of man, he died ; but neither the oil regions nor John D. Rockefeller has shown any disposition to do justice to the memory of this great benefactor of his State and his country.

The teamster and the oil fleet were now things of the past, but the railroads were charging heavy freights for handling crude petroleum to the refineries. Cleveland, Pittsburg, New York, and Philadelphia all had refineries for handling the crude oil brought to them from the oil regions. The producers claimed that the transportation charges were excessive, and a movement was early begun to refine at the wells. The difficulty of transporting machinery for refining was great, but all obstacles were overcome, and as early as 1865 ten thousand barrels were refined at the point of production. There is now no doubt that the most economic place for refining petroleum is at the mouth of the wells.

Samuel Downer of Boston and his partner, Merrill, had long been making coal-oil from Newfoundland coal and Trinidad pitch, but as soon as petroleum was discovered they changed their methods and adapted their work to make oil

from the new product. To be near the source of supply they came to Corry, twenty-six miles from the Drake well, and put up a factory that cost \$250,000.

The Downer process employed at Corry was, in all essentials, the process in use to-day for refining oil all over the world. And Downer and Merrill demonstrated that the oil regions were the fittest place for refining oil.

## VI

### GREED OF THE RAILROADS

**B**UT this did not suit the railroads. In 1861 the Pennsylvania Railroad made enough profit out of its oil traffic to defray all its fixed charges and pay its dividend. The Pennsylvania, the Erie, and the New York Central were all eager to get the lion's share of the oil traffic, but they were united in antagonism to refineries built near the source of supply. They were ever and always discriminating against the refineries built in the oil regions, and this discrimination led to extraordinary results. Commodore Vanderbilt and his son, W. H. Vanderbilt, were then in actual management of the New York Central; Colonel Tom Scott controlled the Pennsylvania Railroad and "owned" the State; and Jay Gould operated the Erie for himself and Jim Fisk. Scott was friendly with the Vanderbilts. He was perfectly willing to let them own the State of New York, provided they made no objection to his usurpation of the State of Pennsylvania. Both, however, looked on Jay Gould as an upstart and a usurper, and they resented his control of the Erie and his invasion of the oil regions for traffic. But Gould had a wonderful instinct for traffic, and he was a past master at manipulating the stock market.

With three such men as Vanderbilt, Gould, and Scott a rate war to secure the oil traffic was inevitable. But neither

Gould nor Vanderbilt nor Scott cut rates openly. That was done in secret, and was only done for favored shippers by the way of rebates. The open or published rate was adhered to only in the case of small and innocent shippers, and the rates for others depended on their astuteness or skill in bullying or wheedling the railroads.

It was this condition of affairs—*i. e.*, the utterly unlawful system of rebates—that inspired John D. Rockefeller with the idea of becoming supreme master of the petroleum industry of the United States. He saw clearly that if he devised a scheme whereby he and his allies could get rebates, not only on their own products, but on the products of all others, the oil business would be his, and his alone. It was not until 1871 that this idea had blossomed into vigorous life. The oil industry was then in the heyday of its prosperity. Multitudes had made fortunes by owning or leasing oil lands. One pioneer, James S. Farr, had a farm of two hundred acres. In 1861 he sank a well that yielded 300 barrels a day; the second well he sank yielded 1,000,000 barrels of oil, and he amassed a fortune of \$3,000,000 from the oil wells of his two-hundred-acre farm. Later he moved from the oil regions, and lived the balance of his days in opulent leisure on a farm. William Barnsdall, an Englishman, was the village shoemaker at Titusville during the lonely winter that Drake spent there. Drake often talked to the shoemaker of his hopes and schemes, but Barnsdall was sceptical like all others till he saw the oil pumped from "Drake's Folly." He organized a company at once, sank a well, struck oil, and made a fortune. Thousands made fortunes in like manner as producers of oil.

And these men living in the oil regions, and familiar with its conditions and prospects, were proud of their country, and were desirous of doing great things for it. Schools and churches were run up in every hamlet, and theatres and lecture halls were built in the cities. The wild license so characteristic of Western mining camps was never permitted in the oil regions, and in 1872 the Alleghany oil field was enjoying

its high-water mark of prosperity. The region was producing 40,000,000 barrels of oil yearly, and 150,000,000 gallons of illuminating oil were being exported. Every country in the world was paying tribute to the oil producers of North-western Pennsylvania, and though speculators and railroads were still preying on the petroleum industry, there was not, at the dawn of 1872, any part of the United States so rich, so happy, and so prosperous as the people of the oil regions of Pennsylvania. They were buoyant, proud, and sanguine. In their mind's eye they saw the time when all the raw material would be refined at home; when their district would be the envy of the people of the land; when the fortunes made from the oil wells would be used to build up and beautify a region so generous and so bountiful.

But such a time they were destined never to see. An uncanny and unscrupulous brain devised a scheme to grab all the profits and benefits and blessings that Nature's bounty stored in the bosom of the oil regions.

## VII

### ROCKEFELLER'S FIRST OIL VENTURES

#### HIS ALLIANCE WITH SAMUEL M. ANDREWS

**W**HILE the firm of Clark and Rockefeller was making money out of Government contracts during the war, it was also investing in a small way in oil refining. Cleveland was soon connected with the oil regions by railroad, and a large number of oil refineries were built there. It was the natural shipping point for the finished petroleum products going West, and with its commanding position on Lake Erie it was entitled to the most favored rates to the Eastern cities. In 1872 Cleveland had a refining capacity of 12,000 barrels a day, while New York and the oil regions had but a capacity for 9,000 barrels each. Cleveland, therefore, was greatly in-

terested in the growth and development of the oil fields. Oil was closely associated with the commerce of Cleveland, and the commission merchants, Clark and Rockefeller, were eagerly watching developments.

In 1862 Samuel Andrews, an Englishman of great mechanical skill and ability, secured the co-operation of the firm of Clark and Rockefeller in the building of an oil refinery. They invested \$4,000 in that venture, and it proved so successful that they invested more until they had \$10,000 in the scheme. Sam Andrews was no ordinary mechanic or manufacturer. In addition to an inventive genius he possessed great executive ability, and his oil refinery was soon a big financial success.

John D. Rockefeller saw his chance. He sold out his commission business and formed a partnership with Samuel Andrews for oil refining. In this partnership, which began in 1865, Sam Andrews was the manufacturer, and Rockefeller the purchaser of the raw material and the salesman of the finished product. He had to borrow money to carry the firm's ever-growing stock of crude and finished products, and he had to save expense in every item of transportation and purchase. His skill as a borrower became proverbial in Cleveland in those early days. The closest-fisted money lender unlocked his safe when John D. Rockefeller's unctuous tongue demanded it. He seemed to have a unique way of winning the confidence of the capitalist. Miss Ida M. Tarbell, in her most valuable history of the Standard Oil Company, tells how a well-known and rich business man stepped into the office one day and asked for Mr. Rockefeller. Rockefeller was out, but his partner, M. B. Clark, met the visitor. "Mr. Clark," he said, "you may tell Mr. Rockefeller, when he comes in, that I think I can use the \$10,000 he wants to invest with me for your firm. I have thought it all over." "Good God!" cried Clark, "we do not want to invest \$10,000. John is out right now trying to borrow \$5,000 for us." In other words, the wily John had been playing a little confidence trick on the rich business man, and his partner gave the play away.

"And the joke of it is," said Clark, who used to tell the story, "John got the \$5,000 even after I had let the cat out of the bag. Oh! he was the greatest borrower you ever saw."

Rockefeller carried the same astuteness and cunning into every branch of the business. He had the shrewdest and sharpest buyers at Oil Creek, and when his agents bought crude oil below the market, John D. Rockefeller's joy was overpowering. Miss Tarbell tells how the news of one such lucky purchase made him lose all control. "He bounded from his chair with a shout of joy," related an eye-witness, "danced up and down, hugged me, threw up his hat, and acted so like a madman that I have never forgotten it." His sales of the finished product were made with equal care and success; and with a keen eye to every detail he made haste to manufacture barrels and cases and boxes, so that all the profits in the oil business, from the wells to the consumer, should be his.

Hence every reduction in the cost of refining, or of transportation, or of the raw material was a source of great joy. No wonder that his firm prospered. No wonder that the firm started a second refinery under the name of "William A. Rockefeller and Company." H. M. Flagler was a partner in this firm, and it opened a house in New York for selling oil. This firm of Rockefeller and Flagler also flourished and grew rich, and in 1870 John D. Rockefeller consolidated his entire business under the name of the Standard Oil Company. The capital of the new company was \$1,000,000, and those interested were John D. Rockefeller, Henry M. Flagler, Samuel Andrews, Stephen V. Harkness and William Rockefeller. The extraordinary success and expansion of the firm of Rockefeller and Andrews attracted wide attention. Some attributed its success to Rockefeller's talents at the bargain counter and as a borrower. Others gave due credit to Sam Andrews for his knowledge and skill as a refiner. But though these would account for much, they would not account for all. Sam Andrews was not the only expert refiner at Cleveland. There were others whose processes were just as good and more



economical. There were others also whose finances were sounder than those of Andrews and Rockefeller, and who could therefore drive as good a bargain at the wells and hold for even better prices than Rockefeller's firm. But yet the latter firm grew and expanded and amassed profits which no other oil firm could explain.

## VIII

### THE REBATE SYSTEM

**Y**EARS after the secret of the fabulous fortunes made by Rockefeller, Andrews, and Flagler became known. They were getting their crude oil carried from Oil Creek to Cleveland for twenty cents a barrel, and all other refiners at Cleveland were paying forty cents a barrel for transportation. From 1865 to 1872 this tariff varied, but if the records are carefully studied it will be seen that the Lake Shore Railroad Company hauled the entire crude product for the Rockefeller concern for half the rate that others paid. Rockefeller, Andrews, and Flagler were at this time using up 500,000 barrels of crude oil a year. Other firms paid forty cents a barrel and Rockefeller twenty cents. And, in addition to this, John D. Rockefeller had secured for his finished product rates from Cleveland to the seaboard that enriched him still more. As early as 1870 the railroads' discrimination in favor of Rockefeller, Andrews, and Flagler was worth \$250,000 a year to the new Standard Oil Company. This discrimination was not open and above-board. It had continued for years before there was even a suspicion of it.

But in 1869 the firm of Alexander, Scofield and Company were offered a rebate of fifteen cents a barrel on crude oil from the Creek to Cleveland. The firm were to pay the open rates, and at the end of each month, on the presentation of vouchers, they were to receive back fifteen cents on each barrel. The

railroad agents acknowledged that the Rockefeller people were getting rebates to the seaboard, and they pledged like rebates to Alexander, Scofield and Company when they were as big shippers as the Rockefellers; but till then they had to build up their business at a disadvantage.

How did John D. Rockefeller secure these favors from the Lake Shore Railroad? How did he persuade the management to a policy as unjust as it was illegal. It could have but one result—the monopoly of all the oil refinery business at Cleveland by the Standard Oil Company—and that result came swift and true.

Rockefeller had succeeded in outwitting and bamboozling W. H. Vanderbilt and General J. H. Devereaux. The Vanderbilt lines, the Gould lines, and the Pennsylvania line had long been cutting and slashing rates, and as the Lake Shore's main part of this traffic had to go to Cleveland, Rockefeller persuaded General Devereaux that unless something special was done for Cleveland the oil refiners of that city would have to move their plants to Oil Creek, manufacture there, and ship east over the Pennsylvania.

In those days John D. Rockefeller was to outward appearances a perfectly frank, simple, unassuming, straightforward business man. The bright, clear eye, the firm chin, and soft voice gave not the slightest indication of the infinite cunning and unparalleled astuteness concealed within. He completely captured and convinced General Devereaux, and to save Cleveland and the New York Central's share of the oil business he gave John D. Rockefeller rebates worth at that time \$250,000 a year, and that soon were worth millions to the Standard Oil Company. It is easy to imagine Rockefeller's joy over such a concession. With what glee he must have related to Andrews, Flagler, and William the devices and arguments he used with General Devereaux; and no doubt when he told how he pulled the wool over the General's eyes his associates laughed, and John danced for joy and flung his hat into the air. He did that once when his agents up the Creek made a good bargain.

What then must have been his exuberant joy when he had wrung from General Devereaux a bargain in transportation that was worth \$250,000 a year? The bargain which John D. Rockefeller drove with General Devereaux was unquestionably the beginning of the Standard Oil Company. Had that bargain not been made, Flagler, Rockefeller, and Andrews would most probably be oil merchants still, and there would have been no Standard Oil monopoly.

It is idle, however, to speculate on what might have been. Equally idle, perhaps, to discuss the legal and moral aspect of that now famous agreement between General Devereaux and John D. Rockefeller for rebates on all shipments of crude oil or manufactured petroleum. Rockefeller has always claimed that he outraged no moral law or legal code in securing secret railroad rates that put his competitors out of business. Devereaux and Vanderbilt were undoubtedly guilty of gross violation of law and justice in giving such secret concessions to Rockefeller, but the latter must not be smirched because of their violation of the law!

Rockefeller and his associates reaped all the benefit of this gross and outrageous violation of the law, but all the blame and guilt, forsooth, must be laid at the door of Vanderbilt and Devereaux. Rockefeller knew that the law was being violated for his benefit and at his suggestion and entreaty. He knew also that the violation of the law would strangle the business of every other oil refiner in Cleveland. He knew it would compel all his business competitors at Cleveland to sell their plants to him at his terms; but yet he would have the world believe that Vanderbilt and Devereaux were alone guilty of legal and moral turpitude, even though that turpitude had been induced by his own cunning and astuteness. Such casuistry may fool people sometimes in the corrupted currents of this world. Here also money and power may shove by justice, but if John D. Rockefeller will read and learn to understand the Sermon on the Mount, he will find that "it is not so above."

In 1870 John D. Rockefeller had built up and made per-

fect his organization for buying and selling petroleum. His purchasing agents at the wells were the shrewdest in the business, and he had secured railroad rates that saved his company \$250,000 a year in transportation.<sup>1</sup> Other petroleum manufacturers at Cleveland might live under such conditions, but the Standard Oil Company was bound to thrive and prosper. But John D. Rockefeller was by no means content. His position in the oil business was commanding, but it was not supreme. He had, it is true, all the other twenty firms at Cleveland who were refining oil at his mercy. He could force them out of business at any moment he so desired. He could take their business and their factories away from them at his own price; but, prudent general as he was, he realized that the monopoly of all the oil refineries of Cleveland would not make him master of the oil wells of the country or of the markets of the world. He saw that it would be necessary for him to make a combination with the leading oil refiners of Pittsburg, Philadelphia, and New York. And he knew that it was by such a combination that he could secure from the Pennsylvania and Erie Railroads a like system of rebates to that which he enjoyed from the New York Central.

## IX

### ROCKEFELLER'S FIRST COMBINE

#### ALLIANCE WITH PETER WATSON

WITH infinite care and cunning he now bent his mind to the manipulation and handling of the Pennsylvania and the Erie. Colonel Tom Scott, though now vice-president, was still in control of the Pennsylvania, and Jay Gould of the Erie. About this time Rockefeller took into his counsels Peter H. Watson. Watson was an able lawyer, and he had served under Stanton as Assistant Secretary of War. After the war he was made general freight agent

of the Lake Shore and Michigan Southern, and it was doubtless through the aid of Peter Watson that Rockefeller succeeded in obtaining rebates on his crude oil from the wells, and on his finished product to the seaboard.

Peter Watson was a very remarkable man. He was versatile, eager, and hard-working, and he was almost as secretive and astute as Rockefeller. Moreover, he was utterly indifferent to public criticism, and rather despised public opinion, while John D. Rockefeller has always longed for and hungered after the good opinion of his fellowmen. Peter Watson was ready to be a scapegoat or a hero at any time that it suited Rockefeller or himself. No better ally for his far-reaching designs could Rockefeller get than Peter Watson. Rockefeller unfolded to him his schemes for combining the refineries of Cleveland, Pittsburg, Philadelphia, and New York, and securing from the railroads rates that would put the refineries at the wells out of business, and that would bankrupt all the small refineries which would not combine with them, or that they did not want in the combination.

The Rockefeller plan was, therefore, a combination of petroleum manufacturers at Cleveland, New York, Philadelphia, and Pittsburg, which would obtain transportation rates from the railroads that would eliminate the refineries at the wells, and would drive all the small and undesirable manufacturers out of the business. It was combination and conquest. Rockefeller and Watson believed that the railroads would be powerless to resist a combination of all the big oil-refiners. They also believed that the railroads would be led by cupidity to aid in eliminating the Creek refiners from the business; and they also felt that when they had absorbed or crushed the refiners at the Creek the oil producers would have to sell their crude oil for anything which it pleased the Rockefeller combination to give them. In fact, Rockefeller planned a combination which would compel the railroads to do his bidding, and which would force the producer to accept a beggarly price for his crude oil. That would enable him to dictate

terms to the consumers also. The producers, the consumers, and the carriers were to be all at his mercy. And when John D. Rockefeller planned this combination he was but thirty-three years of age. At a like age, however, Napoleon had won the battle of the Pyramids, and achieved imperishable renown by his first and his greatest conquest of Italy.

The plan of campaign for the conquest being arranged, Peter Watson was chosen to secure the co-operation of the big refiners at Pittsburg and at Philadelphia. He did not go to Pittsburg as the ally, friend, and associate of John D. Rockefeller or the Cleveland combine. He and Rockefeller were too shrewd for that. Watson represented himself as a railroad man, an oil producer, and as ex-Assistant Secretary of War, and he could talk to the oil refiners of Pittsburg and Philadelphia with authority and persuasion. In fact, they fell completely in with the scheme, and they even believed it originated with themselves, and not with Peter Watson. Instead of the Pennsylvania folks going in with Watson, they thought that they persuaded Watson to go in with them, and then—out of regard for Watson—they allowed the Rockefeller combine at Cleveland to come into the deal. In fact, to please Peter H. Watson, they allowed William Rockefeller, John D. Rockefeller, H. M. Flagler, and Oliver Paine to join the new combination, and were allowing the balance of power in the new combine to Rockefeller without knowing it—and without knowing it they put Rockefeller's man at the head of the organization, and that man was Peter H. Watson.

O. F. Waring of Pittsburg, W. G. Warden of Philadelphia, and J. A. Bostwick of New York were the big factors in the new combine outside the Rockefellers. The picturesque Colonel Tom Scott soon "caught on," and divined the aims of the new combination. He was fooled, however, into the belief that Pennsylvania parties controlled. He expected great things for his railroad from them, and he suggested to them to organize under the charter of the South Improvement Company. The Pennsylvania Legislature had been in the

habit of granting omnibus charters to favored individuals—to cunning representatives who aided Tom Scott in legislative work—and the charter of the South Improvement Company was so elastic, so comprehensive, and so useful that Peter Watson and his associates at once acquired it from Tom Scott's friend, and immediately proceeded to organize under its provisions.

## X

### THE SOUTH IMPROVEMENT COMPANY

THE charter under which Rockefeller, Watson, and associates organized is known to fame as "The South Improvement Company." Peter H. Watson told the Congressional Investigating Committee that "the charter was a sort of clothes-horse, to hang a scheme upon." Miss Ida Tarbell calls it "a clothes-horse big enough to hang the earth upon." In the "History of the South Improvement Company," written at the time, we find this graphic description of this now historic charter:

"The South Improvement Company can own, contract, or operate any work, business, or traffic of any kind (save only banking); may hold and transfer any kind of property, real or personal; hold and operate on any leased property (oil territory, for instance); make any kind of contract; deal in stocks, securities, or funds; loan its credit; guarantee any one's paper; manipulate any industry; may seize upon the lands of other parties for railroading, or any other purpose; may absorb the improvements, property, or franchises of any other company, *ad infinitum*; may fix the fares, tolls, or freights to be charged on lines of transit operated by it, or on any other business it gives to any other company or line, without limit. Its capital can be expanded or watered at liberty; it can change its name or location at pleasure; can go anywhere, and do almost anything. It is not a Pennsylvania corporation only; it

can, as soon as these enactments are valid, or are confirmed by other Legislatures, operate in any State or Territory. Its directors must only be citizens of the United States—not necessarily of Pennsylvania. It is responsible to no one; its stockholders are only liable to the amount of their stock in it; its directors, when wielding all the princely powers of the corporation, are also responsible to the amount of their stock in it. It may control the business of the continent, and hold and transfer millions of property, and yet may be rotten to the core. It is responsible to no one; makes no report of its acts or financial condition; its records and deliberations are secret; its capital illimitable; its objects unknown. It can be here to-day, to-morrow away. Its domain is the whole country; its business everything. Now it is petroleum it grasps and monopolizes; next year it may be iron, coal, cotton, or bread-stuffs. They are landsmen granted perpetual letters of marque to prey upon all commerce everywhere.”

This description of the powers and privileges granted by a charter of the Pennsylvania Legislature to the South Improvement Company should be carefully studied. That charter was the model for all subsequent charters under which John D. Rockefeller has ever since operated. It has been the model for his imitators in all other trusts or monopolies, and for this reason the story of the South Improvement Company is of surpassing interest. It was incorporated in 1870, and it was vested with all the “powers, privileges, duties, and obligations” of the Continental Company and the Pennsylvania Company.

The Delaware Improvement Company was passed through the Delaware Legislature, and given to J. Edward Addicks as a reward for political turpitude. The South Improvement Company charter was put through the Pennsylvania Legislature for some reason that has never been known. As Miss Ida M. Tarbell puts it, “The act incorporating the company was never published; the name of the member introducing it was never known, and no votes on it are recorded. The origin of the South Improvement Company has always remained in



darkness. It was one of thirteen improvement companies chartered in Pennsylvania at about the same time, and enjoying the same commercial *carte blanche*."

On the 2d of January, 1872, Peter H. Watson, John D. Rockefeller, and their associates met in Philadelphia and organized under this charter. The stock of the company was divided into 2,000 shares, and the subscribers for the 2,000 shares were:

	<i>No. shares</i>
William Frew, Philadelphia, Pa. . . . .	10
W. P. Logan, " " . . . . .	10
John P. Logan, " " . . . . .	10
Charles Lockhart, Pittsburg, Pa. . . . .	10
Richard S. Waring, " " . . . . .	10
W. G. Warden, Philadelphia, Pa. . . . .	475
P. H. Watson, Ashtabula, O. . . . .	100
H. M. Flagler, Cleveland, O. . . . .	180
O. H. Payne, " " . . . . .	180
Wm. Rockefeller, " " . . . . .	180
J. A. Bostwick, New York, N. Y. . . . .	180
John D. Rockefeller, Cleveland, O. . . . .	180

Peter H. Watson, Rockefeller's most able ally, was president of the company, and W. G. Warden of Philadelphia was secretary.

Colonel Tom Scott had his misgivings about the organization from the outset. He did not like the prominence of the Cleveland men in it, and he insisted that all the refiners should be taken in or get an opportunity to go in before he would make any freight contracts with it. Watson agreed to that proposition, but under such terms that it was inoperative. Then Scott began to parley for the producers. He told Watson that the producers were the real backbone of the oil business, and that they should be protected. To protect the producer was the last thing that John D. Rockefeller wanted, but he allowed Watson to write out a form of agreement, under which any oil producer could come into the new combination; and when Colonel Scott was shown this agreement he was satisfied, and recommended the president of the Pennsylvania Railroad to sign the famous contract, which placed the oil

business of the United States completely in the hands of John D. Rockefeller.

Horace Clark and W. H. Vanderbilt had already signed the contracts with the South Improvement Company for the Lake Shore and the New York Central, and Jay Gould and General George B. McClellan signed for the Erie and its branches, and on January 18 J. Edgar Thompson signed for the Pennsylvania. The contracts of the railroads with the South Improvement Company were in direct violation of the charters of each and all of these railroads, and yet it is a curious fact that Colonel Tom Scott was the only one of the railroad men who seemed to have any moral, legal, or business objections to the signing of those contracts. Not one of them divined that they were granting secret privileges and favors to a combination which would inevitably and infallibly create a gigantic monopoly, which would, in time, strangle all competition and place the railroads themselves at the mercy of the monopolists. In fact, Peter Watson had completely convinced the railroad presidents that the best interests of the railroads would be subserved by permitting the South Improvement Company to fix the open schedule of all rates on petroleum products, and by giving rebates on all petroleum products shipped by the combine or by the independents to the South Improvement Company.

In the report of the Congressional Committee investigating the Standard Oil Company in 1888 is published the text of the agreement between the South Improvement Company and the railroads, the open rates and rebates being given. These agreements are as follows:

3. To transport and deliver petroleum and its products over the railroads of the party of the second part, and its connections, at gross rates, which shall at no time exceed the following without the consent of both parties hereto:

From any point on the Oil Creek and Alleghany River Railroad to Oil City, Union, Corry, or Irvington, which are herein designated as "common points," on each barrel of 45

gallons in bulk, and on each barrel of 47 gallons in barrels, 30 cents.

*On Crude Petroleum*

From any common point (for each barrel of 45 gallons) to:

Cleveland . . . . .	\$0.80
Pittsburg . . . . .	.80
New York . . . . .	2.56
Philadelphia . . . . .	2.41
Baltimore . . . . .	2.41
Boston . . . . .	2.71

All other points, except those on the Oil Creek and Alleghany River Railroad, to the places of destination last named, the same rates as from the common points.

*On Refined Oil, Benzine, and Other Products of the Manufacture of Petroleum*

From Pittsburg (for each barrel) to:

New York . . . . .	\$2.00
Philadelphia . . . . .	1.85
Baltimore . . . . .	1.85

From Cleveland (for each barrel) to:

Boston . . . . .	\$2.15
New York . . . . .	2.00
Philadelphia . . . . .	1.85
Baltimore . . . . .	1.85

From any common point (for each barrel) to:

New York . . . . .	\$2.92
Philadelphia . . . . .	2.77
Baltimore . . . . .	2.77
Boston . . . . .	3.07

From and to all points intermediate between the points aforesaid, such reasonable rates as the party of the second part shall from time to time establish on both crude and refined. From Pittsburg, Cleveland, and other points, to places west of Pittsburg and Cleveland, such reasonable rates as the party of the second part may deem it expedient from time to time to establish.

4. To pay and allow to the party hereto of the first part, on all petroleum and its products, transportation for it over the railroads of the party of the second part and its connections, the following rebates, and on all transported for other parties drawbacks of like amounts as the rebates from the gross rates, the same to be deducted and retained by the party hereto of the first part, for its own use, from the amounts of freights payable to the party of the second part.

*On the Transportation of Crude Petroleum*

From the gross rate from any common point to:

	<i>Rebate per barrel</i>
Cleveland . . . . .	\$0.40
Pittsburg . . . . .	.40
New York . . . . .	1.06
Philadelphia . . . . .	1.06
Baltimore . . . . .	1.06
Boston . . . . .	1.06

From the gross rates from all other points and the six places of destination last named rebates the same as on the rates from the common points.

*On the Transportation of Refined Oil, Benzine, and Other Products of the Manufacture of Petroleum*

From the gross rates from Pittsburg to:

	<i>Rebate per barrel</i>
New York . . . . .	\$0.50
Philadelphia . . . . .	.50
Baltimore . . . . .	.50

From the gross rates from Cleveland to:

	<i>Rebate per barrel</i>
Boston . . . . .	\$0.50
New York . . . . .	.50
Philadelphia . . . . .	.50
Baltimore . . . . .	.50

From the gross rate from any common point to:

	<i>Rebate per barrel</i>
New York . . . . .	\$1.32
Philadelphia . . . . .	1.32
Baltimore . . . . .	1.32
Boston . . . . .	1.32

“And from the gross rates to and from all points intermediate between the above points a rebate or drawback of one-third of the gross rate shall be paid.”

“From the gross rates from Pittsburg, Cleveland, and other points to places west of the meridians of Pittsburg and Cleveland, a rebate or drawback of one-third of the gross rate shall be paid.”

Peter Watson was an able lawyer and a very capable business man. He had clauses inserted in the contracts with the railroads which allowed the railroads to concede rebates to all others as soon as they were shippers of equal volume with the South Improvement Company. This clause in the agreement was meant as a salve to the uneasy conscience of railroad presidents, but Peter Watson and John D. Rockefeller well knew that no such competition would ever claim the privilege of this clause. Moreover, the railroads bound themselves to co-operate “as far as they legally might” to maintain the business of the South Improvement Company against injury by competition, and lower or raise the gross rates of transportation for such times and to such an extent as might be necessary to overcome the competition. The rebates and drawbacks to be varied *pari passu* with the gross rates.

Under these agreements the Pennsylvania was to have 45 per cent of the eastbound traffic, and the Central and the Erie 27 1-2 per cent each. All shipments of the finished products to the interior were to be equally divided between all three roads. Under this agreement every barrel of crude oil shipped to Cleveland by the independents cost them 80 cents, and every barrel of crude oil shipped to New York, \$2.56; to Baltimore and Philadelphia, \$2.41; to Boston, \$2.71. But the Rockefeller combine got their crude oil to Cleveland for 40 cents, and their crude oil to New York and Philadelphia for \$1.06, less than the independents. Moreover, the railroads gave a drawback to the Rockefeller combine of 40 cents on all crude oil shipped by the independents to Cleveland, and \$1.06 on all crude oil shipped to Boston, New York, Phila-

delphia, and Baltimore. All the independent refiners were thus supplying grist to the Rockefeller mill. And, as if this were not enough, every shipment of finished petroleum products belonging to the independents had to pay excessive charges, but the excessive charge—instead of going into the railroad treasury—was turned over to Rockefeller's South Improvement Company.

It looks incredible now that Jay Gould and W. H. Vanderbilt and Tom Scott should ever have entered into such agreements with the South Improvement Company. They were aiding and abetting a combine which, if successful, would crush out of existence all undesirable rivals, and which for a certainty would grow so powerful that it would be a greater tyrant to the producer than the teamsters of the early days, and which would also be so omnipotent that the railroads themselves would be at its mercy.

During the Congressional investigation of these contracts it was estimated that the railroads were granting concessions to the Rockefeller combination that were worth \$6,000,000 a year. The Chairman of the Congressional Investigating Committee declared that the success of the South Improvement Company "meant the destruction of every refiner who refused for any reason to join the company, or whom the company did not care to have in, and it put the producers entirely in its power. It would make a monopoly such as no set of men are fit to handle."

Theoretically all the refiners who wanted to come in were to be welcome, but in practice only those were to be absorbed whom John D. Rockefeller wanted for associates in his gigantic scheme. Theoretically also the producers were to be protected. They were to be saved from themselves, *i.e.*, they were to limit their production and sell crude oil for whatever price per barrel John D. Rockefeller, in his benevolence, should place upon it. One great object that the Napoleonic mind of John D. Rockefeller had in view was to put all foreigners under tribute. He would drive the petroleum oil

manufacturers out of business, and make them buy the finished products from Rockefeller. France had enacted legislation intended to prevent the importation of finished petroleum products from America. It sought to build up French refineries by the free entry of crude oil and high tariff on the manufactured article. John D. Rockefeller had a plan to offset that, and he calculated that, supreme in the oil field, he would make the foreigner pay \$7,500,000 a year more for his mineral oils than he was paying at the beginning of 1872, when the South Improvement Company was formed. Mr. Warden and Mr. Watson were effusive in declaring that it was a patriotic move to tax the foreigner by increasing the cost to all consumers of the outside world; but they acknowledged that the additional price could not be wrung from the foreigner unless it were also extracted from American consumers. Indeed, the more the South Improvement Company was investigated, the clearer its objects were understood, and the better its aims and ends were analyzed the more apparent it became that producers and railroads and consumers would one and all be sufferers; would one and all be squeezed and plundered to amass fortunes for the score of able men who formed the South Improvement Company. This little coterie of men loudly proclaimed that all they sought was "the good of the oil business." In unctuous tones John D. Rockefeller bemoaned the evils of overproduction in crude oil and in finished petroleum. Peter Watson descanted with patriotic fervor on the evils of fluctuating railroad rates. Henry Flagler bemoaned the terrible injury done to legitimate oil business by wild-cat oil companies, and by the sharks that speculated in that commodity at the Creek and on the stock exchanges of the various cities. These patriotic, kindly, and benevolent men had no other object in view than to make the petroleum business in every branch legitimate. To do that the consumer would have to pay more, the producer would have to take less, and all the manufacturers outside the combine would have to scuttle out of the business. John D. Rockefeller shed tears

of pity over some of the weak and undesirable ones who were forced to scuttle. Their grief wrung his sympathetic soul, but he felt that in driving them out of business he was obeying the great law of Nature which Darwin had recently discovered, "the survival of the fittest." All the little buds had to be cut off that the full bloom and beauty and fragrance of the American Beauty rose might be developed. And thus also all the little manufacturers, all the petty men in the oil business, had to go under in order that John D. Rockefeller might loom up a colossus in the land. He seemed to think that he had a mission from heaven to compel every producer to take what he was willing to give for the raw material, and to compel every consumer to pay his price for the necessary of life which he controlled. John D. Rockefeller did not talk like this, but he acted like this. He acted as if he had a divine right to crush every obstacle that stood between him and the world-wide monopoly. And it is this that makes his career so full of interest and contrasts. The Congressional Committee on Commerce made a public declaration that "the South Improvement Company was one of the most gigantic and dangerous conspiracies ever attempted." The Committee still further declared that if not stopped "it would have resulted in the absorption and arbitrary control of trade in all the great interests of the country."

Thirty-two years ago the Congress of the nation saw, as clearly as the noonday sun, the ends at which the South Improvement Company, or its parent—the Standard Oil Company—aimed. In emphatic language it denounced and condemned the conspiracy and conspirators. It saw the evil, but it took no steps to crush it or prevent its growth, and to-day the great Standard Oil Trust overshadows and over-awes the Senate and the House of Representatives of the Congress of the United States.



## XI

### PRESIDENT GRANT ON MONOPOLIES

**G**ENERAL U. S. GRANT, President of the United States, made the public declaration on March 30, 1872: "I have noticed the progress of monopolies, and have long been convinced that the National Government would have to interfere and protect the people against them." And in the midst of the ferment which the exposure of the South Improvement Company caused Congress finally declared that "it was the most gigantic and daring conspiracy a free country has ever seen."

Now the South Improvement Company, its contracts, and its aims were the creation of the wily brain of John D. Rockefeller. Congress and public opinion were equally emphatic in the condemnation of this offspring of the Mephistopheles of the oil regions, as John D. Rockefeller was then called. But Rockefeller was a law unto himself, and he had not the slightest intention of allowing either Congress, or State, or national laws to block his great scheme of monopolizing the mineral oils of the world. He felt he had a mission—a mission to organize the mineral oil industry in such a manner that producers and consumers should both be equally subservient to the views of John D. Rockefeller, President of the Standard Oil Company.

## XII

### ROCKEFELLER TURNS ON THE SCREW

**T**HE day before the South Improvement Company was organized for conquest the Standard Oil Company increased its capital to \$2,500,000. Mr. Rockefeller was getting ready to absorb or destroy all the other refiners of Cleveland. With the charter of the South Improvement Com-

pany in the one hand, and the Bible in the other, John D. Rockefeller went around among his fellow refiners of Cleveland and besought them to believe in the Bible, and sell their refineries to the Standard Oil Company for whatever amount of cash or stock Mr. Rockefeller would allot. In unctuous tones Mr. Rockefeller protested his own honesty and integrity. He alluded to the edifying life he led, his constant attendance at church, his utter abhorrence of gaming, the race-track, and the playhouse. His horror of the tobacco dealer and the rum-seller. His love for the Bible and the precepts of the Crucified. He told his victims that all his purposes were as pure and lofty as the mountain snows, and he coaxed, wheedled, and begged his competitors to surrender their business to him at his figures. When they declined he shed tears over their obstinacy, and bemoaned their impending ruin. The South Improvement Company would annihilate them, he would urge; and there he stood with the Bible in his hand, eager to take them under his wing; to save them from the South Improvement Company. That, he pointed out, was a mysterious company. It was a hidden, secret power. No one could learn anything of its objects unless under a pledge of solemn secrecy. His competitors signed the pledge of secrecy, and then he told them the import of this terrible machine that was to destroy them, and from which John D. Rockefeller would protect them, provided they surrendered their property to him—at his appraisalment. The pledges of secrecy are so unique that their publication adds point to this story. The first of these was published in the New York "Tribune," and is as follows:

"I, A. B., do faithfully promise, upon my honor and faith as a gentleman, that I will keep secret all transactions which I may have with the corporation known as the South Improvement Company; that, should I fail to complete any bargains with the said company, all the preliminary conversations shall be kept strictly private; and, finally, that I will not disclose the price for which I dispose of my product, or any other facts

which may in any way bring to light the internal workings or organization of the company. All this I do freely promise."

(Witnessed by)

(Signed)

The second ran: "The undersigned pledge their solemn words of honor that they will not communicate to any one without permission of (name of director of South Improvement Company) any information that he may convey to them, or any of them, in relation to the South Improvement Company."

(Witness.)

In recent years many an attempt has been made to justify the methods employed by John D. Rockefeller in wiping out his competitors in Cleveland. "The High Priest of the Holy Church of the Kerosene Can" has not yet written an "Apologia Pro Vita Sua," but he has had apologists by the score. They tell us that John D. Rockefeller's business genius and wizard-like power of systematizing the oil industry has conferred vast benefits not only on America, but on the world. They will tell you about the hundreds of improvements he made in refining; of the wonderful economy of his pipe lines to the seaboard, and overpowering value and usefulness of mineral oil—all due to the genius of John D. Rockefeller. Now, as a matter of fact, the economy of the pipe lines, and of the many and varied improvements in the refining of petroleum, and the vast extension of the uses to which the products of petroleum are put, have all been independent of John D. Rockefeller. John D. Rockefeller's genius is not as a manufacturer, or even as a merchant, but it is a genius for consolidation and monopoly. It is a genius to achieve supremacy without counting the cost.

In January, 1872, there were twenty-six independent refiners in Cleveland. Within sixty days, under the combined influence of John D. Rockefeller's Bible and the charter of the South Improvement Company, there remained but the Standard Oil Company and a few petty ones. Within a few weeks

Rockefeller increased his capacity from 1,500 barrels to 10,000 barrels. The leverage of the South Improvement Company had increased his capacity from three per cent to twenty per cent of the refining capacity of the United States.

Robert Hanna, an uncle of the late Mark Hanna, was operating an oil refinery at Cleveland then. He had bought the plant in 1869 for \$75,000, and he was netting \$20,000 a year and more from the plant. In fact, Mr. Hanna made an affidavit that in the first year he made over \$40,000, and that in subsequent years it was never less than thirty per cent on the \$75,000. In February, 1872, John D. Rockefeller sent Robert Hanna word that the Standard Oil Company wanted his works, and that they would pay in cash or in stock of the Standard Oil Company. Mr. Hanna declined to sell. He wanted to stay in the business because, as he told Mr. Rockefeller, he liked it, and it looked good to him. "Ah!" said Mr. Rockefeller, "but you can't compete with the Standard. We have all the large refineries now. If you refuse to sell it will end in your being crushed." Mr. Hanna, not yet conquered, sought out Peter Watson and General Devereaux and asked explanations. Was the tale told them by John D. Rockefeller true? Could it be possible that the railroads would conspire with Rockefeller so that all refiners in Cleveland would have to sell to Rockefeller or go to the wall? Watson and Devereaux soon convinced Robert Hanna that Rockefeller had the "cinch." Robert Hanna found out that he could not ship crude oil from the wells to Cleveland, nor the finished product from Cleveland, at anything like the rates that Rockefeller got, so sorrowfully he consented to sell his business. The Rockefeller agents appraised his property, a factory and a going concern, earning from \$20,000 to \$25,000 a year, at \$45,000. "Truly and really at less than one-half of what they were absolutely worth with a fair and honest competition in the lines of transportation," said Mr. Hanna, years after, in a sworn statement.

Mr. Alexander, of the firm of Alexander, Scofield and Company, appeared before a committee of Congress in this very year

and made a sworn statement relating the circumstances under which his firm had been compelled to sell. "There was a pressure brought to bear upon my mind and upon almost all citizens of Cleveland engaged in the oil business to the effect that unless we went into the South Improvement Company we were virtually killed as refiners; that if we did not sell out we would be crushed out. My partner, Mr. Hewitt, had some negotiations with parties connected with the South Improvement Company, and they gave us to understand—at least my partner so represented to me—that we should be crushed out if we did not go into that arrangement. He wanted me to see the parties myself; but I said to him that I would not have any dealings with certain parties who were in that company for any purpose, and I never did. We sold at a sacrifice, and we were obliged to. There was only one buyer in the market, and we had to sell on their terms or be crushed out, as it was represented to us. It was stated that they had a contract with railroads by which they could run us into the ground if they pleased. After learning what the arrangements were I felt as if, rather than fight such a monopoly, I would withdraw from the business, even at a sacrifice. I think we received about forty or forty-five cents on the dollar on the valuation which we placed upon our refinery. We had spent over \$50,000 on our works during the past year, which was very nearly all that we received. We had paid out \$60,000 or \$70,000 before that; we considered our works at their cash value worth 75 per cent of what they had cost. According to our valuation, our establishment was worth \$150,000, and we sold it for about \$65,000, which was, as I have stated, about 40 or 45 per cent of its value. We sold to one of the members, as I suppose, of the South Improvement Company, Mr. Rockefeller; he is a director in that company. It was sold in name to the Standard Oil Company of Cleveland, but the arrangements were, as I understand it, that they were to put it in the South Improvement Company. I am stating what my partner told me; he did all the business; his statement was that all these works were to be merged into

the South Improvement Company; I never talked with any members of the South Improvement Company myself on the subject; I declined to have anything to do with them."

### XIII

## MR. ROCKEFELLER AND THE WIDOW

ANOTHER instance of Mr. Rockefeller's methods is elegantly portrayed in the affidavit of a widow whose husband had erected a refinery at Cleveland as early as 1860. Mrs. A.'s story, as told in her affidavit, is as follows: "My husband having contracted a debt not long prior to his death, for the first time in his life, I, for the interest of my fatherless children, as well as myself, thought it my duty to endeavor to continue the business, and, accordingly, took \$92,000 of the stock of the — Oil Company, and afterward reduced it to \$72,000 or \$75,000, the whole stock of the company being \$100,000, and continued business from that time until November, 1878, making handsome profits out of the business during perhaps the hardest years of the time since Mr. A. had commenced. Some time in November, 1878, the Standard Oil Company sent a man to me by the name of Peter S. Jennings, who had been engaged in the refining business and had sold out to the Standard Oil Company. I told Mr. Jennings that I would carry on no negotiations with him whatever, but that if the Standard Oil Company desired to buy my stock I must transact the business with its principal officer, Mr. Rockefeller. Mr. Jennings, as representing the Standard Oil Company, told me that the president of the company, Mr. Rockefeller, said that said company would control the refining business, and that he hoped it could be done in one or two years; but if not, it would be done anyway, if it took ten years to do it.

"After two or three days' delay Mr. Rockefeller called upon

me at my residence to talk over the negotiation with regard to the purchase of my stock. I told Mr. Rockefeller that I realized the fact that the — Oil Company was entirely in the power of the Standard Oil Company, and that all I could do would be to appeal to his honor as a gentleman and to his sympathy to do with me the best that he could; and I begged of him to consider his wife in my position—that I had been left with this business and with my fatherless children, and with a large indebtedness that Mr. A. had just contracted for the first time in his life; that I felt that I could not do without the income arising from this business, and that I had taken it up and gone on and been successful, and I was left with it in the hardest years since my husband commenced the business. He said he was aware of what I had done, and that his wife could never have accomplished so much. I called his attention to the contract that my husband had made with him in relation to carbon oil, whereby the Standard Oil Company agreed not to touch the lubricating branch of the trade carried on by my husband, and reminded him that I had held to that contract rigidly, at a great loss to the — Oil Company, but did so because I regarded it a matter of honor to live up to it. I told him that I had become alarmed because the Standard Oil Company was getting control of all the refineries in the country, and that I feared that the said Standard Oil Company would go into the lubricating trade, and reminded him that he had sent me word that the Standard Oil Company would not interfere with that branch of the trade. He promised, with tears in his eyes, that he would stand by me in this transaction, and that I should not be wronged; and he told me that, in case the sale was made, I might retain whatever amount of the stock of the — Oil Company I desired, his object appearing to be only to get the controlling stock of the company. He said that while the negotiations were pending he would come and see me, and I thought that his feelings were such on the subject that I could trust him and that he would deal honorably by me.

"Seeing that I was compelled to sell out, I wanted the Standard Oil Company to make me a proposition, and endeavored to get them to do so, but they would not make a proposition. I then made a proposition that the whole stock of the — Oil Company, with accrued dividends, should be sold to said Standard Oil Company for \$200,000, which was, in fact, much below what the stock ought to have been sold for; but they ridiculed the amount, and at last offered me only \$79,000, not including accounts, and required that each stockholder in the — Oil Company should enter into a bond that within the period of ten years he or she would not, directly or indirectly, engage in or in any way be concerned in the refining, manufacturing, producing, piping or dealing in petroleum or any of its products within the county of Cuyahoga and State of Ohio, nor at any other place whatever.

"Seeing that the property had to go, I asked that I might, according to the understanding with the president of the company, retain \$15,000 of my stock, but the reply to this request was: 'No outsiders can have any interest in this concern; the Standard Oil Company has "dallied" as long as it will over this matter; it must be settled up to-day or go,' and they insisted on my signing the bond above referred to.

"The promises made by Mr. Rockefeller, President of the Standard Oil Company, were none of them fulfilled; he neither allowed me to retain any portion of my stock nor did he in any way assist me in my negotiations for the sale of my stock; but, on the contrary, was largely instrumental in my being obliged to sell the property much below its true value, and requiring me to enter into the oppressive bond above referred to.

"After the arrangements for the sale of the refinery and of my stock were fully completed, and the property had been sold by myself and the other stockholders, and after I had made arrangements for the disposition of my money, I received a note from Mr. Rockefeller, in reply to the one that I had written him threatening to make the transaction public, saying



he would give me back the business as it stood, or that I might retain stock if I wished to; but this was after the entire transaction was closed, and such arrangements had been made for my money that I could not then conveniently enter into it; and I was so indignant at the offer being made at that late day, after my request for the stock having been made at the proper time, that I threw the letter into the fire and paid no further attention to it."

Accompanying Mrs. A.'s affidavit was one of the company's bookkeeper's, testifying that the business had been paying an annual net income of \$30,000 to \$40,000 when the sale to the Standard was made for \$79,000, and another from the cashier, who had been present at most of the interviews between Mrs. A. and the Standard agents, and who corroborated her statements in every particular.

This affidavit and the affidavits of the employees of the company excited so much attention that Mr. Rockefeller thought it wise to reply. The reply is worthy of a sophist. The widow was making from \$30,000 to \$40,000 a year at her business; she wanted to continue it, for she wanted the income to bring up her children properly and settle them in life. With tears in his eyes—tears of admiration and sympathy for the good widow—he commends her and says his own wife could never do as well. He promises her protection and then sends round agents to tell her that for her own sake she must sell. The business was easily worth a capital sum of \$200,000. Indeed, she had given an option at that sum, but Mr. Rockefeller's agents now told her that the property could be duplicated for \$20,000, and that Mr. Rockefeller, in the great generosity of his heart, would give her \$79,000. And thus an old-established and honored business was acquired for \$79,000 at a time when it was making a sum equivalent to six per cent on half a million dollars.

It was methods such as these that soon gave Rockefeller absolute supremacy in the oil business at Cleveland, Ohio.

## XIV

### THE OIL WAR OF 1872

**B**UT in the meanwhile a storm had been gathering in the oil regions which soon burst with terrible violence. Rockefeller had secretly secured from the railroads, for himself and associates, contracts which would make every oil well in Pennsylvania an asset of the Standard Oil Company. In other words, the Rockefeller people were to fix the railroad rates, get a rebate on every gallon of crude oil they shipped themselves, and a drawback on every gallon of crude oil everybody else shipped. Rumors of an impending disaster were hanging over the oil regions, and these rumors became a certainty when on a sudden the tariff for all shipments of oil was raised fully 100 per cent. And this increased tariff was not to go into the treasury of the railroads, but into the treasury of the Rockefeller South Improvement Company.

The people of the oil regions instantly realized that some great conspiracy was on foot to destroy the refining industry at the wells and to place the producers at the mercy of a combination of railroads and refiners that operated far away from them. As soon as the news was published of the increase of freight rates, and of the exemption of the South Improvement Company from the increase, the excitement in the oil regions knew no bounds. All work was stopped; all business stayed. Men could talk of nothing but the conspiracy that threatened to ruin their industry and rob them of the wealth which all the world knew was to flow to them from the oil wells of the district. Within twenty-four hours of the publication of this iniquitous tariff a mass meeting was held in the Opera House at Titusville. That meeting was one of the most picturesque gatherings ever assembled. A common impulse and common aim had brought that assemblage of three thousand people together. The excitement knew no bounds; men gesticulated

wildly. These were no ordinary men; they were of every race and creed and class and nation of the earth, who had come to the oil regions for Fortune's smiles. They had found her there and they were sanguine, buoyant and hopeful, when the edict of the South Improvement Company came forth to blast their hopes and prospects.

At this meeting a Petroleum Producers' Union was organized. Three days later another great meeting was held at Oil City. At the second meeting the wild indignation of the people was more apparent than at the first. It was evident that the more the great conspiracy against the oil regions was examined, the more infamous it seemed. The Oil Producers' Union was indorsed by this meeting and approved of by all the people of the oil regions. They instantly set to work and pledged the producers to shut down on Sundays and start no new wells for sixty days, so as to limit production. More important still was the solemn pledge to sell no oil to any person known to be in the South Improvement Company. In other words, Rockefeller and his associates were to be boycotted. In their enthusiasm they decided also to boycott *the railroads*, to build lines themselves, and to support in every possible way the refiners who refused to go into the South Improvement Company. A committee was chosen by the Oil Producers' Union to go before the Legislature and demand the annulment of the charter of the South Improvement Company. Another was sent to Washington to lay the matter before Congress, and to ask for legislation to crush and curb such conspiracies against the public weal as the South Improvement Company. A delegation was selected to interview the railroad managers. Thirty thousand copies of a "History of the Conspiracy" were ordered sent to judges of all courts, Senators of the United States, Members of Congress and of State Legislatures, and to all railroad and prominent business men of the country, to the end that enemies of the freedom of trade might be known and shunned by all honest men.

In the very van of this uprising of the producers and refiners of the oil region stood John D. Archbold. He was a young man then, active, earnest, and eloquent. He and his associates had been asked to enter into the combine. They had consulted the heads of the railroads, and had been advised to join the South Improvement Company. Mr. Archbold, at the various meetings, dilated in passionate language on the iniquity of the South Improvement Company, as well as the perfidy of the railroad managers, and he won the confidence of the entire region by his solemn promise to resist now and forever all the encroachments of tyrants and conspirators in the oil regions.

The "Derrick" of Oil City was the boldest, the most pungent, the wittiest newspaper of the oil regions. It heaped invective, scorn, and obloquy on the railroads and on the members of the South Improvement Company whose names it could discover. At the head of its editorial columns it placed a black list which finally stood as follows:

#### "THE BLACK LIST.

P. H. Watson, Pres. S. I. Co.	
Charles Lockhart.	John Rockefeller.
A. W. Bostwick.	W. P. Logan.
W. G. Warden.	R. S. Waring.

Amasa Stone.

These seven are given as the directors of the South Improvement Company. They are refiners or merchants of petroleum.

Atlantic and Great Western Railway.  
L. S. and M. S. Railway.  
Philadelphia and Erie Railway.  
Pennsylvania Central Railway.  
New York Central Railway.  
Erie Railway.

Behold 'The Anaconda' in all his hideous deformity!"

It is curious that with all its efforts the "Derrick" never succeeded in getting a full list of the firms or persons implicated in the South Improvement Company. But it secured enough to lash the people of the oil regions to fury and to wipe the South Improvement Company out of existence.

Rockefeller put forward Peter H. Watson to bear the brunt of the storm of indignation and obloquy that was sweeping over the oil regions. Watson, Lincoln's ex-Under-Secretary of War, was the scapegoat, and he faced the storm like a man. He wrote letters to the important men in the oil regions, and asked for an opportunity to discuss the matter with the representatives of the producers. He protested that the objects of the company were misunderstood, and he gave many plausible excuses for its existence. His letters were read at public meetings amid shouts and jeers, and motions to parley with Watson were voted down by overwhelming numbers.

But the stoppage of the crude oil supply to all the known members of the South Improvement Company was a serious matter. Were the boycott to continue, Rockefeller and his associates would be hoisted with their own petard—they would be driven out of the oil business.

Peter Watson wrote again asking for a conference with the Producers' Union, but that request was also rejected with scorn. Meanwhile the press of the whole country was publishing detailed accounts of the uprising in the oil regions against the railroads and the conspirators who were endeavoring to monopolize the oil business. Every phase of the conspiracy was mercilessly exposed. The indignation of the nation was almost as great as that in the oil regions, according as the details of the conspiracy became public. The railroad magnates were the first to run to cover. This telegram was read from the President of the Atlantic and Great Western at the very first meeting at Titusville:

"New York, *Feb. 27, 1872.*

"Neither the Atlantic and Great Western nor any of its officers are interested in the South Improvement Company. Of course the policy of the road is to accommodate the petroleum interest.

G. B. McCLELLAN."

No sooner had this telegram been read, however, than one from Jay Gould followed, which said:

"Contract with South Improvement Company signed by Gen. G. B. McClellan, president, for the Atlantic and Great Western Railroad. I only signed it after it was signed by all other parties.

JAY GOULD."

Col. Tom Scott was ready with a hundred excuses for his approval of the Pennsylvania's contract with the South Improvement Company. He visited a delegation from the Oil Producers' Union at their hotel in Philadelphia, and gave them proof positive that he had agreed to the contracts only after he had been shown forms of agreement for the absorption of all the oil producers and oil refiners in the country by the company. Tom Scott had, indeed, this excuse. It was a capital one, though the genial Colonel must have known how utterly chimerical any attempt to harmonize the oil trade or traffic, by absorbing into one great combine every man engaged in the business, must have proved.

Finally, on March 28, 1872, a conference was held at the Erie offices in New York, between a committee of the Oil Producers' Union, several representatives of independent oil refiners, and the railroad magnates. John D. Archbold was the foremost and most forceful among the Creek men, and the independents found their most able spokesman in H. H. Rogers. New York had forged ahead from the outset of the discovery at Oil Creek in the refining business. For some strange reason John D. Rockefeller overlooked the New York refiners when molding the South Improvement Company, and when

the storm arose in the oil regions against that concern the refiners of New York were amazed at the boldness and arrogance of the men who could frame such a scheme for the destruction of all competition. They organized and sent a deputation of three to the oil regions to represent them. At the head of this deputation was Henry H. Rogers, a member of the well-known firm of Charles Pratt and Company. Rogers made friends wherever he went in the oil regions, and his caustic wit heaped ridicule and contempt on Peter Watson, John D. Rockefeller, and the South Improvement Company.

## XV

### MR. ROCKEFELLER IS HUMILIATED

AT THE conference at the Erie offices Horace Clark presided. Colonel Scott was also there, and General McClellan, as well as W. H. Vanderbilt. The Vanderbilts had the greatest confidence in Watson and General Devereaux, and they did their best to induce the independent refiners and the oil producers to adopt some plan similar to that embodied in the contracts with Watson. In fact, they and the other railroad men were loath to abandon a plan which assured them fixed rates and regular business from the oil fields. But they soon learned that the independents would brook no compromise. They wanted all contracts with the South Improvement Company absolutely canceled, and nothing but open rates for all in future from the railroads.

While this discussion was in progress Peter H. Watson and John D. Rockefeller presented themselves for admission to the conference. On behalf of the Producers', John D. Archbold protested strenuously, and H. H. Rogers denounced the attempt of the two arch-conspirators to gain admission as an outrage on common decency.

Horace Clark, chairman of the meeting, protested against

the exclusion "of his old friend Watson," and ordered him admitted. But his presence caused such a storm that he made a hasty exit. That was a day of humiliation for John D. Rockefeller. Under no circumstances would he be allowed admission to the meeting, and he saw his friend and ally turned out from that meeting in an ignominious manner. No wonder that he left the Erie offices dejected; no wonder a newspaper reporter in the "Times" pictured him as "looking pretty blue" as he walked away. The railroads had refused to recognize the representative of his beloved and cherished South Improvement Company. They had abandoned him for his enemies, the producers and the independents. He divined that all his contracts would be broken, and that the railroads would enter into agreements looking to the abolition of all rebates and drawbacks. That night he felt he was beaten, and henceforth he lay low, scheming, planning, and devising another campaign for the conquest of the oil business.

The railroads immediately after the conference in New York canceled all contracts with the South Improvement Company. The Pennsylvania Legislature annulled its charter, and the committee of Congress that investigated it denounced it as a conspiracy of the most dangerous character. Conceived in iniquity and brought forth in fraud, the South Improvement Company perished amid a storm of popular rejoicing; and yet, in one sense, it never died, for the Standard Oil Company has carried to success every end and object at which the South Improvement Company aimed. John D. Rockefeller was soon back in Cleveland, and had his agents at work striving to buy crude oil at the Creek, notwithstanding the boycott. The annulment of the charter and the cancellation of the contracts, he claimed, ought to end the boycott against him, and he succeeded in purchasing 20,000 barrels at the Creek. When this fact became known there was another storm of excitement. Rockefeller and the Standard Oil Company were by this time known to have been at the bottom of the whole South Improvement Company business. Rockefeller was, indeed, the arch-enemy



of the producers and the independents, and when news reached New York that he had succeeded in buying 20,000 barrels of crude oil, John D. Archbold telegraphed, canceling all contracts with the traitors that sold oil to Rockefeller. Thereupon a meeting was held at Oil City of the producers from every section of the oil country. The session was prolonged, and the discussion angry and excited. Telegrams were read from the various railroad presidents telling of the cancellation of the contracts and the abolition for all time to come of drawbacks and rebates. Captain William Hasson, the president of the Union, presided, and he read the following telegram:

“Cleveland, Ohio, *April 8, 1872.*

“TO CAPTAIN WILLIAM HASSON—In answer to your telegram, this company holds no contract with the railroad companies or any of them or with the South Improvement Company. The contracts between the South Improvement Company and the railroads have been canceled, and I am informed you have been so advised by telegram. I state unqualifiedly that reports circulated in the oil region and elsewhere that this company or any member of it threatened to depress oil are false.

JOHN D. ROCKEFELLER, President.”

That meeting clearly perceived that the only way to save the oil country from the usurpations of John D. Rockefeller was to enforce a perpetual boycott against him. But it looked so unfair to enforce the boycott against him and remove it from others of his associates in the South Improvement Company that the meeting hesitated. At the moment of its indecision the telegram was read from John D. Rockefeller, and that decided the day for him. A resolution was passed ending the boycott after the 15th of April.

But the removal of the boycott from Rockefeller and the Standard Oil Company did not do away with the suspicion and animosity that had arisen in the oil country. The bitter hatred of the people of the oil regions had its roots in the

South Improvement Company, and it has never abated from that day to this. The people who were found trading with the Standard were looked upon with suspicion. Those who worked for it, or who were allied with the Standard, were no longer patriots, but traitors. And his enemies were right. Within thirty days of the solemn agreement among all the railroads to grant no rebates or drawbacks, the Standard was receiving rebates on all crude oil shipped from the wells to Cleveland and on all its product shipped to the East from Cleveland. In other words, in a little while all the valuable contracts of the defunct company were enjoyed by the Standard alone. With these secret contracts in his possession John D. Rockefeller started out anew on his conquest of the oil world.

His past experience taught him much; he became more prudent and secretive than ever; he saw also that he could never achieve his ends till he had disrupted the producers and had allies and associates among them.

John D. Archbold had been the chief organizer of the forces of the oil region. He had led the war against the South Improvement Company and Rockefeller with great courage and ability, and Rockefeller made up his mind to take John Archbold into camp.

## XVI

### THE TREATY OF TITUSVILLE

**F**EW incidents in the industrial development of America have greater interest than the revolt of the oil regions against the South Improvement Company.

The sympathy of the nation went out overwhelmingly to the producers and to the independent refineries. There was hardly a newspaper in the land that was not loud and vehement in denunciation of Rockefeller and his South Improvement Company. Both the Congress and the President

of the United States were equally emphatic in their condemnation of the attempt of Rockefeller to build up a monopoly on the ruins of his business competitors.

Even the great railroads denounced the combine that wrung from them rebates and drawbacks. And when the Legislature of Pennsylvania revoked the charter of the South Improvement Company, a roar of triumph arose in the oil regions which echoed almost throughout the world.

And yet before the end of that very year of 1872, John D. Rockefeller had secured a grip on the oil industry fully equal to what he would have had if the South Improvement Company had not so ignominiously perished.

Many there were who pitied John D. Rockefeller as he walked away from the Erie offices beaten, dejected and melancholy. But for him defeat was only an incentive to greater effort. His one aim in life was to be supreme in the oil business—to dictate the price to the oil producers at the mouth of the wells and to tell all the consumers of petroleum products throughout the world what they were to pay. In complete and absolute control of production, Mr. Rockefeller felt that he could dictate also to the railroads and transportation companies.

He saw in his mind's eye fleets of oil ships sailing over the great lakes and seas of the world, and all floating the Rockefeller flag.

The man who leaped for joy and flung his hat into the air and shouted like a madman at the news of a hard bargain made by an agent was a man of many moods. We have seen him go to the house of a widow whose property he wanted for 35 cents on the dollar and shed sympathetic tears as the widow told him of her struggles to educate her children. But while he shed tears of sympathy for the widow and promised to protect her, in less than thirty days he had taken her property from her and appropriated it to his own use.

He paid her, to be sure, 35 cents on the dollar, and perhaps she ought to have been glad, for had she not sold out at his



figure he would have bankrupted her. In fact, John D. Rockefeller was a St. Paul in his sympathies. He was all things to all men, but when it came to the oil business he exercised the "divine right of the conqueror" and was as ruthless as Napoleon, William of Normandy, or Alexander.

And this was the man who appeared in the heart of the oil regions in May, 1872, a few weeks after his utter and overwhelming defeat through the South Improvement Company.

The people of Titusville and Oil City gazed at him with utter astonishment as he moved through their streets, smiling and modest and simple. Flagler and Waring and Frew were with him, and they did most of the talking and the handshaking. Indeed, so reticent and so humble and so kindly was the President of the Standard Oil Company that the oil regions soon came to the conclusion that John D. Rockefeller was not as black as he was painted.

Henry M. Flagler, debonair and confident, pointed to his chief and told how gentle and sweet and charitable he was. He told how he loved his home and his Bible and his Sunday-school class, and that all his purposes were as pure and lofty as the mountain snows. "Mr. Rockefeller," he said, "has tried to bring about a combination of producers and refiners that would benefit all those engaged in the oil trade. Overproduction has been ruining the business and Mr. Rockefeller wanted to stay or stem or stop the evil of overproduction for the good of the oil business. Mr. Rockefeller's plan had, indeed, failed, but he would gladly agree to any plan the oil producers might conceive which would benefit the oil business."

This was the kind of talk that Flagler and Waring and Rockefeller's other companions gave the prominent men of the oil regions during their memorable visit in May, 1872. They were to be seen buttonholing at every street corner and propounding views that would bring unwonted prosperity to the oil regions. Occasionally a party would meet in a private office, and Flagler and Waring and Frew would explain or propound or solicit. And John D. Rockefeller during the

discussion would sit in a corner silent as a sphinx, with his face usually buried in his hands. Occasionally he would look up and fix his piercing eyes on some speaker who showed unusual strength or courage. He marked his men for alliance or destruction, but he never did any of the talking.

The missionary work done by Rockefeller and his associates in the oil regions soon told. Captain J. J. Vandergrift, that daring and vehement leader of the popular forces, was won over to the theory that only a combination between refiners and producers could save the oil country from the evils of over-production.

John D. Archbold also became a convert. And others there were who had been fiercely inimical to Rockefeller's South Improvement Company, but who now succumbed to the specious arguments of the apostles of the Standard Oil.

A convention of the producers was then called at Titusville and a plan was propounded by H. M. Flagler for a combine of producers and refiners. That convention decided the fate of Rockefeller's second attempt to control the oil business.

The convention lasted four days, and it was fierce, stormy, and bitter. A great defection to Rockefeller was evident among leading producers, and Captain Vandergrift and John Archbold became objects of biting sarcasm and bitter re- crimination. They had stood boldly in the van of battle against the South Improvement Company. They shared in all the glory of its overwhelming overthrow, and there they stood now, a few months later, pleading and arguing and urging an alliance with the very men that were responsible for the South Improvement Company.

The names of "deserter," "traitor" and "ringster" were hurled across the floor of the convention at Vandergrift and Archbold, and they hurled back defiance at their late associates and allies.

Mr. M. N. Allen, editor of the Titusville "Courier," took his hat and walked out of the convention. He was one of the pioneers of the oil business and a refiner himself, and he

and his paper had fought valiantly for the independents against Rockefeller and the South Improvement Company. The defection of so many independents to the Rockefellers angered him and he left the hall in disgust.

Not once during all those days of angry recrimination and bitter wrangling did John D. Rockefeller open his lips in public. He listened to the debates and marked his men and soon divined that he could make no public alliance with the oil producers.

He had, however, gained one great point! He had divided the producers of the oil regions. Archbold, Vandergrift, and others were now his allies, and he made up his mind that he could proceed to consolidate the refiners of the country free from the danger of a boycott in the oil regions. In fact, by his alliance with Archbold and Vandergrift he had secured another great triumph.

It mattered little to him, therefore, what the convention at Titusville decided, and when it rejected his plan of an alliance between producers and refiners, he left Titusville apparently crestfallen, but in reality joyful. Three months later Rockefeller had won over to his views four-fifths of the refiners of the United States and he formed them into a combine known as the National Refiners' Association. John D. Rockefeller was president and J. J. Vandergrift vice-president of this new association.

A storm of indignation swept the country from Oil City to Titusville. The desertion of Captain Vandergrift and John Archbold had lost to the independents their ablest leaders. But their places were soon filled.

Foremost among the men who now came to the defence of popular rights and open competition was Captain William Hassen. His father owned a farm at the junction of Oil Creek and the Alleghany River long before Drake's discovery at Titusville had focused the attention of the world on the oil country of Pennsylvania. His father's farm was called Cornplanter, and he had seen Cornplanter become Oil City.

He and his partner had sold 300 acres of their land for \$750,000. Oil City was pre-eminently his city. It was built on his father's farm, and he was proud of it and proud of the great industry that had grown up in his country. He believed that Oil City and Titusville and every other town and hamlet in the oil regions would grow and prosper unless the machinations of Rockefeller and his associates should succeed in strangling the refineries at the wells. He feared any and all combinations of refiners which would be powerful enough to dictate to the railroads and unscrupulous enough to crush competition by any and all means.

Captain Hassen summoned the oil producers of the Creek together late in the fall of 1872. He laid before them all the aspects of the oil industry. He expounded the plans of the National Refiners' Association and he pointed out that combination should be met by combination.

A committee was appointed to draft the plan of an association which would effectually protect the producers.

In October Captain Hassen presented the plan of the committee to a convention of the independents. The new association was to be called the Producers' Union Agency. It was to be incorporated and a million dollars of capital provided. This stock was to be subscribed for by the producers and their friends. Every man engaged in the oil industry on the Creek was urged to buy stock in the people's corporation, and in an incredibly short time the million was subscribed.

A new power had come into the oil industry—an active, powerful organization of the producers themselves. It was evident that if this organization could be kept together Rockefeller would not find it any easy task to become the Oil King of the world.

At this time there was immense overproduction of oil. In 1871 the production was 5,205,234 barrels, but in the first ten months of 1872 this had already been surpassed. The wild-cat wells of the region had become producers and the utmost difficulty was experienced in storing or in disposing



of the oil. The producers had sold their five million barrels of oil in 1871 for \$21,440,502. In 1872 they pumped 20 per cent more oil, but received only \$18,100,000 for the increased quantity. They were already in the grip of the octopus. In 1873, when Rockefeller had his grip still more firmly on the industry, nearly ten million barrels of crude oil were produced, but the producers received only \$12,647,526 for the entire output. The producers pumped 60 per cent more oil than in 1871, but received 60 per cent less money therefor.

The first problem that confronted Captain Hassen, therefore, was overproduction. Were that to continue, Rockefeller could get his crude oil for \$2 a barrel or less. But in 1872, \$2 a barrel was considered a starvation price for crude oil; \$3 a barrel was looked upon as a fair price—a live-and-let-live price, and Captain Hassen and his lieutenants resolved to fix upon that as the normal price for oil.

But to secure that all drilling for new wells must be stopped, nay, more, there must be a general shut-down for at least thirty days of all wells in operation.

Hard as such a device was upon those dependent on the oil wells for the money to pay the butcher and the grocer, it was generally adopted. Here and there an ignorant Dutch farmer refused to abide by the decree of the Petroleum Producers' Agency, and kept his wells in operation, but the vast majority closed down tight.

The thirty-day shut-down of the oil wells of Pennsylvania was a heroic and self-sacrificing measure. It exhibited to the world the firm determination of the people of the oil regions to maintain their independence and not to become mere machines working for the honor and glory of a great monopoly controlled by John D. Rockefeller of Cleveland, Ohio.

But most popular movements of this kind are little more than ropes of uncemented sand. Had Captain Hassen been endowed with despotic political power or had he had the magic influence of a Savonarola over multitudes of men, he might have kept the people of the oil regions together and saved



them and the oil industry from the yoke of John D. Rockefeller. But he was not a despot or a Savonarola, and pitted against him was the most adroit, cunning, and tenacious intellect of his time. The mind of John D. Rockefeller was never at ease. He now bent all his energies to smashing the Petroleum Producers' Agency. He did not openly rail and rave against it. On the contrary, he praised its work and complimented its chiefs.

It was "doing grand work," he said, "curtailing production." He was so pleased and gratified that he offered to purchase crude oil from the Petroleum Producers' Agency alone. On the 8th day of November, 1872, his agents bought from the agency 6,000 barrels at \$4.75 a barrel, and at the same time the following telegram was received at Titusville:

"It has been represented to us that if we would buy of the Producers' agent at Oil City and pay \$4.75 per barrel, they would maintain the price. We are willing to go further, and buy only of the Producers' agent, hence the order we have given you. See Hassen and others, and let there be a fair understanding on this point. We will do all in our power to maintain prices, and continue to buy, provided our position is fully understood. We do this to convince producers of our sincerity, and to assist in establishing the market.

"JOHN D. ROCKEFELLER."

There was great joy in the oil country over that telegram and over the fact that Rockefeller recognized the Agency and was willing to pay better prices for crude oil than the independent refiners.

They had not yet learned "to fear the Greeks when bearing gifts." When John D. Rockefeller first came as a conqueror with the Bible in the one hand and the charter and contracts of the South Improvement Company in the other, the oil regions rejected him and routed his forces, horse, foot,

and artillery. When he came the second time with his Pittsburg plan in May, 1872, offering alliance, his overtures were also rejected, but he won over allies that proved invaluable.

But here he was again, before the close of 1872, the most generous of benefactors, buying oil from the people's agency and offering to buy from them alone if the Agency would only limit production.

John D. Rockefeller as a benefactor of the oil region and of the Petroleum Producers' Agency was a far more dangerous antagonist than the arch conniver of the South Improvement Company.

He allayed animosity and suspicion at the same time.

While nature was lavish in her bounty in the production of crude petroleum, John D. Rockefeller was systematically hampering the consumption. He was buying crude oil for five and six cents a gallon, but he was exacting 25 cents a gallon for illuminating oil from Americans and foreigners alike.

In other words, to smash the people's combination, he had to curtail consumption and promote production, and he hampered consumption by keeping the price of the finished product at a monstrously excessive price. The export trade of 1872 was 25,000,000 gallons less than the export trade of 1871. The foreigner had discovered that while crude oil had fallen from \$10 to \$2 a barrel, the American refiner got all the benefit, and he refused to buy under such conditions.

But that exactly suited Rockefeller. The foreign demand was less and the home demand was no more, and the wells had 25 per cent greater capacity than ever before. And John D. Rockefeller paraded this lessening foreign demand and the poverty of the home consumption, and he appealed to the Producers' Agency to limit production still further. He praised them for their past efforts in that direction, and urged them to new ones.

The oil producers did not know that Rockefeller had demoralized the foreign markets and paralyzed the home trade

in order that an overwhelming supply of crude oil might demoralize the combination of producers. But his agents were roaming up and down Oil Creek whispering disaffection and asking for a friendly alliance. He alone, in conjunction with the Producers' Agency, could make stable the oil business. Let the Agency sell to him alone and keep down production, and he would pay a better price than anybody else. They offered to buy 15,000 barrels a day provided the Agency would sell to nobody else and would curtail the output.

The Producers' Agency had been formed to fight the Rockefeller combine. It was the people's combination against Rockefeller. He was believed and even known to be the arch enemy of the producer. And yet, when Rockefeller appeared before the people's combine, sad and penitent and complimentary, beseeching an alliance with the very organization that was built to resist his conquests, the majority of the producers were so completely bamboozled that they favored an agreement with John D. Rockefeller.

Captain Hassen fought this surrender of the people's combine with all the energy that he was capable of. It was a base and cowardly surrender, and dearly have the oil regions paid for it.

The Oil City "Derrick" dubbed this surrender to Rockefeller "The Treaty of Titusville."

A contract was made between the Agency and Rockefeller by which \$5 a barrel was to be paid for crude when refined was selling for 26 cents a gallon, and a sliding scale was established.

It was also provided that the people or Rockefeller could end the contract at ten days' notice.

The Treaty of Titusville was brought back to the oil regions late in December, 1872. With it came an order from Rockefeller for 200,000 barrels at \$3.25 a barrel. This large order caused general rejoicing. The unthinking multitude professed to believe that John D. Rockefeller after all would turn out to be the great benefactor of the oil regions. Soon

there were murmurs and complaints at the way that the Agency distributed the purchase of the 200,000 barrels.

New wells were coming into commission every day, and they were selling at whatever price could be got from independents who were hampered by the rebates and drawbacks that Rockefeller was receiving from the railroads. The excessive charges Rockefeller was exacting at home and abroad for the finished products kept consumption down, and in less than thirty days after the signing of the Treaty of Titusville, John D. Rockefeller knocked it into a cocked hat and refused to have any further dealings with the Petroleum Producers' Agency.

He had taken 50,000 barrels of oil, for which he paid \$3.25, but he canceled the order for the balance of 150,000.

The Producers' Council met and asked for explanations. John D. Rockefeller was quite ready with plausible ones.

"You have not kept your part of the contract—you have not limited the supply of oil—there is more being pumped today than ever in the history of the region. We can buy all we want for \$2.50, and oil has sold within the week for \$2. If you will not or can not stop overproduction, can you expect us to pay your price? We keep down the output of refined, and so keep up the price. If you will not do the same, you must not expect high prices."

## XVII

### THE WORK OF THE REFINERS' ASSOCIATION

**T**HE year 1872 will ever be a memorable year in the history of the petroleum industry. It was in that year that John D. Rockefeller achieved the most important victories of his career. Twice he apparently failed in his campaign for the conquest of the oil industry, but his apparent

failures were only partial, and the overconfidence of his foes finally led to their utter defeat.

The South Improvement Company, condemned on every side, was dissolved amid a storm of contempt and indignation. But it had served Rockefeller well, for it enabled him to increase his oil business fourfold by jobbing the competing oil refineries at Cleveland at his own figures.

His pilgrimage to the oil regions in May, 1872, and his overtures to the producers for a plan that would be mutually beneficial to them and to the refiners, were indeed ignominiously rejected.

His handshakes, his bland smiles, and his unctuous protestations of beneficence toward the oil regions were in evidence on every street corner and in almost every business office and in every hamlet and town on Oil Creek.

But the Mephistopheles of the South Improvement Company failed to gull the oil producers then. They spurned his friendship and alliance. But his pilgrimage to the oil region was not in vain, for he won over to his schemes and hopes the foremost men in the oil country—J. D. Archbold and J. J. Vandergrift, and many others.

That led to the formation of the Refiners' Association in August, 1872. That association embraced four-fifths of the refiners and each treated so many barrels of crude and sold at whatever price J. D. Rockefeller decreed.

With far-reaching wisdom he kept prices for the refined products so high that he checked consumption in the old world and in the new, with the result that overproduction became a curse to Oil Creek.

The Producers' Agency had to cut off drilling and to close down for thirty days. But nature's bounty and John D. Rockefeller's ingenuity increased the overproduction in such a manner that the owners of the oil wells of Pennsylvania became depressed and down-hearted and fearful of the outlook.

It was at that moment that John D. Rockefeller again reached out to them the olive branch of peace and of alliance.

He offered to buy all their oil at steady and profitable prices if they would agree to sell to him alone. Captain Hassen begged and besought them to reject the olive branch, to have naught to do with the Mephistopheles of the South Improvement Company. He told them that Rockefeller's honeyed words and beneficent promises were false as dicers' oaths. But the prospect of immediate relief was more powerful than the words of wisdom that fell from Captain Hassen's lips, and people bent the knee and fell under the yoke of Rockefeller.

How the astute and wily John D. Rockefeller must have smiled then. The man who could fling his hat into the air at the news of a successful bargain must have had a delirium of joy when he made a trade that ensured him supremacy in the oil industry.

But to make his conquest doubly sure, he made a contract with them for 200,000 barrels of crude oil at \$3.25. His victims had great difficulty in apportioning that quantity among the producers. It was a large order, but not half large enough to take all the crude oil in the hands of the producers.

In the apportionment bickerings and complaints and cries of favoritism were heard on every side. And then at the decisive moment Rockefeller threw back on the hands of the producers 150,000 barrels of crude oil.

Thereupon in the oil regions it was a universal *sauve qui peut*. Rockefeller could buy all the oil he needed for \$2 a barrel and the producers, disorganized, despondent, and despairing, rushed production.

The Petroleum Producers' Agency ended in melancholy failure. John D. Rockefeller tricked it to its ruin. And he knew that it would take many a long year before a combination among producers could be again constructed.

Meanwhile, with this great victory achieved, he set out to provide for the fruits of the victory.

The Refiners' Association had enabled Rockefeller to keep up foreign and domestic prices for the refined products. It had enabled him to completely disorganize the producers and

batter down the price of the raw material to figures that could hardly pay living wages.

But in the Refiners' Association were many firms who were, for Rockefeller, undesirable allies. Moreover, the Association was too loosely jointed to suit him. Some members of the Association had not kept to the limit of production and prices fixed by Rockefeller. They, he said, had not dealt squarely with him. Besides, Rockefeller had made use of the Refiners' Association to make himself all the more potent with the railroads.

W. H. Vanderbilt discovered that John D. Rockefeller was the most potent factor in the oil world, and he began cultivating Rockefeller. In fact Vanderbilt bought stock in the Standard Oil Company. So did Amassa Stone, President of the Lake Shore, and Peter H. Watson, now President of the Erie, was already a stockholder in the Standard and an old ally.

Rockefeller's influence with the railroads had, therefore, grown enormously since the memorable day that he was refused admittance to the Erie offices and went away dejected.

Moreover, Rockefeller had made a multitude of economies in the refining of oil. Every ingredient in crude petroleum was now a commodity of commercial value. Some of his allies in the Refiners' Association were resting on their laurels; they were perfectly satisfied with the rich harvest which their alliance with Rockefeller was bringing them and they grew lavish in their expenditures and careless in business management.

"I have no use for men who fail. The cause of their failure is no business of mine, but I want successful men as my associates," is a favorite saying of Rockefeller.

The Refiners' Association enabled Mr. Rockefeller to wreck all combinations among producers at Oil Creek. It had done its work. It had cast a blight over the oil regions that has never been lifted. But, its work being done, Rockefeller had no further use for it, or rather he had no use as allies for many of the men whose firms were in the Association. He, therefore, caused it to be dissolved.

The dissolution of the Refiners' Association was hailed with joy in the oil country, but that joy was the vainest of illusions. John D. Rockefeller caused the dissolution of the Refiners' Association simply because he wanted to reorganize the oil industry under a system that would give him more completely the absolute control and management of the entire oil industry of the world.

All his past achievements were now to be crowned by the greatest achievement of his career.

In fact, it was nothing less than the absorption or destruction of all other refiners by Rockefeller's Standard Oil Company.

## XVIII

### THE GROWTH OF THE STANDARD OIL COMPANY

**D**URING 1873 John D. Rockefeller spent the greater part of his time perfecting his schemes of rebates and drawbacks. His was by no means the only firm that received rebates. Every shipper that was big enough to be of importance had rebates from the railroads, but Rockefeller alone received drawbacks, that is, the rebates of those who were not big enough or adroit enough to secure them for themselves. Producers saw less and less profit in pumping and shipping oil. Thousands had made fortunes owning oil farms. But the owner of an oil farm from 1872 to the present day has found that the wealth which nature put beneath the surface of his farm did not enrich him, but it did enrich John D. Rockefeller.

One Dutch farmer had oil wells on his property that had produced 10,000 barrels a year since 1870. In that year oil averaged \$4 a barrel all the year round and the Dutch farmer netted \$25,000. In 1872 oil averaged \$3 a barrel and the Dutchman made a clear profit of \$21,000. In 1873 Rocke-



feller smashed the Producers' Agency and created a vast artificial overproduction, and the average price received by this Dutch oil farmer was \$1.25. It cost him a dollar to produce and his profit on 10,000 barrels was \$2,500. In 1874 crude oil was a dollar a barrel and all the Dutchman could make was living expenses. In 1875 Rockefeller's methods were so completely successful that the oil country sold 12,162,514 barrels of crude petroleum for \$11,863,133, or about 91 cents a barrel.

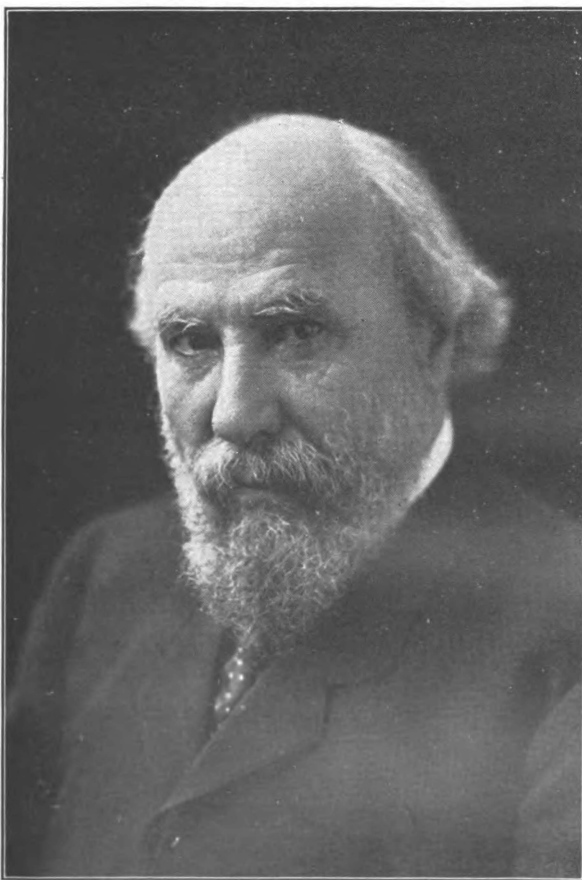
Thus in five years the income from a single oil farm dropped from \$25,000 a year to nothing. That is, there was no profit for the man who pumped and shipped 10,000 barrels of oil. Ninety cents hardly paid the help, in fact, it was not enough to pay decent wages to the help, and the country that had been so happy, so hopeful, so prosperous when toilers were getting decent wages and when the owners of oil farms were getting reasonable incomes from their property was now reduced to a dejected and melancholy condition. Crowds of young and ardent oil men left the country in disgust and scattered themselves over the mining regions of the Rockies. They bore with them undying hatred of the system that had blasted the fairest prospects that any country was ever blessed with.

In 1874 John D. Rockefeller was master of the railroad situation, owing to the system of rebates and drawbacks which he had established, and he had the oil producers at his feet, petitioning for crumbs from the table of the Mephistopheles of the South Improvement Company.

With the transportation and the raw material in his absolute power he now planned a scheme which would give him and his company supreme control of the markets of the entire world.

#### THE SARATOGA CONFERENCE

Early in the summer of 1874 he summoned Charles Lockhart of Pittsburg and W. G. Warden of Philadelphia



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**JAMES J. HILL**



to meet him and Henry Flagler at Saratoga. After breakfast they adjourned to a pavilion, and there during a conference of six hours Rockefeller unfolded his great scheme for more perfect organization and more thorough consolidation than the Refiners' Association proved to be.

He asked Mr. Warden to turn over the great refining plant at Philadelphia to the Standard Oil Company and take Standard stock in exchange therefor. Mr. Lockhart was asked to do the same, and so persuasively did Flagler and Rockefeller talk that at the end of the conference Warden and Lockhart had become part and parcel of the Standard Oil Company of Cleveland.

Charles Pratt and Company of New York was now also approached. The fighting member of that firm was Henry H. Rogers. He had gone into the oil regions and made desperate battle against the South Improvement Company. His caustic tongue and his biting wit had often made Rockefeller wince. It was he rather than Archbold that had excluded Rockefeller from the conference of the oil men with the railroad magnates at the Erie offices in 1872. But Rockefeller's ambition easily overcame his resentment. He wanted Henry Rogers as an ally, not as an enemy. His conference with H. H. Rogers was not as prolonged as that with W. G. Warden and Mr. Lockhart, but at its close H. H. Rogers and the Charles Pratt Company of New York were absorbed by the Standard Oil. Pratt and Rogers agreed to take stock in the Standard Oil Company in exchange for their property. To provide for these purchases the capitalization of the Standard Oil Company was raised to \$3,500,000. But the stock was then valued at \$265, and it was on that basis that Pratt and Rogers and Lockhart and Warden exchanged their plants.

These purchases were all to be kept secret. The New York and Pittsburg and Philadelphia plants of the Standard Oil Company were to be operated as independent concerns under the old names. Rogers, Warden and Lockhart were

instructed to absorb any and all desirable refining plants in their respective districts. Those who declined to be absorbed were to be crushed. "The good of the oil business" required that those who refused to come into the Rockefeller camp were to be ruthlessly annihilated.

Mr. Rockefeller had, indeed, sincere pity for all those who refused to be swallowed by his octopus. He could not understand how they were so foolish as to refuse to come under the protection of his benevolent wing. Stock in his company in exchange for their plants and their business was a safe fortune. Indeed, those who were swallowed by the octopus and took Standard Oil stock in exchange have good reason to be grateful to John D. Rockefeller. From a financial standpoint they were lucky to have been persuaded. But those who refused and who tried to eke out an existence as independent or individual factors in the oil business have had long and bitter and agonizing struggles to keep afloat. Ruin and poverty have been the lot of many, and it would have been the lot of many more had not fear caused ninety per cent of the independent oil refiners of the country to sell out either for cash or for stock in the Standard Oil Company.

#### RULE OR RUIN

Few examples of Standard Oil methods have gained greater celebrity than the case of Charles B. Matthews of Buffalo. Matthews had been a farmer, but he was ambitious, and found the farmer's life too slow. He therefore secured employment at the Vacuum Oil Works at Rochester, New York, preparatory to seeking fortune as a manufacturer of petroleum.

At the Vacuum Oil Works he met I. Scott Wilson, who was also employed there as a salesman. Wilson had been in the oil business for himself before working for the Vacuum Oil Company; and about 1880 Wilson proposed to Matthews that they form a partnership and go into the oil business.

Matthews gladly accepted the offer. The two induced

another employee of the Vacuum, Albert Miller, to join in the formation of a company for the refining of petroleum. Miller was an experienced and very capable wellman. He was also hard-working and frugal, and he had already saved several thousand dollars out of his wages at the Vacuum. He was an ideal associate for Matthews and Wilson. Matthews was a thoroughly good business man, Wilson an experienced one and an excellent salesman, and Miller an ideal manager of the refinery.

The three men organized the Buffalo Lubricating Oil Company, Limited, with a capital of \$40,000. They had already entered into a written agreement with each other pledging to contribute \$2,000 each to the concern and to a partnership of five years. Charles Matthews raised some more capital from relatives of his and borrowed the balance he needed on notes signed by himself and associates.

Meanwhile the Vacuum Oil Company of Rochester had heard of the new enterprise being started at Buffalo by three of its old employees. The Vacuum was a Standard Oil concern. At its head was H. H. Rogers and his co-directors were J. D. Archbold, Ambrose McGregor, M. B. Everest, and C. M. Everest.

The Vacuum Company had been owned by the Everests, but they had sold to the Standard, retaining an interest and the local management. The company, however, was chiefly managed from the Standard Oil offices in New York, and Charles B. Matthews had frequently gone there to report to H. H. Rogers on the progress of the business.

Among other things Matthews had reported to Rogers was that certain patents used at the Vacuum did not rightly belong to that concern.

Of the three stills built at the Matthews refinery at Buffalo one was modeled so as to use the method at the Vacuum works, and for which Matthews claimed they had no patent-right.

No sooner had Matthews started his refinery than the

Vacuum Company began four separate lawsuits and had injunctions issued forbidding the employment of the Vacuum method.

Charles Matthews at once hastened to New York and sought an interview with Mr. H. H. Rogers. He explained to Mr. Rogers that the patents, which the Vacuum claimed the sole ownership of, were of little value and that their title did not rest in the Vacuum, and he appealed to Mr. Rogers to drop the suits, as they were merely vexatious and annoying.

Mr. Rogers shrugged his shoulders, smiled at poor Matthews's innocence, and calmly told him that if the lower court did not sustain the Standard they would take each case to a higher court and drag it along till Matthews had enough.

It was H. H. Rogers's plan to ruin Matthews by dragging him from court to court and piling cost on cost till he sank beneath the burden.

Meanwhile, however, other methods were also employed to cause the undoing of the Matthews refinery. Albert Miller was constantly meeting the Everests, and they kept instilling into his mind a wholesome dread of the Standard Oil power. They told him that the Standard would never allow the Buffalo Lubricating Oil Company to succeed, and that Miller would lose every dollar he had invested in it, and that he would soon be a ruined and broken man.

They filled Miller's wife full of the same ideas, and both were worried to desperation. Miller had put \$2,000 of his hard-earned savings into the venture, and he was obligated for a \$5,000 note, and he saw the rewards of long years of frugality and economy about to disappear.

Thoroughly frightened, he appealed to M. B. Everest, and the latter told him to come back and work for the Vacuum. This, Miller declared, would not help him, and Everest took him to see an attorney, Charles Truesdale. Mr. Truesdale could find no way to get back his \$2,000 or to release him of his contract or of his obligations with regard to the \$5,000 note.

This did not satisfy Mr. Everest. He was emphatic in

declaring that there was an escape for Miller. Truesdale reiterated that there was none. "Suppose," said Everest, "he should arrange the machinery so it would bust up, or smash up, what would the consequences be?" Mr. Truesdale explained that he would be liable for damages, for negligence, and to criminal prosecution for malicious injury to the property of the company with which he was associated.

Mr. Everest did not agree with Mr. Truesdale and asked Truesdale to look up the criminal law on the case.

What Everest wanted was a little arrangement of the machinery so that it would "bust up" or "smash up." The plant was being put up by Miller, and he was thoroughly experienced. All that the Standard Oil people wanted was that the Matthews plant should be a failure; that in addition to the four expensive lawsuits he should have the machinery so arranged by his partner that it should "bust up" or "smash up" when put into commission. The Standard Oil Company would, of course, take care of Albert Miller. They wanted no criminal prosecution in their business. But they did want the Matthews Refinery at Buffalo a failure. They wanted that enterprise wrecked. It could not be allowed to go on. It was encroaching on the preserves of the "holy blue barrel." Matthews must be dragged from court to court and Miller and his wife reduced to beggary. Poor Albert Miller could not stand that. He would save his wife and himself. He neglected his business and he caused repeated delays, but at last the first still was finished and 175 barrels of crude oil was put in it.

Miller superintended the operation, and he had an inordinately hot fire built under it. Miller swore at the fireman because he did not make it hotter, but the brick around the still began to crack with the heat, and at last the safety valve blew off. Miller had disappeared before that event occurred, but he returned again and readjusted the safety valve, had it heavier weighted, and had another roaring fire built, after which he again disappeared. But the second time the safety valve flew off and no harm was done save that the 175 barrels



of oil were now useless. It was a miracle that the whole factory did not go up in smoke and that the fireman did not lose his life.

A few days later M. B. Everest wired Miller to join him at the Union Square Hotel in New York. Miller thereupon made some transfer of his interest and quit Buffalo suddenly and secretly. Everest told him to get his wife out of Buffalo at once lest Matthews attach their household goods. Then he proposed to take Miller to Boston. Later Mr. H. H. Rogers appeared upon the scene and told Miller that he would see him to-morrow unless he went to Boston. Miller and Everest did, however, go to Boston, and Albert Miller saw no more of H. H. Rogers, the real hero or villain, if you will, of this strange story.

Everest trotted Miller around showing him the sights. He had him now employed for the Vacuum Oil Works at \$1,500 a year. He had nothing to do but to see the sights and run errands for Everest or H. H. Rogers. Three months later they sent him to supervise the driving of a salt well at Le Roy. Three or four months passed and he had three or four months more of leisure to improve his mind and study architecture in any city of the United States save Buffalo. Then Everest invited him to go out to California. M. B. Everest had a home there, and some orange groves and vineyards, and he told Miller he would show him how to plant orange groves and orchards and vineyards. And Miller went, and as the guest of Everest he started to learn the fruit business of California, at a salary of \$1,500, paid by H. H. Rogers's Vacuum Oil Company.

Of course Mr. H. H. Rogers did not know that that \$1,500 and traveling expenses was paid to Albert Miller because he had fixed the machinery of the Matthews refinery so that it would "bust up" or "smash up" the first time it was put in commission. He acknowledged that he told Matthews that he would drag him from court to court, but he denies that he was party to the base and criminal conduct of Albert Miller.

H. H. Rogers knew, undoubtedly, that M. B. Everest was junketing Miller around the land. He knew that Miller was paid a bonus of \$1,000 and \$1,500 a year to live in California as the guest of Everest, and it is straining human credulity to the breaking point to suppose that H. H. Rogers did not know why Albert Miller was now hidden away in California enjoying a sinecure of \$1,500 a year from H. H. Rogers's Vacuum Oil Company.

No sooner had H. H. Rogers and the Everests got Miller out of the way than they set a trap for Scott Wilson. A blackmailing lawsuit has always been a favorite device of these good and holy men who own the Standard Oil Trust, and the Vacuum Oil Company brought suit against Scott Wilson for heavy damages for unlawfully leaving that concern.

Scott Wilson now saw that the Buffalo Lubricating Oil Company was in hard straits. The treachery and defection of Miller had been a most serious blow. The lawsuits against the new company and the all-powerful enmity of the Standard drove him to despair, and, in disgust, he sued for peace and agreed to abandon Matthews if the suit against him were dismissed and all costs paid by H. H. Rogers's Vacuum Company.

Matthews now stood alone. He was hopelessly involved with his creditors. Miller's treachery had cost him at least \$10,000, and the defection of Scott Wilson was a most disastrous blow. He now tried to sell out to the Standard, but they laughed at him. Matthews's ruin and bankruptcy was the only thing that would satisfy H. H. Rogers. He was resolved to make an example of Matthews lest any other employee of the Standard Oil Company should again undertake to enter into an independent business for himself.

Matthews won three of the patent suits and was assessed six cents damages in the fourth. But his creditors now turned on him and demanded their money and got judgments against him. H. H. Rogers secured control of the judgments.

Matthews then brought suit for \$100,000 damages against the Vacuum Oil Company. At a later date Matthews brought another suit for \$250,000.

While working up his case for the first suit of \$100,000 Matthews succeeded in getting the evidence of Charles Truesdale, to whom Everest took Miller for advice. Miller, moreover, had by this time begun to realize the infamy of his own conduct in "fixing" the machinery and in causing so much loss and delay by his treachery, and he grieved over his final desertion of Matthews. He came back to Buffalo and confessed all that a man of his character might be expected to confess.

Public opinion was now thoroughly aroused, and Matthews went before the Grand Jury of Erie County and placed the facts before it.

The Grand Jury indicted H. H. Rogers, C. M. Everest, J. D. Archbold, M. B. Everest, and Ambrose McGregor; in other words, the five directors of the Vacuum Oil Company. It was patent to all parties at the time that H. H. Rogers was privy to every move of the Everests to entice Miller away, to blackmail Scott Wilson, to isolate Matthews and crush him by involving him in lawsuits that would sink him in hopeless bankruptcy.

There was no evidence, however, to show that Archbold or McGregor was privy to each and all the acts which wrecked the Matthews enterprise.

Indeed, H. H. Rogers had so carefully kept out of sight that the only evidence against him was his casual remark to Miller at the Union Square Hotel and his threat to Matthews about dragging him through the courts.

The fact that the Vacuum Company paid Miller \$1,500 a year and a bonus of \$1,000 to go away and stay away was hardly sufficient evidence to convict Archbold, Rogers, and McGregor.

On May 2, 1886, however, Rogers, Archbold, McGregor, and the two Everests were arraigned in the Buffalo Court House before Judge Haight for criminal conspiracy. The five accused were all there, and there also sat John D. Rockefeller, with the most eminent array of his counsel to defend his associates and allies.

The case was presented by the prosecuting attorney and his assistant. The defence was undertaken by the most emi-

ment counsel in the land and the trial lasted for fourteen days. Judge Haight advised the jury that the evidence was not sufficient to convict Rogers, Archbold, or McGregor, and the case against them was dismissed.

The jury, however, found C. M. Everest and M. B. Everest guilty, and Judge Haight inflicted a fine of \$250 on each. He could have sent both to the penitentiary for a year.

Meanwhile, Matthews's suits for damages were being tried, and the great array of Standard Oil lawyers made an impression on Judge Haight. Matthews' refinery was now in the hands of a receiver, and Judge Haight finally ordered the receiver to compromise the \$250,000 suit of Matthews against H. H. Rogers and his associates for \$85,000.

This sum was used to pay the attorneys and the judgments against Matthews, but not one single cent of it ever went to Charles B. Matthews. It cost the Standard Oil Company at least \$100,000, and probably \$150,000, to make an example of Matthews, and that was done to perfection, for at the end of ten years' laborious toil Matthews was hopelessly bankrupt.

This story of Charles Matthews has been embellished and enlarged. But this brief account will suffice here. It is, indeed, an unsavory story, and the hired apologists of Rockefeller, Rogers, and the Standard Oil have heaped insult and vituperation on poor Matthews's devoted head in the vain hope of casting the veil of oblivion over the diabolical plot by which the enterprise of a too-aspiring competitor in the oil business was snuffed out.

Those who saw John D. Rockefeller seated beside Henry Rogers when on his trial for conspiracy to "bust up" or fix the machinery of Matthews's refinery so that it would be a failure, recalled the fact that he was the same John D. Rockefeller whose tears of sympathy cheered the heart of the widow of an oil refiner who had been long a friendly competitor. He prayed for her and blessed her, and gave God thanks that his old friend's children had so good and devoted a mother. But immediately after he forced her to surrender her business to him at less than forty per cent of its actual value. They also

knew that he was the same John D. Rockefeller who organized the South Improvement Company and who forced the railroads to give him rebates on his own oil and drawbacks on other people's oil till independent competitors were at his mercy.

John D. Rockefeller forced or drove or wheedled railroad presidents into immoral and criminal acts, while he himself posed as a just, pious, and God-fearing citizen. The bankruptcy and ruin of Matthews was in line with the previous policy of the Standard Oil. It was a type of the system by which Rockefeller was climbing to unrivaled wealth and power on the ruin and bankruptcy of thousands.

## XIX

### THE PENNSYLVANIA RAILROAD AIDS INDEPENDENTS

THE rapid assimilation of all the big independent refineries of the country by the Standard Oil Company alarmed Colonel Scott and A. J. Cassatt of the Pennsylvania Railroad. Cassatt was then a young man of exceptional ability. He early saw through the cunning and astute Rockefeller, and he clearly divined that if Rockefeller became supreme in the oil industry the railroads would cease to partake of any part of the enormous profits which Rockefeller would reap therefrom. He saw, or thought he saw, that Rockefeller would allow the railroads operating expenses for hauling oil, but nothing more.

Hitherto Colonel Scott and Cassatt sought to protect the traffic of the road by friendly agreements with the Vanderbilts and Goulds. But Rockefeller succeeded in smashing all such agreements into a cocked hat. It was then that the Pennsylvania Railroad planned a policy that should aid the producers and help out all refiners who were working independent of the Standard Oil.

In fact, Cassatt saw that the railroad managers had become tools and catpaws of Rockefeller, and he rose in revolt

and hastened to ally himself with the independent refiners of the country.

Had that course been followed earlier and adhered to, this history would never have been compiled. But it was not tried till Rockefeller had grown into a colossus, and till his company had assumed such proportions that it was, indeed, doubtful that anything but revolution could stay its progress.

## XX

### EMPIRE TRANSPORTATION COMPANY

**N**O more picturesque personality has been associated with the history of the oil region than Colonel Joseph D. Potts.

Colonel Potts achieved an enviable record during the Civil War, and, at its conclusion, became a transportation agent for the Pennsylvania Railroad. A Pennsylvanian by birth and a civil engineer by profession, he took a patriotic pride in the oil fields of his State. He hoped great things from this new industry, and he set himself systematically to work to aid it in every way.

The success of the Van Syckel pipe line revealed to Colonel Potts the best and easiest way to aid the oil business, and he formed the Empire Transportation Company to buy and build pipe lines to convey oil from the wells to the railroads.

This necessitated the construction of tanks and tank-cars and the building up of an organization which should handle the oil for the producer and collect the proceeds when sold. Colonel Potts, able, indefatigable, patriotic, generous, and kind, gave the best years of his life to perfecting a satisfactory system by which the producer could most safely and economically ship his crude oil to the purchaser and get his money.

In 1875, Colonel Potts's company was handling twenty-five per cent of the crude oil of the region, and transmitting it through its pipe lines and in its tank-cars to the refiners all

over the country. Yet though the very personification of kindness and courtesy, he was in the very front rank of those who opposed rebates and discrimination by the railroads.

On public, private, and moral grounds he argued and pleaded against the favoritism shown to Rockefeller and the Standard Oil Company.

Seeing the manner in which Rockefeller was absorbing the refineries of the country, Colonel Potts acquired for his company a refinery in New York and another in Philadelphia.

No one man has ever stated the objections to the Standard policy so tersely and so forcibly as Colonel Potts has done in the following words written in 1878:

#### COLONEL POTTS'S OPINION OF THE STANDARD

“The rebate was a modest one, as was its recipient. Yet the railway Cassandras prophesied from it a multitude of evils—a gradual destruction of all other refineries, and a gradual absorption of their property by the favorite, who, with this additional armament, would rapidly progress toward a control of all cars, all pipes, all production, and finally of the roads themselves. Their prophecies met with but little faith or consideration. The Standard leaders themselves were especially active in discouraging any such radical purpose. Their little rebate was enough for them. Everybody else should prosper, as would be shortly seen. They needed no more refineries; they had already more than they could employ—why should they hunger after greater burdens? It was the railroads they chiefly cared for, and next in their affections should be the one hundred rival refineries. Such beneficent longings as still remained (and their bosoms overflowed with them) spread out their steady waves toward the ‘poor producers’ whom, not to be impious, they had always been ready to gather under their wings, yet they would not.

“This unselfish language soothed all alarm into quiet slumbering. It resembled the gentle fanning of the vampire’s wings, and it had the same end in view—the undisturbed abstraction of the victim’s blood.

"The final agreement with the railways was scarcely blotted ere stealthy movements toward the whole line of outside refiners were evident, although rather felt than seen. As long as practicable, they were denied as mere rumors, but as they gradually became accomplished victories, as one refiner after another, through terror, through lack of skill in ventures, through financial weakness, fell shivering with dislike into the embrace of this commercial octopus, a sense of dread grew rapidly among those independent interests which yet lived, and notably among a portion of the railroad transporters."

His reasons for the purchase of refineries were also explained briefly as follows:

"We reached the conclusion," said Colonel Potts in 1888, "that there were three great divisions in the petroleum business—the production, the carriage of it, and the preparation of it for market. If any one party controlled absolutely any one of those three divisions, they practically would have a very fair show of controlling the others. We were particularly solicitous about the transportation, and we were a little afraid that the refiners might combine in a single institution, and some of them expressed a strong desire to associate themselves permanently with us. We therefore suggested to the Pennsylvania road that we should do what we did not wish to do—associate ourselves."

Long before Colonel Potts had been forced into the refining business, John D. Rockefeller had made up his mind to drive Colonel Potts and his associates out of the pipe line business. In fact, the Empire Transportation Company was too perfect and profitable an organization to be allowed an independent existence outside the Standard Oil fold. But while Mr. Rockefeller was planning its destruction by buying away from it all its customers, the refiners, he suddenly heard that the Empire Company had gone into the refinery business itself.

He knew already that the Empire Company was an allied branch of the Pennsylvania, and this move made him fear that his supremacy in the oil world might after all be still jeopardized.



Rockefeller controlled already forty per cent of the crude oil through his own pipe lines. The public did not know that fact then, but it is history now. Captain Vandergrift had been one of the first to see the immense value of the pipe line for oil transportation business, and he organized the United Pipe Lines Company and was soon handling twenty-five per cent of the crude oil. In 1872 Captain Vandergrift hauled down his independent flag and sued Rockefeller for peace and friendship.

That put Rockefeller secretly in control of the biggest pipe line system in the oil country.

Besides the Vandergrift lines Rockefeller also controlled—secretly, of course—the American Transfer Company lines. These were nominally under the control of J. A. Bostwick of New York, and its local manager was Daniel O'Dea.

O'Dea's story is full of romance. The son of an evicted Irish farmer, he arrived in Pennsylvania while still a child, and he had grown up in the backwoods. He was engaged in farming and lumbering when the news of the oil discoveries drew him to Titusville in 1867. He was then in his eighteenth year. Teaming and transportation were then the great problems on Oil Creek, and young O'Dea set himself to work to solve those problems and achieve fortune in their solution. His amazing energy, his courage, his almost superhuman endurance, and, above all, his noble and upright character, soon made him famous, and in 1871 Jay Gould came to Titusville and discovered him. Gould gave him full charge of the oil freight of the Erie road, and he soon showed that he could outship and outdo all other transportation agents.

J. A. Bostwick, a secretary of Rockefeller's, and one of the directors of the South Improvement Company, next secured the services of O'Dea.

When the oil war of 1872 burst over the Creek, O'Dea knew little or nothing about its merits. He knew as little about the ethics of rebates or drawbacks as any other poor Irish emigrant. But he did know that he was in the employ of J. A. Bostwick of New York, and he felt that it was his

duty to defend his employer's property against the world. At every public meeting held in the Creek in those days Daniel O'Dea was denounced as a traitor to the cause of the people and as a pliant tool of the South Improvement Company. O'Dea knew nothing about the hated company or about its Mephistopheles, John D. Rockefeller, and he was at an utter loss to understand the obloquy and hate and derision of which he was the victim. But with the grit, resolution, and doggedness characteristic of his Irish blood, he hurled defiance at the entire population and saved the property of his employers from destruction.

That marked him as the safe ally of Rockefeller in the conquest that he now planned. O'Dea was soon at the head of all the Rockefeller pipe lines. And his amazing ability was soon apparent in every branch of the business. But the most singular fact about this man's career is that he did not know for long years that he was a great instrument in John D. Rockefeller's career of conquest.

O'Dea was a warm admirer of Colonel Potts. His one object was to rival and, if possible, excel the ability of Colonel Potts in collecting and shipping crude oil. No sooner had Colonel Potts made the least improvement than the ubiquitous O'Dea would find it out and improve on it. It was a healthy rivalry. But just then John D. Rockefeller sent a ukase to the Pennsylvania Railroad. He ordered that the Empire Transportation Company should abandon the refining business. It was unfair, he said, that a company owning pipe lines should be engaged in refining. When he gave this excuse he himself had forty per cent of the pipe lines of the Creek in his control. Daniel O'Dea did not know it then, but Colonel Potts did, and smiled.

Colonel Potts refused to surrender his refineries, and the Pennsylvania Railroad came to the resolution to stand by the Empire Transportation Company.

Rockefeller retaliated by cutting off all his oil traffic from the Pennsylvania. This meant an enormous business loss. Then Rockefeller demanded increased rebates from the Vander-

bilts and the Erie, and he got them. In fact, he got them till all the railroads were hauling crude petroleum at a loss. W. H. Vanderbilt at last protested, but John D. Rockefeller pointed out to him that he had entered into a contract to meet the cuts or rebates of the rival roads.

It was about this time that it suddenly dawned on W. H. Vanderbilt that he had been the tool of a far more cunning and unscrupulous man than himself: that the modest and unassuming Rockefeller had played him to a finish. He immediately sold whatever Standard Oil stock he had, and bequeathed to his descendants a wholesome dread of the name of Rockefeller.

Rockefeller's gold was at work elsewhere. A mad and unaccountable labor strike broke out on the Pennsylvania, and the rate war and the strike left its treasury empty. It passed the dividend. Thereupon, immense pressure was brought to bear on Cassatt and Colonel Scott. An empty treasury and the absolute refusal of further accommodation from the bankers till peace was made with Rockefeller forced their hands, and they had to make complete and absolute surrender to the Standard Oil Company.

It is said by many that A. J. Cassatt's humiliation at that surrender is the bitterest cup of woe he has had to swallow during the whole course of his career. He has never forgotten it, and there rankles in his bosom to this hour an undying horror of the character of the man who could wreck the fortunes and happiness of millions in order to achieve his own selfish ends.

Be that as it may, the Pennsylvania Railroad deserted the Empire Transportation Company. There was no escape otherwise, and the great concern to which Colonel Potts and his associates had given twelve laborious years had to go into liquidation. Under their contract the Pennsylvania had a right to buy, and it bought and sold all the assets, including the pipe lines and tank cars, to the Standard for \$3,400,000.

Colonel Potts called the shareholders together for the last time and addressed them in a speech that will live as long as

the memory of Standard Oil piracy exists in the world. In the conclusion of this speech he said:

“Not knowing what your action might be at this meeting, we are still in active business. We could not venture to do anything that would check our trade, that would repel customers, that would drive any of them away from us. We must be prepared if you said not to go right along with our full machinery under our contract or under such modification of that as we could fight through. We could not stop moving a barrel of oil. We must be ready to take any offered to us; we must supply parties taking oil. There was nothing we could do but what was done; nothing was stopped, nothing is stopped, everything is going on just as vigorously at this moment through as wide an extent of country as ever it did, and it will continue to do so until after you take action, until after we get these securities or the money. That, we suppose, will be about six o'clock to-day, if you act favorably, and at that time we shall, if everything goes through, telegraph to every man in our service, and to the heads of departments, what has been done, and at twelve o'clock to-night we shall cease to operate anything in the Empire Transportation Company.”

## XXI

### THE MORALITY OF REBATES

**T**HE very keynote of the Constitution of the United States is liberty. That implies a government of the people that maintains social order and guarantees equal opportunity to all its citizens.

John D. Rockefeller's South Improvement Company was so diametrically opposed to every fundamental principle of the Constitution and of State and federal laws that its condemnation by State legislatures and by Congress and by the President of the United States was not more emphatic than its reprobation by all the people of the United States.

Men marveled at the audacity of the man who conspired to

defy the laws and to trample under foot the first principles of the Constitution.

Mr. Rockefeller, in 1872, contrived a system by which he enjoyed privileges and rights over all the railroads which none of his competitors enjoyed. He secured rebates of \$1.06 a barrel on all crude oil he shipped to the seaboard, and in addition to this he received \$1.06 a barrel on all crude oil which all other shippers consigned over the Erie, the Central, and the Pennsylvania.

This was making a mockery of the Constitution. It was open defiance of the laws of the State and of the nation. It was in flagrant violation of the charters of the railroads. And yet John D. Rockefeller was so callous to public opinion or to any reverence for the laws or Constitutions of the States or of the nation that he has never desisted for one hour from putting into effect every principle and practice embodied in the charter and in the contract of the South Improvement Company of 1872.

President Grant and Congress and State legislatures had condemned the principles and the contracts of the South Improvement Company as a most audacious attempt to overthrow and set at defiance the laws of the land and the fundamental principles of the Constitution.

Rockefeller was denounced in a thousand publications and from ten thousand pulpits and platforms as a "conspirator" and "usurper" and "Mephistopheles."

His South Improvement Company perished amid a storm of execration, but every principle and contract of the South Improvement Company was put in practice and was being fully enjoyed by Rockefeller, almost from the year of the dissolution of that notorious corporation.

The Pennsylvania Railroad honestly tried to retrace its fatal policy of granting rebates and drawbacks to Rockefeller. It strove to build up the Empire Transportation Company as a rival to the grasping and most avaricious Standard Oil Company. Had W. H. Vanderbilt been wise or patriotic, or far-seeing, or reverent, or obedient to the laws of his State or

his country, he would have joined A. J. Cassatt even at the eleventh hour in resisting the usurper. Together they could have curbed Rockefeller and afforded equal opportunity to every American seeking a living or fortune in the oil business.

But the Mephistopheles of the oil country knew that greed and gain were Vanderbilt's gods and he dangled before his eyes golden visions of unbounded wealth, which was to be obtained by an alliance with Rockefeller against the Pennsylvania Railroad.

In fact in the war against Cassatt and Scott and Potts, W. H. Vanderbilt became the mere catspaw of Rockefeller. He enabled Rockefeller to drain the Pennsylvania treasury dry, to compel it to pass its dividend, and to force it to surrender at discretion. And all he got for his pains was Dead Sea fruit, for, at the conclusion of the war, Rockefeller gave the greater portion of the oil business to Cassatt and made Vanderbilt deliver to him larger rebates and drawbacks than he accepted from the Pennsylvania Railroad.

The chicanery of Rockefeller imbibited the last days of W. H. Vanderbilt. The thought of how he had been fooled, hoodwinked, and bamboozled hurt his pride, and he never forgave John D. Rockefeller.

A. J. Cassatt, who was then vice-president, and the active head of the great Pennsylvania Railroad, saw all the evils that must spring from the growing Rockefeller power.

He had no illusions on that subject. He had squandered millions fighting it. But the short-sightedness and disloyalty of oil producers, a deplorable strike, and an empty treasury forced him to a humiliating surrender, and henceforth John D. Rockefeller ran the oil business of the Pennsylvania Railroad.

Here is a letter that is illuminating in every line:

"February 15, 1878.

"I here repeat what I once stated to you, and which I wish you to receive and treat as strictly confidential, that we have been for many months receiving from the New York Central

and Erie Railroads certain sums of money, in no instance less than twenty cents per barrel on every barrel of crude oil carried by these roads. Co-operating as we are doing with the Standard Oil Company and the Trunk Lines in every effort to secure for the railroads paying rates of freight on the oil they carry, I am constrained to say to you, that in justice to the interests I represent, we should receive from your company at least twenty cents on each barrel of crude oil you transport. . . . In submitting this proposition I find that I should ask you to let this date from the first of November, 1877, but I am willing to accept as a compromise (which is to be regarded as strictly a private one between your company and ours) the payment by you of twenty cents per barrel on all crude oil shipments commencing with February 1, 1878.

"DANIEL O'DEA."

#### ROCKFELLER OPERATES THE RAILROADS

Cassatt ordered the comptroller of the railroad to make the payments demanded by O'Dea. He did it on the receipt of proof that the Central rebates were thirty-five and the Erie twenty cents on all crude oil and thirty-five on all others.

Cassatt knew that he was violating his charter and outraging the laws of his State. He hated it, but he consoled himself with the thought that it was absolute and imperative necessity that made him the slave of Rockefeller. Cassatt saw the producer reduced to a bare living; he saw the independent refiner bought out or driven out daily by the Rockefeller octopus, and he winced, but he let Daniel O'Dea direct the course of every oil car that left the oil regions for any refinery in the land.

In other words, the demoralization of the oil traffic was such that no refiner in the United States could get a barrel of oil except by the grace and favor of Daniel O'Dea.

Daniel O'Dea had his orders from Rockefeller to starve every independent oil refiner in the land. Those orders he faithfully obeyed.

In the Pennsylvanian Conspiracy case the prosecuting attorney said to Mr. Cassatt:

"I understand, Mr. Cassatt, that this twenty-two and a half cents paid to the American Transfer Company (the O'Dea Company) is not restricted to all oil that passed through their lines?"—"No, sir," he said; "on all oil received and transmitted by us, as I before stated."

In December, 1874, H. L. Taylor and Company sold a half interest to Rockefeller. The company were large producers, and Rockefeller secured a half interest under a contract agreeing to pay for crude oil in accordance with the price of refined.

For three years Taylor and Company kept to this contract. The Taylor people expected to get all the advantages of the rebates, and that, while other producers were forced to take the price fixed by Rockefeller, they would get the Rockefeller price. But the Taylor people found that Rockefeller had flimflammed them, and they annulled the contract and brought suit for \$2,500,000, which they claimed was due them.

By this time, in 1877, Rockefeller had such a grip on the oil industry that he resolved to exercise despotic control of the production at the Creek.

It was then he bade O'Dea to cripple all the independent refineries by withholding the crude oil they needed to run their business. It was then also that he forbade his pipe lines to store any more oil. That is, to refuse to accept any oil from producers till sold for delivery.

It looks incomprehensible that Rockefeller should forbid railroads to supply cars to haul the raw material to the factories of firms competing with him. It is still more incomprehensible that Vanderbilt and Cassatt should obey such orders, and yet they did.

Mr. W. H. Nicholson, the purchasing agent of Mr. Ohlen, an independent refiner of New York, telegraphed to the Erie officials in May, 1878, for one hundred cars to carry crude petroleum East. He got the cars, and immediately went to Mr. O'Dea and asked to have the cars loaded. O'Dea was asked to deliver the oil Ohlen owned. He coolly refused. O'Dea said there were no cars for him. "But," said Nicholson, "I have an order from the Erie officials giving me the cars."



"That makes no difference," replied O'Dea, "I can not load cars except upon an order from Pratt."

At that moment Rockefeller held ten thousand barrels of Ohlen's crude oil and the Erie had the cars to take it East, but O'Dea would not load the cars, for Rockefeller wanted Ohlen's refinery in New York closed down for want of oil.

B. B. Campbell, president of the Producers' Union, gave this sworn testimony in the conspiracy charge:

"I never heard of a scarcity of cars until the early part of June, 1878; I came to Parker about five o'clock in the evening and found the citizens in a state of terrible excitement; the pipe lines would not run oil unless it was sold; the only shippers we had in Parker of any amount—viz., the agents of the Standard Oil Company—would not buy oil, stating that they could not get cars; hundreds of wells were stopped to their great injury; thousands more, whose owners were afraid to stop them for fear of damage by salt water, were pumping the oil on the ground. I used all the influence I had to prevent an outbreak and destruction of railroad and pipe lines; I at once went over to the Allegheny Valley Railroad office and telegraphed to Mr. John Scott, President of the Allegheny Valley Railroad Company: 'The refusal of the United to run oil unless sold upon immediate shipment, and of the railroad to furnish cars, has created such a degree of excitement here that the more conservative part of the citizens will not be able to control the peace, and I fear that the scene of last July will be repeated on an aggravated scale.'

"That message I left in the office about seven o'clock in the evening. I got up the next morning before seven and received an answer. 'What do you advise should be done? John Scott.' I answered: 'Will meet you to-morrow morning.' Which would be Saturday early.

"On Saturday morning I came in on an early train and met at the depot Mr. Shinn, then, I believe, vice-president of the Allegheny Valley Railroad; David A. Stewart, one of the directors of the road, and Thomas M. King, assistant superintendent. I spoke very plainly to Mr. Shinn, telling him that

the idea of a scarcity of cars on daily shipments of less than thirty thousand barrels was such an absurd, bare-faced pretence that he could not expect men of ordinary intelligence to accept it, as the preceding fall, when business required, the railroads could carry day after day from fifty to sixty thousand barrels of oil. Mr. Shinn stated clearly that I knew that the Allegheny Valley Railroad Company did not control the oil business over its line, but was governed entirely and exclusively by orders received from the Pennsylvania Railroad Company. I then requested him to be the vehicle of communicating to the Pennsylvania Railroad officials my views on the subject, telling him that I was convinced that unless immediate relief was furnished and cars afforded there would be an outbreak in the oil regions. After further conversation we parted. My interview with them was not as officials of the Allegheny Valley Railroad Company, but as representatives of the oil traffic carried and controlled by the Pennsylvania Road. On the next Monday I returned to Parker. After passing Redbank, where the Low Grade Road, the connecting link between the Valley Road and the Philadelphia and Erie Road, meets the Valley Road—between that point and Parker the express train was delayed for over half an hour in passing through hundreds of empty oil cars.”

The result of this action of refusing to ship crude oil to the independents caused periodical shut-downs and great loss. More independents surrendered or sold out to Rockefeller, and still others went bankrupt.

## XXII

### EQUITABLE IMPROVEMENT COMPANY

**A**T last in desperation the producers got together and built a pipe line to the Erie Canal. This was the Equitable Improvement Company, and it consisted of two hundred producers in the Bradford field. They entered into a contract with the Buffalo and McKean Railroad, and in

June, 1878, were ready with tanks and cars to ship to New York. But Rockefeller again blocked the way, the railroad refused to fulfil the contract, and the courts had to intervene to make it.

Then Rockefeller called a conference of the railroad kings at Saratoga and bade them cut the price of shipping crude oil to the seaboard to eighty cents. They meekly obeyed, for Rockefeller was now the autocrat of the railroads and the tyrant of the oil fields.

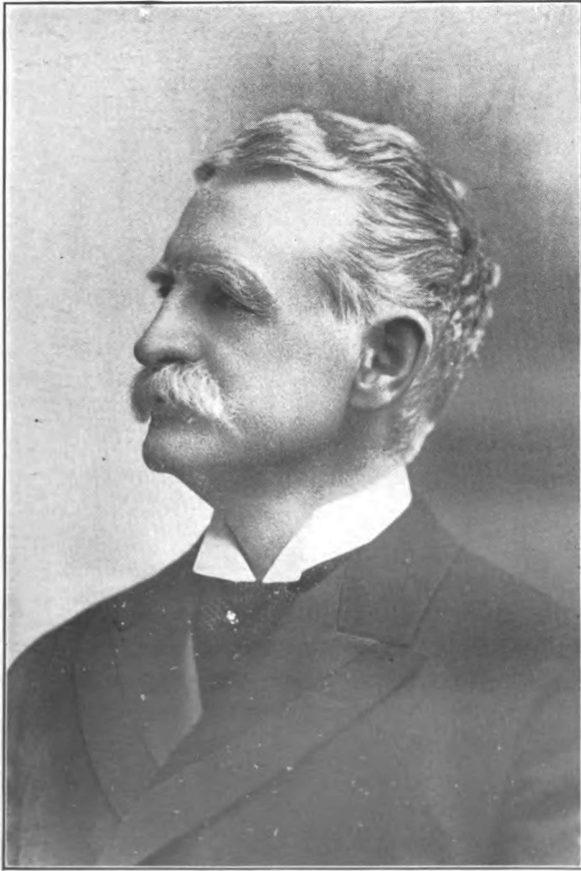
He calculated that at eighty cents a barrel the Equitable would be doing business at a loss and that he could then acquire it at bankrupt prices.

That was in 1878, one of the gloomiest years in the history of the oil regions. The production of crude oil in 1872 was 6,293,194 barrels. The production in 1878, six years later, was 15,396,868 barrels. The oil producers were paid \$18,000,000 in 1872 for the crude oil; they were paid exactly the same amount, or \$18,000,000, for two and one-half times the quantity six years later.

The beneficent despotism of John D. Rockefeller was at work.

The great Bradford oil field had been discovered in McKean County. The Standard had absorbed ninety per cent of the pipe lines and tanks on Oil Creek, and Rockefeller owned all the tanks and pipe lines in the Bradford field.

The tanks and pipe lines had long been accustomed to take care of the surplus product of the oil wells. The tanks were to the oil industry what the elevators are to the wheat industry. The farmer stores his wheat in an elevator, receives a certificate therefor, and pays charges on it till he finds a purchaser. That certificate is a negotiable security. It is collateral for accommodation at any bank. The refusal of the elevators to receive the farmers' wheat for storage, if universal, would cause overwhelming ruin. Yet in 1878 Rockefeller sent out a ukase that his pipe lines and tanks would receive no more oil for storage. They would receive all oil for immediate delivery, but none for future delivery. The only buyers in nine-tenths of the oil



HENRY H. ROGERS



fields were Rockefeller's agents. And the poor victims of nature's bounty and Rockefeller's greed were forced to beg and petition the Standard agents to buy their oil at figures that would let them live and support their families. The agents, drunk with power and success, kept the producers waiting for eight and ten days at a time, and then bought the oil, often at less than the cost of labor, and let it run from the overflowing oil wells into Rockefeller's empty tanks.

Those who had been active in the war against Rockefeller were now punished. Rockefeller ordered his henchmen to buy no oil from producers who were his open and avowed enemies. Their wells overflowed, thousands on thousands of barrels of oil ran waste over the farms, and groans and curses filled the oil regions in denunciation of Rockefeller. But—

“There is a very life in our despair.”

## XXIII

### OIL REGIONS AGAIN AT WAR

THE spirit of 1872 awoke as if by magic, and a wild resolution to overcome and crush its tyrant seized upon the people of the oil regions. The Petroleum Producers' Union was born again, and the great project of a pipe line to the sea (from the oil regions to Baltimore) was pushed forward with a zeal and determination that baffled all obstacles. Rockefeller's agents heaped contumely and ridicule on the project and on the men who were building it. Under his inspiration the railroads fought it, and so did Pittsburg and Philadelphia. But the Tidewater Pipe Line was rushed by fierce independent spirits whom the tyranny and injustice of Rockefeller had roused to madness.

Nor was the Producers' Union idle at home. Rockefeller had revived all the hateful machinery of the South Improvement Company, and with that machinery he had conspired to ruin all competitors in the oil business.

In fact, there was enough evidence of conspiracy to send Rockefeller and his associates to the penitentiary and to confiscate the entire assets of the Standard Oil Company.

Rockefeller knew that. He knew that at any moment he was liable to answer for acts that truly and really made him the most renowned and successful pirate of all the ages. He met every charge with concealment and evasion and falsehood. He did not hesitate for one moment to make oath to a deceitful falsehood. In 1880 he made a solemn affidavit to this effect:

"It is not true that the Standard Oil Company owns or controls the works of Warden, Frew and Company; J. A. Bostwick and Company; Pratt and Company; Acme Refining Company. It is not true that the Standard Oil Company directly or indirectly, through its officers or agents, purchased or acquired the Empire Transportation Company or furnished the money to do so. It is not true that the Standard Oil Company made war on the Pennsylvania Railroad or the Empire Transportation Company as stated in the affidavit of Mr. Teagle."

Considering that the Standard Oil Company had given a certified check of \$2,500,000 toward the purchase of the Empire Company, this sworn statement of John D. Rockefeller will, in itself, show the depths of falsehood to which he will descend to save his skin or to gain his ends or to overcome his foes. Every statement in this famous affidavit filed in the case of the Standard Oil Company vs. William C. Scofield et al. in the Court of Common Pleas of Illinois in 1880 is an evasion or a lie.

The facts were not as evident in 1880 as they are to-day, but that affidavit will stand forever to illustrate the liberal employment of falsehood, evasion, and perjury by John D. Rockefeller in the upbuilding of the great Standard Oil Trust.

The Petroleum Producers' Union now appealed to the State of Pennsylvania to prosecute Rockefeller and his co-conspirators. It was essentially the duty of the State of Pennsylvania to punish the conspirators and the railroad agents and man-

agers who aided and abetted Rockefeller in the plunder of the oil producers and in the ruin of all independent competitors.

Governor Hartranft went at once to the oil regions, and after a careful investigation ordered the Attorney-General to bring quo warranto proceedings against the United Pipe Lines and the railroad companies doing business in the oil regions.

The Attorney-General and the Secretary of Internal Affairs, William McCandless, conducted this investigation. It was soon apparent that the Attorney-General and “Buck” McCandless were seeking for evidence to whitewash Rockefeller. In fact, it now became apparent for the first time that Rockefeller was a politician as well as a monopolist.

## XXIV

### “BUCK” McCANDLESS’ REPORT AND INDICTMENT OF ROCKEFELLER

WILLIAM McCANDLESS furnished a perfunctory report to the Governor of Pennsylvania, which he wound up with the extraordinary statement that “the charges of the oil producers have not been substantiated in any way that demanded action.”

This report set the oil country aflame. “Buck” McCandless was hanged or burned in effigy in every village of the region. Across the forehead of the effigy was usually painted in blood-red letters

#### “THE PENNSYLVANIA RAILROAD”

And hanging out of one pocket or the other, was a bogus check to “Buck” McCandless for \$20,000, signed by John D. Rockefeller and indorsed by the Pennsylvania Railroad.

These proceedings in the oil regions attracted universal attention. The New York Chamber of Commerce appointed a commission to investigate it. This was called the Hepburn Commission, from its chairman.

The evidence secured amazed and dumfounded the coun-



try. Mr. Cassatt, in the meanwhile, had confessed on the witness stand in Pennsylvania all the dark, tortuous, and iniquitous methods employed by Rockefeller to secure rebates and drawbacks. He confessed his own powerlessness, and the lordship of Rockefeller not only over all railroad rates for oil, but over every oil car owned by or operated by the great trunk lines.

The whole country was now roused, and Ohio began suit to forfeit the Standard Oil charter. And on the 29th of May, 1879, the Grand Jury of Clarion County, Pa., brought in an indictment for conspiracy against John D. Rockefeller, William Rockefeller, Jabez A. Bostwick, Daniel O'Dea, William G. Warden, Charles Lockhart, Henry M. Flagler, J. J. Vandergrift, and George W. Girty.

There were eight counts in the indictment. "It charged, in brief, a conspiracy for the purpose of securing a monopoly of the business of buying and selling crude petroleum, and to prevent others than themselves from buying and selling and making a legitimate profit thereby; a combination to oppress and injure those engaged in producing petroleum; a conspiracy to prevent others than themselves from engaging in the business of refining petroleum, and to secure a monopoly of that business for themselves; a combination to injure the carrying trade of the Allegheny Valley and Pennsylvania Railroad companies, by preventing them from receiving the natural petroleum traffic; to divert the traffic naturally belonging to the Pennsylvania carriers to those of other States by unlawful means; and to extort from railroad companies unreasonable rebates and commissions, and by fraudulent means and devices to control the market prices of crude and refined petroleum and acquire unlawful gains thereby."

Early in June, 1880, application was made to Governor Hoyt for extradition papers for the accused who were not citizens of Pennsylvania. Henry M. Hoyt, when a candidate the preceding fall, had made solemn pledges to enforce the laws, prosecute the conspirators, and put an end once and forever to railroad rebates and drawbacks.

But as soon as Henry M. Hoyt had become Governor of Pennsylvania, he forgot his oaths and promises, and he became the pliant tool of the railroads and Rockefeller.

It is now a quarter of a century since Governor Hoyt placed the executive of Pennsylvania in the hands of the Pennsylvania Railroad and of John D. Rockefeller, and it is not too much to say that Cassatt and Rockefeller have owned it ever since.

A little while ago, Rockefeller bade Cassatt to get Attorney-General Knox to resign and accept a seat in the United States Senate at the hands of the chief executive of Pennsylvania. All the Republican politicians of Pennsylvania were furious, and Knox himself did not like it, but he had offended the autocrat of the Standard Oil as Attorney-General, and to please John D. Rockefeller he had to go down and out, and enter the United States Senate, to learn there that the most potent and dangerous political factor in America to-day is John D. Rockefeller.

Of course, Governor Hoyt never issued extradition papers for Rockefeller and his co-conspirators. Of course, the Attorney-General of Pennsylvania never pushed the suits against O'Dea, Lockhart, Warden, and Vandergrift. The politicians of Pennsylvania have had no thought for the oil men that have been plundered, or the manufacturers who have been ruined by the conspirators. They saw the wealth and power and greatness of the Standard Oil combine. They saw gold and luxury and ease and affluence for all who became tools or allies of Rockefeller. They saw danger, distress and poverty as rewards for fighting the people's battles against the octopus. The Pennsylvania politicians bent the knee to Mammon, and ever since Governor Hoyt's day the Standard Oil conspirators have been at perfect liberty to loot the oil regions and to violate all the laws of Pennsylvania that interfered with their plans for bankrupting all competitors and impoverishing all oil producers.

It is not necessary here to go into the details of Rockefeller's timely alliance with the Pennsylvania executive. Suf-

face it to say that the indictment of Rockefeller and the others was put off from week to week and from month to month, until finally it became a farce.

Meanwhile, Rockefeller, who has the despot's hatred of publicity, again made overtures to the Producers' Union. At first his overtures were scorned, but one by one he secured adherents for a new alliance. He offered to store and buy and manufacture all the oil that could be produced. He agreed never again to hold up cars or refuse to run oil for the independents. He was bland and conciliatory and full of golden promises, just as he was in 1872 when he made his famous pilgrimage to the oil regions. He explained that the real evil in the oil business was overproduction. He did not confess that the overproduction was mainly due to the inflated prices at which he was keeping finished petroleum products. All through 1877, illuminating oil was selling at over 20 cents a gallon. The consumption was kept down in order that the production should be excessive and in order that John D. Rockefeller could have his raw material at his own figures. It was essential in his mind to keep the oil producers poor and needy. If they were rich and had money, they would never permit him to play the part of the tyrant of the oil regions.

Hence, in presence of the oil men, he lamented over the evils of overproduction. Tears of sympathy filled his eyes as he listened to tales of hardship and want caused to hundreds, because they could not sell their oil or store it. He promised to remedy all that, to do the best he could, and he besought them to drill more slowly and to petition the State of Pennsylvania to dismiss the indictments against himself and his saintly associates.

Every time they had made an arrangement with Rockefeller he tricked them. The Treaty of Titusville was merely a Machiavellian device to disrupt the old Producers' Union, and that device succeeded so well that for five years the oil regions, once so hopeful, happy, and prosperous, were sunk to sullen despair.

They knew how he tricked the widow, over whose trials he

shed tears of sympathy and whose property he filched for 35 cents on the dollar.

They knew how he juggled with Vanderbilt and drove Cas-satt to the wall, and in face of all that the Producers' Union voted him another chance. They agreed to petition for the dismissal of the indictments. They would reduce production, and if he would take all their oil and pay them fair prices, they would not make war on his rebates and drawbacks.

The story of the upbuilding of the Standard Oil Trust bears on each page unmistakable evidence of the readiness of the oil men to condone crime and to sacrifice principle for promises and pledges that were as vain and empty as the illusions of the insane.

Had the people of the oil regions stood together and enforced the laws and compelled the punishment of the railroad officials in alliance with a band of conspirators to rob them, the Standard Oil Company would never have grown to be the dangerous and overshadowing octopus it is to-day.

But in 1873 the producers at Oil Creek accepted the fair promises of Rockefeller, and he tricked them into years of sorrow and despair; and now, with the whole country hurling anathemas at Rockefeller, the producers made a fresh treaty with him, and petitioned the Attorney-General to dismiss the indictments against Rockefeller and his associates.

The prosecution against the Standard Oil Company in Ohio was also dropped. The cases against the railroads were abandoned in Pennsylvania, and New York forgot, in the excitement of the Presidential election of 1880, the craven surrender of Pennsylvania and its people to John D. Rockefeller, the autocrat of the railroads and the tyrant of the oil regions.

Before the final dissolution of the Producers' Union, its members took one final shot at "Buck" McCandless. By resolution, they said:

"We declare that by the inefficiency and weakness of the Secretary of Internal Affairs in the year 1878, by the interposition on more than one occasion of the Attorney-General in 1879, by which the taking of testimony was prevented; by the

failure of the present Governor for many months, either to grant or deny the requisition for criminals indicted for crime, within the Commonwealth of Pennsylvania, fugitives to other States; and by the interference of some of the judges of the Supreme Court, by an extraordinary and, according to the best legal judgment of the land, unlawful proceeding, by which the trial of an indictment for misdemeanor pending in a local court was delayed and prevented, the alarming and most dangerous influence of powerful corporations has been demonstrated. While we accept the inevitable result forced upon us by these influences, we aver that the contest is not over, and our objects not attained, but we shall continue to advocate and maintain the subordination of all corporations to the laws, the Constitution, and the will of the people, however and whenever expressed; that the system of freight discrimination by common carriers is absolutely wrong in principle and tends to the fostering of dangerous monopolies; and that it is the duty of the Government, by legislative and executive action, to protect the people from their growing and dangerous power."

The results that followed may be briefly told. But they are best told in the words of Miss Ida M. Tarbell, whose conscientious and painstaking history of the Standard Oil Company is beyond all praise:

"The great human tragedies of the oil regions lie in the individual compromises which followed the public settlement of 1880. For then it was that man after man, from hopelessness, from disgust, from ambition, from love of money, gave up the fight for principle which he had waged for seven years. 'The Union has surrendered,' they say, 'why fight on?' This man took a position with the Standard and became henceforth active in its business; that man took a salary and dropped out of sight; this one went his independent way, but with closed lips; that one shook the dust of the oil regions from his feet and went out to seek 'God's country,' asking only that he should never again hear the word 'oil.' The newspapers bowed to the victor. A sudden hush came over the

region—the hush of defeat, of cowardice, of hopelessness. Only the ‘poor producer’ grumbled. ‘You can’t satisfy the producer,’ Mr. Rockefeller often has had occasion to remark benignantly and pitifully. The producer alone was not ‘convinced.’ He still rehearsed the series of dramatic attacks and sieges which had wiped out independent effort. He taught his children that the cause had been sold, and he stigmatized the men who had gone over to the Standard as traitors. Scores of boys and girls grew up in the oil regions in those days with the same feeling of terrified curiosity toward those who had ‘sold to the Standard’ that they had toward those who had ‘been in jail.’ The oil regions, as a whole, was at heart as irreconcilable in 1880 as it had been after the South Improvement Company fight, and now it had added to its sense of outrage the humiliation of defeat. The seeds of bitterness left were to grow and bear fruit one day, but that day was distant, and for the present Mr. Rockefeller was victor. In less than eighteen months after the compromise with the producers no open opposition to the Standard remained in the country. A running arrangement had been made with everybody. The Standard Oil Company was a practically complete monopoly, controlling all the refining interests of the country, owning all the pipe lines, governing public opinion.”

## XXV

### FORMATION OF STANDARD OIL TRUST

THE oil regions were conquered and its people were employees or slaves of Rockefeller. The latter now turned his attention to the further consolidating of the great organization through which he had achieved so much. The multitude of sub-companies that were by this time wheels within wheels of the great parent corporation had to be welded the more closely together.

In 1882 he formed the famous Standard Oil Trust. It had a capital of \$70,000,000, and it had as managers nine trustees.

These nine trustees held the title to all the property owned or controlled by the Trust. Each State had its own Standard Oil Company, but the Central Trust managed everything, received all earnings, and paid out dividends to those who held Trust certificates.

This Trust—the mother of all others—was organized by S. C. F. Todd. It was an elaborate but excellent piece of machinery that enabled John D. Rockefeller to still further strengthen his position, aggrandize his power, and achieve greater conquests than had yet fallen to his lot.

In ten years his company had grown from a million dollar concern to a \$70,000,000 Trust. It was a great achievement for a man still in the very prime of life, and it foreshadowed political and financial triumphs without parallel in human annals.

John D. Rockefeller was in his forty-third year when in 1882 he framed the great organization known as the Standard Oil Trust. The creation of that Trust put the coping-stone to his achievements. It gave him a leverage for administration and execution unknown before in the commercial history of the world.

Rockefeller had, indeed, framed a commercial organization similar in many respects to the great organization founded by Ignatius Loyola, the Catholic order of the Jesuits.

The Jesuit order has lived through nearly four centuries of stress and trial and storm, and at the end its influence is felt in every hamlet and city throughout the civilized world.

The general of the Jesuit organization lives at Fiesole. With him dwell a dozen lieutenants, who are called assistants. This is the governing body of the order. It is the duty of the assistants to sift the mass of correspondence which accumulates each day from every quarter of the globe and to counsel and advise with the general in the administration of the affairs of the order. The Jesuits are preaching and teaching in every land and clime beneath the sun.

And every member of the great order looks to that little council chamber at Fiesole for guidance and direction. The

general's orders are more faithfully and unhesitatingly obeyed than the orders of Napoleon were obeyed by his Old Guard. The Jesuit who to-day is the head of a great college in Spain or in Sicily gets a telegram to report for further orders to the Father of the Indian Mission in Patagonia. An hour suffices to pack up his belongings, and, without murmur or hesitation, he is off by the first train or steamboat to spend, perhaps, the rest of his days laboring amid savages. No more for him the social life of a great university in renowned, romantic lands. No more the sweet associations of a lifetime. One word and he parts with all of that forever, and henceforth exile and inhospitable climes are his.

There are probably twenty-five thousand Jesuits scattered over the surface of the globe. Every one of them is ready at a moment's notice to go to any spot upon the earth to which the general bids him hasten. That general commands the best disciplined and the best equipped and the most skilful army in the world.

The character and talents of each member are known. His special talents are carefully and laboriously developed, and each is employed in the way suited to his special talents and character.

And so perfect is this great organization that, though its members are of every tongue and race, it moves along, achieves mighty victories, and accomplishes vast results in every age and in every land, and yet it effects it so silently that the world hardly hears or knows of its existence.

The general lives a silent and secluded life. He has before him concise reports from every spot on the habitable globe. He knows intimately the moral, social, religious, and political condition of every race and tribe and people upon the earth. His assistants are equally well informed. They have all been chosen to aid him because of their superior learning, knowledge, talent, and virtue. There is no council chamber in the world where so much wisdom, sense, judgment, and enlightenment prevail as in the council chamber of the Jesuit general. And in every country and in every province of the earth there



is a smaller council and a provincial superior. That subordinate provincial body is in constant touch with the general at Piesole, and governs each province so as to meet with the approval of the supreme head.

There is a strange analogy between the Rockefeller organization and that of the Jesuits. The objects aimed at are, indeed, far different, but the machinery of both is singularly alike.

John D. Rockefeller is the general, the czar, the dictator of the Standard Oil Trust. He has his supreme council. They are not called assistants to the general, but trustees.

That supreme council has its correspondents in every hamlet and village of the globe. The accumulated commercial knowledge of the Rockefeller Council of Nine surpasses anything ever known before. Each member of that council was chosen not for his learning or his virtue, but for his experience, his special knowledge, and above all for his success as an executive officer and a money-maker.

When Rockefeller first grouped that council together, his one aim was to be sole, complete, and entire master of the petroleum industry of the world. He wanted to gather the oil at the well and keep handling it till he put it in the lamp to burn or sold it as candles or as lubricants.

He built the tanks to store it and he laid the pipes to collect it. The cans and barrels in which the oil is sold he makes in his own factories. There is not a city or a town of importance in the wide world where he has not an oil depot and where he will not sell in bulk from his own tank wagon.

When Rockefeller went into the oil business in 1865, barrels used to cost four cents for each gallon of capacity. A 42-gallon barrel—the ordinary size—cost \$1.68. Rockefeller had his own barrels built, and they cost 2 1-2 cents per gallon capacity. He now saves over 60 cents on each barrel.

Before the seaboard pipe lines were built barrels were of vast importance in the trade. The Standard manufactured 4,000,000 barrels a year more or less. The saving effected by making its own barrels, therefore, meant millions to its treasury.

In like manner the five-gallon tin can so necessary to the foreign trade is made by the Standard itself. The tinplate is bought in Wales. In 1901 Rockefeller imported \$1,000,000 worth of tin. This tinplate is turned into five-gallon tin cans at the Standard's Long Island factory. The machinery for making these cans is so perfect that three men turn out 24,000 cans in a day.

No sooner are the cans made than they are filled automatically, sealed, and put on board ship. No duty is charged on the tinplate brought from Wales by Rockefeller and used by him for cans to sell his oil to foreigners.

Rockefeller's agents in Congress had a special tariff framed so that Rockefeller could buy his tin in Wales, manufacture it here, and make a profit out of the foreigner on that very tin without being compelled to pay duty to the American Government.

And the economy exercised in the manufacture of barrels and tin cans was apparent in every branch of the business. Vast numbers of small refineries were abandoned. He had forced their owners to sell for a pittance, and when he got them he had everything of any value taken out and then abandoned. His great scheme was to manufacture at points most suitable for shipment.

He established refining works at Whiting, Indiana, and around these works a city has been built, and from that point almost the whole Mississippi Valley is supplied. For the foreign trade the crude oil is sent in pipe lines to seaboard and manufactured there. There is no money in the crude oil trade for the railroads now. The pipe line does all that business. The great trunk line managers fought for that trade like tigers less than a generation ago. They committed wholesale crime and wrong to secure the crude oil traffic then. They thought their respective railroads could not live without a share of the oil traffic. But their traffic vanished as quickly as it came, and while it lasted Rockefeller used the rivalry and greed of the railroad magnates to crush oil competitors and to make the railroads his subservient tools.

## ROCKEFELLER ECONOMY

**I**N every Rockefeller factory there has always been rivalry nurtured among employees to surpass one another in effectiveness and in economy. The cost sheets of each factory were scanned monthly at the Board of the Supreme Council, and the refinery or factory that showed the best results was commended, and the management that lagged behind, or whose cost sheets were out of proportion to the others, was reprimanded and sent to the successful refinery or factory to learn how to do things. Rockefeller had the highest idea of rivalry and emulation among his subordinates. He liked rivalry and emulation as long as they produced golden results for himself. And hence desperate efforts were made in the forty or fifty big refineries of the Trust to excel each other.

In that struggle for excellence and superiority, talent, energy, and hard work won. Rockefeller picked the winners and constantly pushed them up. Moreover, he urged all his lieutenants and employees to save money and buy Standard Oil stock. It was the best kind of insurance, he told them. He wanted each and all of them to have an interest in the business. That tended to greater efficiency, solidarity, and power.

He wanted the most industrious and efficient workmen in every branch of his trade and business, and to get them he paid the highest wages. That attracted an abundant supply. The best were kept and cultivated, the others were dropped as useless for Rockefeller's designs.

Every economy or invention of the oil business tried successfully by others Rockefeller soon appropriated. He put a thousand obstacles in the way of the Tidewater Pipe Line, but no sooner did it prove a success than he hastened to construct his own seaboard pipe lines.

Rockefeller never invented or experimented himself, but he took the fullest advantage of the inventions and experiments of others.

Joshua Merrill discovered a process for deodorizing the lubricating products of petroleum. Mr. Merrill was in the oil business before Drake sank his well. He was manufacturing petroleum products while Rockefeller was attending school at Cleveland, and he had done more to perfect the process for making illuminants and lubricants than all Mr. Rockefeller's associates in the supreme council. He was one of the owners of the Downer Works at Boston. It was in 1869 that Joshua Merrill discovered how to make a deodorized lubricating oil. He patented the process and his petroleum lubricant. Rockefeller soon saw the immense value of the discovery. This new lubricant would be sought for in all the countries of the world. Mr. Merrill's business grew by leaps and bounds. Dr. S. D. Tweedle of Pittsburg imitated the process of Merrill and made deodorized lubricants. Merrill brought suit against him for an infringement of his patent. Rockefeller wanted Merrill's patent, and in order to get it he backed Tweedle.

Merrill was kept in the courts for six years, and had to spend \$100,000 defending his rights before the Supreme Court of the United States decided in his favor.

Then Rockefeller got a license from Merrill to use his process, and it proved so valuable that Rockefeller finally bought the patent rights from Merrill.

Merrill retained the right to manufacture for himself, but the rates finally grew so oppressive for crude oil that the Downer Works at Boston had to go out of business.

One by one nearly every refiner had succumbed to the all-conquering Rockefeller. His army of employees and his lieutenants were proud of their great general. He was a heaven-sent general, a conqueror, a demigod. He paid big wages and large salaries and he had enriched his lieutenants. In a material age he was eminently and supremely successful, and the American, more than any other, is a worshiper of success. It was true that thousands of oil farmers were forced to sell their oil for hardly enough to pay living wages to their employees. Rockefeller was the only one to whom they could now sell their oil, and they had to take for it whatever pittance he offered.

The people of the oil regions hated to see the vast wealth extracted from their soil going to swell the already bloated riches of Rockefeller. They thought that that wealth more properly belonged to themselves and to their children. But they got no share of it; Rockefeller took it all.

The lord of the oil regions even in 1882 was hardly less hated than he was in 1872, when he was known as the Mephistopheles of the South Improvement Company.

But in 1882, as the president of a \$70,000,000 Trust, Rockefeller suddenly found admirers and apologists; men claiming to be ministers of Christ were found to palliate and excuse his methods. They pointed to his simplicity, to his modesty, to his sobriety, and to the purity of his private life to prove that he was a good man. They called him an industrial apostle. The man who had forced rebates and drawbacks, and made all competitors surrender their business to him at whatever price it pleased him to pay, was to be purged of all his iniquities because he gave some of the proceeds of his wholesale piracy to some churches or educational institutions. The poor wretch who stole a goose from the common or a loaf of bread was branded as a bad citizen. But the man who had levied tribute on a whole people through a monopoly which he had established through fraud and chicanery must forsooth be forgiven all his sins against human and divine laws, and be proclaimed just and honorable while still in the full enjoyment of his plunder and his piracy. And thus success, wealth, and power condone all past crimes and piracy!

## XXVII

### PRODUCERS SULLEN, BUT UNCONQUERED

**I**N Northwestern Pennsylvania there still lived those who, though plundered of a great part of the wealth that was theirs, never gave up the fight for right and truth.

The purchased newspaper, and the oil producer who had surrendered to Rockefeller and become his ally, talked about

the independents as "soreheads" and "mossbacks," but the story of Rockefeller's career was too well known to afford contentment with the lot to which John D. Rockefeller had reduced them.

Ten years of defeat and humiliation had left their mark in the oil regions. Rockefeller's success in the upbuilding of a great monopoly seemed to them uncanny. It was almost diabolical, and they had a superstitious dread of him. They shuddered at his name as the Moslem hordes shuddered at the name of Richard Cœur de Lion, or as the English peasantry shuddered at the name of La Pucelle when she routed England's forces on many a well-contested field.

But unmistakable evidence soon showed that John D. Rockefeller was neither a wizard nor omniscient. That his amazing knowledge of the business affairs of his competitors was often got by dark and devious ways.

Mr. John Teagle was the head of the firm of Squire and Teagle, oil refiners, at Cleveland.

In 1883, his bookkeeper informed Mr. Teagle that a Standard Oil agent had importuned him to earn some money by revealing the secrets of his employer's business to the Standard.

The go-between was brother to the secretary of the Standard Oil at Cleveland. The bookkeeper evaded accepting the offer till he had a chance to talk the matter over with Mr. Teagle. That gentleman, anxious to find out what the Standard wanted, told his bookkeeper to accept its offer.

The Standard agreed to pay him \$25 bonus and a small annual salary, in exchange for a transcript of all Teagle's shipments and prices. He was to tell the cost of manufacture and the amounts of naphtha and gasoline made, and the net prices received therefor. They wanted to know where the tar went, and the percentage of the different grades of oil. In fact they wanted the minutest details of Teagle's business mailed regularly to box 164 of the Cleveland post-office.

The bookkeeper handed the \$25 to Mr. Teagle, and made a sworn statement of these facts. John Teagle took the money and the sworn statement of the bookkeeper to the secretary

of the Standard and accused him of bribery. The secretary stoutly denied the accusation, but the facts were too evident, so he confessed and took back the \$25.

In 1888, Teagle gave all the facts in this case in his examination before the Congressional committee.

It was an old trick of Mr. Rockefeller's to post himself on every detail of a competitor's business. The oil business, he believed, belonged to him by some divine right or other, and "the lord of the oil business" required that all competitors should be bought out or driven out or bankrupted. He was sorry that severe measures had to be taken, but business is business, at least that was the way John D. Rockefeller looked at it in 1872, for the contracts between the South Improvement Company bound the railroads to furnish Rockefeller with full and elaborate reports of all the business done by the railroads for the independent oil refiners. By those contracts he got rebates not only on his own oil shipments, but on the oil shipments of the independents.

In other words, parts of the freight paid by Rockefeller's competitors for shipments of crude and refined petroleum went into Rockefeller's pocket. This was a peculiar system of piracy invented by John D. Rockefeller, and for twenty years Rockefeller plundered his rivals, by compelling the railroads to divide with him the money paid by the independents in railroad freights. Under this system, Rockefeller fixed railroad rates so that competitors could be squeezed at the precise moment that he desired to buy them out or crush them.

## XXVIII

### MR. GEORGE RICE

THERE lived at Marietta, Ohio, one of the most picturesque characters of the oil regions. This was George Rice. Rice had gone into the oil business in 1865, the same year as Rockefeller, and he knew its every phase.

In 1873, he built a refinery at Marietta, and he shipped

his products West and South. For six years he struggled along, under the shameful discrimination of the railroads; but in 1879 the rates were raised 100 per cent, and put him practically out of business. However, in 1883, a new oil field opened up at Macksburg, near Marietta, and Rice was one of the first to get in on the ground floor. He got the crude oil from his own wells. A. J. Brandred had built the pipe lines at Macksburg, and he secured contracts with the railroads so that all his oil should be carried for fifteen cents, while all others should pay thirty cents.

Rice succeeded in getting a rate of seventeen and one-half cents by using his own pipe line and tank car. In 1883, the Standard took their pipe line into the Macksburg field, and Brandred went out.

The moment the Standard was ready for business they had the rates readjusted. The Cincinnati and Marietta Railroad, the line serving this new field, entered into an agreement to charge thirty-five cents a barrel on all crude oil shipped from Macksburg to Marietta, but twenty-five cents went to the Standard on every barrel shipped by the independents.

By this agreement, the railroad was to get less than thirty and the Standard over seventy per cent of all moneys paid for crude oil shipments.

The Cincinnati and Marietta Railroad was then in the hands of a receiver. He agreed to the railroad tariffs prescribed by Rockefeller. But he was worried about his contracts and sent the following letter to his counsel:

TOUCHING SCRUPLES OF A RECEIVER.

"Upon my taking possession of this road," the receiver wrote, "the question came up as to whether I could agree to carry the Standard Company's oil to Marietta for ten cents per barrel, in lieu of their laying a pipe line and piping their oil. I, of course, assented to this, as the matter had been fully talked over with the Western and Lake Erie Railroad Company before my taking possession of the road, and I wanted all the revenue that could be had in this trade.

"Mr. O'Day, manager of the Standard Oil Company, met



the general freight agents of the W. and L. E. Railroad and our Mr. Terry at Toledo, about February 12, and made an agreement (verbal) to carry their oil at ten cents per barrel. But Mr. O'Day compelled Mr. Terry to make a thirty-five cent rate on all other oil going to Marietta, and that we should make the rebate twenty-five cents per barrel on all oil shipped by other parties, and that the rebate should be paid over to them (the Standard Oil Company), thus giving us ten cents per barrel for all oil shipped to Marietta and the rebate of twenty-five cents per barrel going to the Standard Oil Company, making that company, say twenty-five dollars per day, clear money on Mr. George Rice's oil alone.

"In order to save the oil trade along our line, and especially to save the Standard Oil trade, which would amount to seven times as much as Mr. Rice's, Mr. Terry verbally agreed to the arrangement, which, upon his report to me, I reluctantly acquiesced in, feeling that I could not afford to lose the shipment of seven hundred barrels per day from the Standard Oil Company. But when Mr. Terry issued instructions that on and after February 23 the rate of oil would be thirty-five cents per barrel to Marietta, Mr. George Rice, who has a refinery in Marietta, very naturally called on me yesterday and notified me that he would not submit to the advance, because the business would not justify it, and that the move was made by the Standard Oil Company to crush him out. (Too true.) Mr. Rice said: 'I am willing to continue the seventeen and a half cent rate which I have been paying from December to this date.'

"Now, the question naturally presents itself to my mind, if Mr. George Rice should see fit to prosecute the case on the ground of unjust discrimination, would the receiver be held, as the manager of property, for violation of the law? While I am determined to use all honorable means to secure traffic for the company, I am not willing to do an illegal act (if this can be called illegal), and lay this company liable for damages. Mr. Terry is able to explain all minor questions relative to this matter."

The eminent counsel from whom he sought advice replied:

“You may, with propriety, allow the Standard Oil Company to charge twenty-five cents per barrel for all oil transported through their pipes to your road; and I understand from Mr. Terry that it is practicable to so arrange the details that the company can, in effect, collect this direct without its passing through your hands. You may agree to carry all such oil of the Standard Oil Company, or of others, delivered to your road through their pipes, at ten cents per barrel. You may also charge all other shippers thirty-five cents per barrel freight, even though they deliver oil to your road through their own pipes; and this, I gather from your letter and from Mr. Terry, would include Mr. Rice.”

George Rice was not the man to be plundered with impunity. They enforced the thirty-five cent rate on him for a few shipments, but he stored his oil at Macksburg, and then built a pipe line to the Muskegon River, whence he had cheap transportation to Marietta. He did more, he dragged the receiver into court and had the facts brought out.

The judge dismissed the receiver for gross and wanton discrimination. He also appointed a master to inquire into the sums collected from Rice and paid to the Standard, and the money was ordered refunded. The sum refunded was less than four hundred dollars, for Rice never suffered the extortioner to get too much out of him. The value of this case is the discovery that Rockefeller got the larger share or most of the freight paid to the railroads. He had started his rebate system in 1872, and here he was in 1883 enforcing the system in Macksburg, Ohio.

Daniel O'Dea, as has been already shown, was Rockefeller's chief lieutenant in arranging freight rates and in securing rebates and drawbacks. It apparently never entered O'Dea's head to consider the moral or ethical aspect of this system which he aided Mr. Rockefeller so materially to establish. Here is a delicious bit of testimony given by O'Dea before the Federal Commission in 1888:

Q. But did that other oil which was in competition with you pass through your pipe? A. No, sir.

Q. Did not they, therefore, on that oil which only passed over their railroad and not through your pipe line pay to you the same allowance or rebate that they did on your oil which did pass? A. They did, but we returned it through the advice of our counsel, Mr. Dodd.

Q. Now, out of that sum how much did you get from the railroad out of what they had received from Mr. Rice? A. We did not get any; that is, we did not retain any. The railroad company agreed to account to us for the oil that went over its lines, and they did make an accounting to my recollection of about \$200, or something like that, on oil other than that which passed through our lines. Our counsel, Mr. Dodd, advised me that we could not do that business, and we refunded the money.

When Mr. O'Dea was caught with \$200 or more of George Rice's money, or when the fact that the Standard had received that money came out in court, Mr. Dodd, the chief counsel for the Standard, advised that the money should be restored to George Rice, and it was.

But it is not on record that O'Dea or John D. Rockefeller restored any of the millions collected in drawbacks to the people to whom they belonged. A paltry \$200 or more was returned in a case where they were caught, but the millions were kept, and Mr. O'Dea has never told us whether Mr. Dodd advised him to keep or to restore them to their rightful owners.

## XXIX

### SCOFIELD AND SHURMER

WILLIAM C. SCOFIELD and Daniel Shurmer were two young Englishmen who settled in Cleveland before John D. Rockefeller and his father migrated from the family homestead in western New York. They were men of considerable integrity and ability, and they had that sturdy independence of character which made them resent the usurpations and piracy of Rockefeller.

In 1872, Scofield was a member of the refining firm of Alexander Scofield and Company, and Shurmer belonged to the firm of Clark, Shurmer and Company. In that year Rocke-

feller approached the members of these two firms. He had the contracts of the railroads with the South Improvement Company to show to and terrorize the members of both firms, and they sold out at very considerable loss. Three years later, with John Teagle, another Englishman who had come to Cleveland in 1871, they formed the oil firm of Scofield, Shurmer and Teagle. They put \$65,000 into the business, and the first year they made a profit of \$40,000.

In 1876, Rockefeller induced them to enter into a partnership agreement with him. The firm's plant was now worth \$75,000, and all three members of it were active and capable business men. Rockefeller agreed to put \$10,000 into the firm. He would secure rebates. He was to allow the firm \$35,000 a year, all the profits over \$35,000 to \$70,000 to go to Rockefeller. Over that the profits were to be equally divided between Rockefeller and the firm. This extraordinary contract was signed at night in Rockefeller's house on Euclid Avenue. It was to remain a profound secret. Rockefeller insisted that none of the three men should tell even their wives about it. He also begged them to conceal from everybody the knowledge of the money they might make. They should not keep fast horses or "put on style" or do anything which should leave people to infer that they were making money.

All the accounts of the firm were to be a profound secret. Even its members should correspond under assumed names. A special box was to be rented at the post-office.

The Scofield firm had a capacity of 180,000 barrels of crude oil, but under the arrangement with Rockefeller the output was to be limited to 85,000 barrels. Henceforth the production was to be less, but the profits greater, than they ever were before.

The first year under this agreement the dividends were \$220,047 against \$41,000 the year previous. During the four years the arrangement lasted, Scofield, Shurmer and Teagle paid Mr. Rockefeller \$315,345. The contract was for ten years, and Mr. Rockefeller began to think that Scofield, Shurmer and Teagle were making too much money.

He did not like the contract now that he was preparing to cut off loose-jointed partners and was ready for his organization of the great Trust. He began to complain that the Scofield people were exceeding the limit he had placed upon them. In the four years they had manufactured 25,000 barrels beyond the appointed limit. Mr. Rockefeller demanded all the profit made on this excess. It amounted to about \$75,000. Scofield, Shurmer and Teagle declined. But, remonstrated Rockefeller, if you had not sold those 25,000 additional barrels, the Standard would. By breaking your contract you have deprived the Standard Company of that much profit. The \$75,000 belongs to us and not to you.

But the Scofield people could not see it in that light. They would not give Rockefeller all the profits on the excess. Rockefeller at once cut off their supply of crude oil. At the time, he had all the pipe lines running into Cleveland.

They wrote to tell Mr. Rockefeller that if he did not supply the crude oil, they would get it elsewhere and charge the difference to him.

But Rockefeller was ready for war. He brought suit for an injunction to restrain Scofield, Shurmer and Teagle from manufacturing in excess of 85,000 barrels and to stay them from investing in any other refinery business whatsoever.

It was thus that the facts of this extraordinary partnership got into court. Judge Stanley Mathew argued the case against Rockefeller, and the injunction was refused.

But Rockefeller had still the advantage. Working in alliance with him, their freight rates enabled them to make a profit of \$200,000 a year on 85,000 barrels of oil. Working against him, the freight rates absorbed all the profits of 180,000 barrels. Rockefeller, of course, got the difference between the old and the new freight rates from the Lake Shore Railroad.

Scofield, Shurmer and Teagle dragged the railroad into court, and demanded fair play. The Standard and the railroad fought the case for six long years in the various courts, and it finally got before the Supreme Court of the State.

The decision of that court was rendered by Judge Ather-

ton, and he did not mince matters in his utter condemnation of the whole rebate system.

"The only thing," said Judge Atherton, "to distinguish the business of the one (Scofield and Co.) from the other (the Standard) was the aggregate yearly amounts of freight shipped."

The courts had already held that a rebate on account of volume of business only, was "a discrimination in favor of capital." Commenting on the contract between the Lake Shore and the Standard, Judge Atherton said:

"Look at it and see just what is shown. In consideration of the company giving to the railroad its entire freight business in oil, they transport their freight about ten cents cheaper a barrel than for any other customer. This understanding was to keep the price down for the favored customer, but up for all others, and the inevitable tendency and effect of this contract was to enable the Standard Oil Company to establish and maintain an overshadowing monopoly, to ruin all other operators, and drive them out of business in all the region supplied by the defendant's road, its branches and connecting lines. A new railroad had been built in this very district. The Lake Shore had a contract for all the Standard traffic, but it entered into a contract with the new road to divide the Standard business with the new railroad. If," says Judge Atherton, "the new railroad would only help to keep rates down for the Standard and up for everybody else."

The lower courts had found that the railroad contract for the Standard and Lake Shore was not framed to injure Scofield, Shurmer and Teagle. This finding utterly displeased Judge Atherton. "That makes no difference," said the Judge. "The plaintiffs were not in business in 1875, when the contract was entered into, and, of course, it was not made to injure them in particular, . . . and this contract, made to build up a monopoly for the Standard Oil Company, and drive its competitors from the field, is just as unlawful as if its provisions had been aimed directly against the interests of the plaintiffs."

The Lake Shore Railroad had fought six long years in various courts to maintain the validity of contracts granting rebates to Rockefeller. In the end, the Supreme Court of Ohio condemned the rebate system in most scathing terms. Still undaunted, Rockefeller and the Lake Shore appealed to the Supreme Court of the United States, but they took good care never to push that appeal to trial.

Hitherto, Rockefeller had contented himself with securing political allies in members of legislatures and in controlling municipal and State executive officers. But ever since 1886 the Standard Oil political department has paid special attention to the election and selection of the members of the Supreme Court in every State in which it has business.

That was the one great result of this fight with Scofield, Shurmer and Teagle. The members of that firm struggled on as independent business men, but finally, in 1901, they sold out to the Republic Oil Company of Cleveland, a Standard Oil concern.

The Scofield case, and George Rice's battle against the Standard at Marietta, at last roused the whole country. Nothing is more extraordinary than the apathy shown by Congress and the United States Executive, as well as the Executives of the various States, while John D. Rockefeller was proceeding successfully for twenty years in his marvelous career of wholesale piracy. Those intrusted with the enforcement of the law in Ohio and in Pennsylvania, were indifferent, supine or corrupt.

Ever since 1872, the oil regions had been petitioning Congress to make laws regulating interstate commerce, so as to put an end to the hateful system of rebates.

In 1874, a committee of Congress was appointed to investigate. It was called the Windom Committee, and it found a perfectly scandalous condition of affairs. It recommended the publication of all rates and drawbacks and the establishment of a Bureau of Commerce. It even went so far as to declare in favor of Government railroads as the only remedy to the evils prevailing.

### XXX

## CONGRESSMAN HOPKINS' BILL AND INTERSTATE COMMERCE LAW

THE report of the Windom Committee enabled Congressman James H. Hopkins of Pittsburg to present a bill for the regulation of interstate commerce—a bill which, if passed and enforced, would have deprived Mr. Rockefeller of the vast revenue he was deriving from rebates and drawbacks. Congressman Hopkins had seen twenty-five different refineries operating in his own city of Pittsburg in 1872, but in 1876 there was but one, the Lockhart concern, in alliance with Rockefeller. Hopkins also saw independent refineries going out of business all over Pennsylvania, and he besought Congress to pass a law regulating interstate commerce.

The object aimed at by Mr. Hopkins' bill was to force the cancellation of the contracts Rockefeller held for rebates and drawbacks with the great trunk lines. To kill time, Rockefeller's friends in the committee summoned the railroad presidents and O. H. Payne, treasurer of the Standard Oil Company. Cassatt alone presented himself, but he refused to answer questions. He saw the whole thing was going to end in a farce, and he gave the committee no information. Frank Rockefeller volunteered the statement that Colonel Scott of the Pennsylvania shared part of the spoils. Scott was highly indignant at this charge, and wired the committee to summon the officers of the Standard Oil, so that the officials of the Pennsylvania should be purged from the charge of sharing in the rebates and drawbacks given to Rockefeller and his associates.

The Hopkins Bill was pigeonholed, all inquiry was burked, and the whole country had an object lesson of Rockefeller's power in Congress, so far back as 1876.

Two years later, in 1878, Congressman Louis F. Watson, of Pennsylvania, introduced a similar bill and carried it triumphantly through the House of Representatives. But the



Standard Oil lobby got in its work in the Senate, and the Watson Bill was smothered.

In 1880, when the Producers' Union made its fatal truce with Rockefeller, General Benjamin F. Butler appeared before the Congressional Committee of Commerce and made a most convincing and elaborate plea for the protection of the independent producers and refiners from the greed and piracy of the Standard Oil.

General Butler was picturesque and dramatic, and he piled fact on fact, till the whole nefarious system of John D. Rockefeller was laid bare to the committee. But in that committee Rockefeller's influence was greater than Ben Butler's eloquence, and nothing was done. Congress could not be influenced by the pathetic tales of Congressman Hopkins, by the facts put before it by Congressman Watson, or by the eloquence of Benjamin F. Butler. The Standard Oil lobby was too powerful. It had too many representatives in the House and Senate. And Rockefeller kept steadily on, buying up and annihilating competitors, and giving a less and less pittance each year to the men who owned the oil wells and furnished the raw material of his fabulous wealth.

Then came the revelations in the Scofield, Shurmer and Teagle case. All over the country; men stood aghast at Rockefeller's bold claim that he was entitled to all the rebates and drawbacks he could get. All the world now knew the secret of Rockefeller's wealth and of his great monopoly. It was the shameful conspiracy by which he forced the railroads to do his business at half the cost to his competitors and to extract from the railroads half the money paid by the independent oil men for freight.

In other words, the independent oil men were being fleeced by the railroads, and half of the inflated tariffs extracted from them went into John D. Rockefeller's coffers. The suits of George Rice and Scofield made these facts apparent to the whole country, and Congress was roused from its lethargy. The Granger movement in the West had assumed threatening proportions, and the Senate appointed the Cullom Committee

to investigate and report on the subject of rebates and drawbacks.

That report resulted in the passage of the Interstate Commerce Act. Had that act been passed in 1872, and been enforced when Congressman Hopkins put the facts before Congress and the nation, the oil regions would have been saved long years of agony and strife. Had it been passed in 1874, when Congressman Watson got it before the House, or in 1880, when General Butler's great appeal was made for justice and equality, the Standard Oil Trust would never have attained the dangerous and menacing proportions it has now assumed.

But the Interstate Commerce Act came too late to curb or crush the huge octopus created by the genius of John D. Rockefeller. In fact, in 1886 the railroads were no longer prime factors in oil transportation. Pipe lines were henceforth to furnish the transportation between the wells and the refineries, and John D. Rockefeller could afford to laugh at Congress and at the laws it made to stay him from collecting rebates and drawbacks.

In fact, he called off his lobby at Washington, and allowed Congress to enact the Interstate Commerce Law. He was independent of Congress and the Interstate Commerce Act by this time as far as the transportation of crude petroleum was concerned.

## XXXI

### TIDEWATER PIPE LINE

**D**R. DAVID HOSTETTER, who introduced the now famous Hostetter bitters to the world and made millions thereby, was also devoted to the oil business. In fact, the money he made in bitters he invested in oil. He owned a number of wells in the Butler field, but Rockefeller's freight rates were fleecing him, so to escape he built the Columbia Conduit Pipe Line from the Butler field to Pittsburg to connect with the Baltimore and Ohio Railroad. He leased the Columbia Conduit Line to D. McKelvy and Company. This firm con-

sisted of Byron D. Benson, David K. McKelvy, and Major Robert E. Hopkins. Benson and Hopkins were boys together in Onondaga County, New York, and before they came of age they were partners in a lumber business. When the war broke out Hopkins organized a company and marched to the defence of the Union. Taken prisoner at Chancellorsville, he was confined in the Libby Prison. At the conclusion of the war he was raised to the rank of major and honorably discharged. He immediately hastened to the oil country and joined his old chum, Byron D. Benson. Both were men of superior ability, enterprise, pluck, and knowledge, and in 1870 they began partnership with David McKelvy, a man of equal if not greater capacity than either.

Somehow or other John D. Rockefeller overlooked this trio of able men when he came to Titusville in 1872, and won over such allies as Captain Vandergrift and John D. Archbold. They were well known as well as zealous in resisting Rockefeller's usurpations, and Vandergrift and Archbold knew that.

When they leased Hostetter's pipe line to Pittsburg, Rockefeller began to keep his eyes on them. They showed themselves able and ambitious, but he cut the ground from under them when, in 1873, he induced the Baltimore and Ohio Railroad to enter into the pool with the Great Trunk Lines. In disgust Dr. Hostetter sold his Columbia Conduit Line to Rockefeller, and Benson, McKelvy, and Hopkins had to look round for some other pathway to fame and fortune.

While operating the pipe line to Pittsburg, they became convinced that crude oil could be carried from the wells over the mountains to the seaboard.

In 1876, Henry Harvey employed General Hermann Haupt to report on its feasibility and General Butler to overcome the legal difficulties in the way.

General Haupt reported that the mechanical difficulties were easily overcome, and that a pipe line to the sea would run crude oil to refiners at New York and Philadelphia for 16 1-2 cents a barrel. He claimed that the actual cost to the railroads was not less than 25 cents, and the Standard was probably paying 45 cents, while the open rate was 85 cents.

Mr. Harvey was president of a pipe line company, and he immediately undertook to raise money to build a pipe line to the seaboard.

The oil men hailed the project with joy, and the newspapers of the East declared "it worthy of being coupled with the Brooklyn Bridge, the blowing up of Hell Gate, and the tunneling of the Hudson River."

But John D. Rockefeller did not want a pipe line to the sea. He put his army of employees to work to block Harvey in every way. The difficulties of securing right of way were enhanced a thousandfold, and ten thousand rumors were put afloat to discredit the ability and judgment of General Haupt and the financial standing of Henry Harvey. Harvey did not have the money or the backing or the business capacity to fight Rockefeller, and his attempt was a dismal failure.

Benson, McKelvy, and Hopkins took up the project in 1878. They went to work secretly. They employed General Haupt to locate the line, and they began buying the right of way. Rockefeller, somehow, learned of the scheme and began buying a dead line across their path, but failed.

In November, 1878, the Tidewater Pipe Line Company was organized with a capital of \$625,000. The work of construction was pushed, and in May, 1879, the Tidewater Pipe Line was over the mountains and through to Williamsport on the Reading Railroad, a distance of one hundred and nine miles. There were two pumping stations, one at the wells and the other twenty-eight miles away, at the foot of the Alleghenies. The first pump was to lift oil 700 feet; the second, 1,900 feet, to the pass in the Alleghany Mountains, and from the pass it was to reach Williamsport or the seaboard by gravity.

On the 28th of May, 1879, Byron Benson started the pump at the wells. It was a day of intense excitement in the oil country. The producers had high hopes that the Tidewater Pipe Line would free them from the tyranny of Rockefeller and the extortions of the railroads. The Standard representatives and the railroad agents watched the experiment with fear. Were it a success the railroad men knew that the oil traffic would be lost to them forever, and the Standard knew that a dangerous competitor would be soon in the field. When the oil began to flow over the Alleghany Mountains, the people of the oil regions were overwhelmingly happy, and hailed Benson, McKelvy, and Hopkins as heroes and benefactors. They deserved all the praise they got.

But John D. Rockefeller had not the slightest notion of allowing the Tidewater Pipe Line to become a carrier for independent producers or refiners. There were a few independent refiners still left in New York and Philadelphia, and when the oil began to flow into Williamsport, the Tidewater Company could find no purchasers for the crude petroleum. John D. Rockefeller had bought up their hoped-for customers.

They stored the oil and began building their own refineries and sent agents to Europe to secure markets. Then Rockefeller used his leverage with the railroads and got them to carry all his crude oil from the wells to the seaboard for 10 cents a barrel. This was 40 per cent of the actual cost to the railroads and about the actual cost to the pipe line.

While Rockefeller was forcing the railroads to carry his crude oil for 10 cents a barrel to their own grave loss, he had already under construction a half dozen pipe lines from the oil fields to his refineries at Cleveland, Pittsburg, New York, Philadelphia, and in New Jersey. He saw a revolution in the oil business, and he organized the National Transit Company with a capital of \$31,000,000 to take care of the new developments.

The National Transit Company absorbed the United Pipe Lines Company and the American Transfer Company, and took over all the great storage tanks at the oil fields and all the local and seaboard pipe lines.

The storage capacity of the Transit Company in 1886 was about 40,000,000 barrels, and they often had 35,000,000 stored. The owners received certificates for every 1,000 barrels sold, and paid storage charges monthly, which netted enormous profits to the National Transit Company. Almost before the railroads were aware of it, Rockefeller had sufficient pipe lines built to carry all the crude oil from the wells to the refineries. The railroads could no longer compete in that branch of the business. Rockefeller had no further use for drawbacks and rebates, so he let Congress pass a bill regulating railroad tariffs for the Grangers.

But he had no idea of permitting a dangerous competitor like the Tidewater Company to exist, at least as an independent concern. But despite the war made upon it, the company was prospering and making money.

## HOW TO GET RID OF RECALCITRANTS

ROCKEFELLER had bought up all the independent plants save that of Lombard and Ayers. They refused to sell, but soon after they were condemned as a public nuisance and had to move elsewhere.

But Benson, McKelvy, and Hopkins were no ordinary men. They speculated and made money, and, despite the fierce warfare on them, they were able to finance their various enterprises. In January, 1882, they decided to issue bonds to the amount of \$2,000,000. The First National Bank of New York agreed to take those bonds at ninety cents on the dollar.

Rockefeller secured the co-operation of Messrs. Taylor and Satterfield, who held about \$200,000, or about one-third, of the stock in the Tidewater Company. They went to the bank and declared the company insolvent and urged the bank to decline the bonds. The bank scouted this advice.

Then they got E. G. Patterson to bring suit for the appointment of a receiver. He had devoted nearly twenty years of his life to fighting Rockefeller, and his uniform failure at last wore him out, and he entered the employment of the Standard, and he was now petitioning for a receiver for the first really great enterprise that bid fair to save the independents.

Judge Pierson Church, before whom the case was tried, dismissed Patterson's petition with contempt, and plainly hinted that he looked on the whole proceedings as blackmail.

The next move of the Taylor people, who were undoubtedly acting all along for Rockefeller, was more open and violent. The regular meeting of the Tidewater Company was on January 17, 1880. The treasurer, who was in the conspiracy with the Taylor crowd, had the meeting postponed till February, so that his statements could be ready.

It was a verbal agreement for postponement, and no formal notices were sent out. On the regular day for the annual meeting, the Taylor people were on hand and elected a new board, including F. B. Gowen, president of the Reading, and James R. Keene. Mr. Gowen sent this telegram, on receipt of the news:

JOHN SATTERFIELD, TITUSVILLE:

At quarter of three o'clock to-day I received a despatch signed with your name as manager and chairman, stating that a meeting of the Board of Managers would be held at noon to-day. While the notice itself is sufficient to render invalid any action you may have attempted at such meeting as has been held, even if you had power to act at all, I deny your right to call any meeting or act in any manner as an officer of the company, and will hold you and all of your associates responsible at law for the occurrences of yesterday and for any subsequent action thereunder.

(Signed)

F. B. GOWEN.

Benson, McKelvy, and Hopkins had an injunction issued against the Taylor people, and at the trial before Judge Church a long affidavit was read from James R. Keene, in which he said among other things:

"From my first connection with the company, it has been hampered and embarrassed in its business by the unscrupulous competition of the Standard Oil Company. When it first began to transport and deliver oil at tidewater, the refineries which purchased and refined oil were one after another bought up by the Standard Oil Company or driven out of business by vexatious and oppressive annoyances. The most private details of our business have been communicated to the officers of the Standard Oil Company, and they have, by every means in their power, interfered with our affairs. By the arrangements which they were able to make with the railroads leading from the oil regions other than the Philadelphia and Reading Railroad Company and the Central Railroad of New Jersey, the Standard Oil Company have been able to obtain a control of the business of transporting and refining oil, with the exception of that part of the business which has been carried on by the Tidewater Pipe Company and their refineries, to which it had made deliveries. Repeated efforts have been made by parties in their interest to secure the control of the Tidewater Pipe Company, and if they could succeed, the monopoly thereby secured would add many million dollars a year to their profit."

John Archbold replied to Mr. Keene by another affidavit, in which he denied that the Standard Oil Company had any interest in the Taylor attacks on the Tidewater. But he also stated that Byron Benson had gone to him to negotiate for an arrangement with the Standard Company. Archbold's affi-

davit was a clever move to lose Benson and his associates the sympathy of the oil regions. But it did not prevent Judge Church from upholding Benson, McKelvy, and Hopkins in the management and control of the Tidewater Company.

Meanwhile, Rockefeller needed rights of way, and the Legislature of Pennsylvania passed a free pipe line bill, giving the right of eminent domain to all pipe line companies, and the success of the Tidewater gave heart and hope to the oil producers.

But John D. Rockefeller was not yet through. He took over the Taylor stock, and as an owner of one-third of the stock of the company, he pleaded with Benson, McKelvy, and Hopkins for a friendly arrangement for "the good of the oil business." He was soft, soothing, and caressing now. His powers of persuasion were almost infinite. He had used them on William H. Vanderbilt and Jay Gould and Scott and Cassett to wondrous effect. He now used them on the builders of the Tidewater Pipe Line to such good effect that they forgot the cause of the people and of the oil regions, and entered into an agreement with Rockefeller. He allowed them, in their hour of triumph, 11½ per cent of the oil shipments to the seaboard, the Standard taking 88½ per cent.

A rate of forty-five cents a barrel was fixed for all crude oil—a profit of four hundred per cent—and Rockefeller undertook to bend the railroads to the altered condition of affairs. He made a contract with the Tidewater for fifteen years. It has never been renewed. It was not necessary. "Mr. Rockefeller," as Miss Tarbell puts it, "always keeps his word. Indeed, in studying his career, one is frequently reminded of Tom Sawyer's great resolution—never to sully piracy by dishonesty."

The surrender of the Tidewater management was a melancholy ending to the high hopes of the people of the oil regions. From that time on, all its stockholders made money, but Benson and Hopkins were no longer heroes and benefactors of the oil country. They had made the most capable and successful fight ever waged against Rockefeller, and had they remained independent, their names would deservedly have been illustrious. But they surrendered and enjoyed a few years of comparative rest and leisure, and they then passed



away unmourned and unregretted by a whole people who once loved and worshiped them.

Rockefeller got the managers of all the railroads to conform to the new conditions. He collected all the oil and carried it with the aid of his pipe lines and of the Tidewater and the Pennsylvania, to whom he allowed some traffic.

There were still some independent refiners, but they had to pay Rockefeller forty or forty-five cents a barrel, when it cost the Standard but ten cents. He meant to squeeze those independents one by one, but he was now in no hurry. He was sole lord and master of the oil fields, and he could chuckle at the laws Congress might pass to put an end to rebates and discounts.

### XXXIII

## ROCKEFELLER'S CONQUESTS OF THE WORLD'S MARKETS

**J**OHN D. ROCKEFELLER has lived isolated and lonely. His life of silence would have gladdened the heart of Pythagoras, and his austere reserve would have endeared him to the ascetics of the Thebaid. But like many other austere and silent men, he was devoured with insatiable ambition. He could be suave, kind, sympathetic and do good deeds that looked like charity, but, sleeping and waking, he could not restrain his avarice or his ambition to be absolutely supreme in the coal oil business of the world.

Every lamp that burned in every hut along the valley of the Nile was to be a tribute to Rockefeller's greatness and glory. The tiny lights that floated down the waters of the Ganges in honor of the heathen dead should also burn for Rockefeller's gain. Rockefeller's kerosene tin can should find its way into the sacred city of Lhasa and should be borne on camel trains to the most remote oases in the desert of Sahara or of Turkestan. Rockefeller's oil should light the shrines of Mohammed, and the temples of Hindoos. The peasants of Normandy and the miners of Cornwall should pay him tribute, and amid the vineyards of Malaga and the olive groves of Sicily he should have his vassals.

There would not be a spot in all God's beautiful world, savage or civilized, where men did not toil to swell Rockefeller's golden harvest. Such were the dreams of Rockefeller, and they have been wellnigh realized. For he convinced himself that the Almighty somehow or other had given him a certain divine right to extract mineral oil from the earth and place it himself in every lamp that burned. Anybody else that tried to do this was an intruder, an interloper, a busybody, an undesirable person, or else a blackmailer. The oil business belonged to Rockefeller, and all others who meddled with it had to expect dire consequences for intruding in a business that did not belong to them.

To secure his supremacy, he planted his agents in every town and city and hamlet of the world. For the same reason he sold direct to every dealer on the earth who retailed coal oil to hut and villa and palace. He had no place for middlemen in his system. There were old soldiers who had tank wagons, and peddled oil through the country. Rockefeller let them make a living so long as they peddled Rockefeller oil, but the moment they began peddling oil made outside the Trust, Rockefeller had a Standard oil tank wagon in competition with the old soldier, and sold the Standard brand at prices that drove the old soldier pedler to despair and bankruptcy.

### XXXIV

## ROCKEFELLER'S INTELLIGENCE DEPARTMENT

TEN PER CENT of the refining business was still, in 1886, in the hands of outsiders. Rockefeller had his mind made up to drive that ten per cent out of the business. Most of them had to pay him tribute for transporting crude oil, and the railroads, intimidated by Rockefeller, discriminated against the independents. In some uncanny or corrupt way Rockefeller would learn the destination of every barrel shipped by the independents. The agent at the destination of that barrel would be immediately informed. He would go to the dealer for whom the oil was destined and offer to sell him the same quantity and quality of oil for a less figure than he

was paying the independents. If the dealer was shifty or timid he was asked to countermand the shipment from the independent refinery. If he showed any spirit of independence and a resolution to keep on buying from independent refineries, all the other dealers of the town or hamlet were supplied by the Standard at cut-throat prices and the independent dealer had to endure heavy losses. If there were no other dealer, the Standard would put its wagon on the road and peddle oil from house to house at prices that were ruinous to the independent dealer.

Sometimes these methods did not work. At Chardon, Ohio, Hossler, an independent tank wagon owner, kept buying from the independents despite the threats of Rockefeller's agents. Rockefeller sent a tank wagon of his own into the town and offered the oil for two cents less than Hossler. The people drove the Standard driver and his wagon out of the town. Another wagon and driver came, pretending to be an independent, and the moment he cut prices on Hossler he was branded as Standard Oil and driven out. Another pretended independent arrived on the scene with a tank wagon and cheap oil, but he also had to quit without finding a single customer.

For ten years Rockefeller kept up his campaign of petty and often ruinous persecution against the independent refiner and the independent dealer. His great scheme was to find out the destination of each shipment from the independent refineries and have his agent call on the consignee, and by threats, cajolery, or misrepresentation get him to cancel his order with the independent refinery. This was a fruitful source of constant loss and worry to the independents. If unable to cancel the independent shipments, he would cut prices, and make life a burden for dealers who did not accept his oil and his rates.

### XXXV

#### CHESS, CARLEY AND COMPANY

**C**HESS, CARLEY AND COMPANY, the Standard marketing agents at Louisville, Kentucky, were particularly active in their war on independent dealers. George Rice of Marietta had a big trade in the country covered by Chess, Carley and Company. The Interstate Com-

merce Commission found in 1888 that Rice never got "relative justice" from the railroads, but in spite of that discrimination Rice marketed his goods over eight different lines of road.

Armstrong, a dealer at Clarksville, Tennessee, was paying the Standard twenty-one cents a gallon for oil bought in carload lots. Rice offered to supply Armstrong for eighteen cents. Armstrong reported the fact to Carley. Carley terrified him. "He scared him," says Rice's agent, "out of his boots. Carley told him he would break him up if he bought of any one else; that he (Carley) would put drummers in the field to hunt up Armstrong's customers and sell them groceries five per cent below Armstrong's prices. He told him that if Armstrong sent any other oil to Clarksville, he (Carley) would put the price of oil so low as to make him lose heavily."

Soon after Carley wrote to Wilkinson and Company, a firm of Nashville dealers: "It is with great reluctance that we undertake serious competition with any one, and certainly this competition will not be confined to coal oil or any one article, and will not be limited to any one year."

This letter did not prevent Wilkinson from dealing still with George Rice, so Carley wrote again, threatening to cut prices if Wilkinson should continue to take Rice's oil. Wilkinson did persist, and Carley wrote his now notorious letter of June 16, 1881, demanding that the railroad agent turn on the screw. He did, and in five days railroad rates were raised fifty per cent on George Rice.

In 1892 Rice published a pamphlet containing letters and documents illustrating Standard Oil methods. In this pamphlet were citations from some seventy letters from dealers in Texas. These extracts are choice in their significance. The Standard agent in Texas was the Waters-Pierce Oil Company. A few samples will suffice. One writes: "I have had wonderful competition on this car. As soon as my car arrived, the Waters-Pierce Oil Company slapped the price down from \$2.50 to \$1.80."

Another dealer writes: "Oil was selling at this point for \$2.50 per case, and as soon as your car arrived it was put down to \$1.50."

Still another writes: "The Waters-Pierce Oil Company reduced their price on brilliant oil from \$2.60 to \$1.50 per case and is waging a fierce war."

Again we read: "Waters-Pierce Oil Company has our State by the throat, and we would like to be extricated."

Another independent dealer says: "The Waters-Pierce Oil Company has cut the stuffing out of coal oil ever since I got my last car."

Another anxious dealer writes to George Rice: "Trace and hurry up car of oil shipped by you. We learn that it is possible your oil is sidetracked that Waters-Pierce might get in their work."

And here is another: "If we were to buy a car or more, the Waters-Pierce Oil Company would manage to sell a little cheaper than we could, and continue doing so till they busted me up. Jobbers say when they take any other oil, they are at once boycotted by the Waters-Pierce Oil Company, who not only refuse to sell them, but put oil below what they pay for it, and then knock them out of the oil trade unless they sell at a loss."

One dealer writes Rice: "If I find that I can handle your oil in Texas without being run out and losing money by this infernal corporation, the Waters-Pierce Oil Company, I want to arrange with you to handle it extensively. I received verbal notice this morning from their agent that they would make it hot for me when my oil got here."

## XXXVI

### LOOTING CONFIDENTIAL RECORDS

**T**HE system of espionage and terrorism practiced by the Standard to compel dealers to quit doing business with the independent refineries passeth belief. It roused intense animosity. An association was formed in Mississippi, binding all merchants to have no dealings with Chess, Carley and Company.

Mr. Carley was very close in those days to Mr. Rockefeller, and it is absolutely safe to assume that the methods he employed were fully approved by John D. Rockefeller. Indeed it would be tiresome to quote further examples of the intimidation and terrorism used in every State of the Union to cut prices in places where independents were doing busi-

ness in order to kill their competitors. When competition was killed, prices were again inflated. Scofield, Shurmer and Teagle had a thousand instances laid bare, of nefarious underhand work to ruin dealers who kept doing business with them.

The American Oil Works shipped a carload of "Sunlight" oil to South Bend, a little town away on the Pacific Coast. The Standard agent at Portland, Oregon, heard about it, and at once sounded a note of warning in a letter to a South Bend dealer:

"We will state for your information that never a drop of oil has reached South Bend of better quality than what we have always shipped into that territory. They can name it 'sunlight,' 'moonlight,' or 'starlight,' it makes no difference. You can rest assured if another carload of 'sunlight' arrives at your place, it will be sold very cheap. We do not propose to allow another carload to come into that territory unless it comes and is put on the market at one-half its actual cost. You can convey this idea to the young man who imported the carload of 'sunlight' oil."

This is the spirit of arrogance manifested by the Standard Oil agents throughout the world. They are not all so frank or so unwise as the Portland agent, but they have been taught that Rockefeller is invincible, and that petty men must bow to his decrees.

The following letters, emanating from Standard Oil agents, are published by Miss Ida M. Tarbell, and bear repetition here:

DES MOINES, IOWA, *Jan. 14, 1891.*

JOHN FOWLER, HAMPTON, IOWA:

*Dear Sir*—Our Marshalltown manager, Mr. Ruth, has explained the circumstances regarding the purchase and subsequent countermand of a car of oil from our competitors. He desires to have us express to you our promise that we will stand all expense, provided there should be any trouble growing out of the countermand of this car. We cheerfully promise to do this; we have the best legal advice which can be obtained in Iowa bearing on the points in this case. An order can be countermanded either before or after the goods have been shipped, and in fact can be countermanded even if the goods have already arrived and are at the depot. A firm is absolutely obliged to accept a countermand. The fact that the order has been signed does not make any difference. We want you to absolutely refuse, under any

circumstances, to accept the car of oil. We are standing back of you in this matter, and will protect you in every way, and would kindly ask you to keep this letter strictly confidential. . . .

Yours truly, E. P. PRATT.

TIFFIN, OHIO, *Feb. 1, 1898.*

INDEPENDENT OIL COMPANY, MANSFIELD, OHIO:

*Dear Sirs*—The Standard Oil Company, after your man was here, had the cheek to come in and ask how many barrels of oil we bought, and so forth; then asked us to countermand the order, saying it would be for our best; we understand they have put their oil in our next door and offer it at six cents per gallon at retail. Shall we turn tail or show them fight? If so will you help us out any? . . .

Yours truly, TALBOTT AND SON.

INDEPENDENT OIL COMPANY: TIFFIN, OHIO, *Jan. 24, 1898.*

*Dear Sirs*— . . . I am sorry to say that a Standard Oil man from your city followed that oil car and oil to my place and told me that he would not let me make a dollar on that oil and was dogging me around for two days to buy that oil, and made all kinds of threats, and talked to my people at the house while I was out and persuaded me to sell, and I was in a stew what I should do, but I yielded, and I have been very sorry for it since; thought I would hate to see the bottom knocked out of the prices, but that is why I done it, is the only reason. The oil was all right. I now see the mistake, and that is of getting a carload. Two carloads coming in here inside of a week is more than the other company will stand. . . .

Yours truly,  
H. A. EIRICK.

The excuse offered nowadays, that many of these employees were overzealous, is a lame and halting one. Attested records show that the Standard Oil was securing confidential information all the time from railroads. It paid for this information or it compelled the railroads, through fear, to furnish it. The acquisition in either case was immoral. It was just as base an act as reading the private letters of a friend or stranger without the consent of the owner.

In 1892, the Standard employed a bookkeeper, named Buckley, to secure information of the operations of the Lewis Emery Oil Company of Philadelphia. Buckley had worked for that concern, and he was asked to secure the information wanted through the colored office boy. He did. The office

boy supplied Buckley with all the facts wanted, and the Standard paid the colored boy \$90 for his treachery to his employers. Then he was discharged and as both he and Buckley were of no further use they were dropped from the Standard payroll. Rockefeller uses such men as Buckley in nefarious work, and when that work is done he casts them aside.

### XXXVII

#### FALSE CLAIMS TO GLORY

THE apologists of Rockefeller claim that he built up the foreign trade in petroleum and cheapened petroleum products to all the world.

In 1871, Rockefeller was but a small manufacturer. He had a small trade in the Mississippi Valley and the Lake country, but in that year America exported \$36,894,810 worth of petroleum products. In fact, before Rockefeller ever exported a gallon of oil, crude or refined, petroleum was fifth in value of all American exports.

The claim that Rockefeller cheapened petroleum products to the consumer is equally absurd. The superabundant supply of crude oil was the primary cause why the finished products of petroleum became cheap. In the early days it cost five and six cents a gallon to transport crude oil to the refineries at New York and Boston and Philadelphia. Rockefeller fixed five cents a gallon as the price of transportation for all refineries not in his South Improvement Company. His own oil was to be carried for 2 1-2 cents, and he was to collect 2 1-2 cents of the five cents paid by the independent refiners in 1872.

But Benson, Hopkins and McKelvy solved the problem of crude oil transportation when they tapped the oil fields with a pipe line that had its outlet on the Atlantic seaboard. While Rockefeller was forcing all independent refiners to pay three and four cents for transmitting crude oil from the wells to the seaboard, the Tidewater Company demonstrated that it could be put into the seaboard refineries for one-quarter of a cent a gallon.

The Tidewater Pipe Line was the paramount factor next to the overflowing abundance of nature in giving cheap light and cheap petroleum products to all the world. Rockefeller



fought the Tidewater Pipe Line project with an animosity and bitterness and unscrupulousness that has never been equaled and most certainly never surpassed.

Not one of the great improvements in the refining of petroleum is due to Rockefeller. He bought up patented improvements in the same way that he bought competing refineries. His chief aims have always been to keep the price of crude oil down, to limit the quantity refined, and to keep the prices of the finished article just as high as the consumer will stand. Cheap light and cheap lubricating oils and cheap naphtha can only be bought from Rockefeller when he is striving to bankrupt a competitor.

In 1892, a table was prepared showing the prices for illuminating oil in various cities and States of the Union. A tremendous discrepancy was at once apparent; at competitive points, the prices were low, at all other points high. In California, at non-competitive points, oil sold at 26 1-2 cents a gallon. When there was competition, Rockefeller's oil was sold at 17 1-2 cents. Rockefeller was waging an oil war at Denver in 1892, and he sold his product at seven cents a gallon in that city, but in the other cities of Colorado he was exacting twenty-five cents a gallon. At the same time, Rockefeller was selling the foreigner all the oil he would buy at 6.10 cents a gallon. He could have sold his oil profitably in Denver and every other city of Colorado for the price he sold it to the foreigner. But Mr. Rockefeller's benevolence has never taken the shape of cheaper oil to the American consumer. In the same year every householder in Kansas had to pay seven cents a gallon extra for Rockefeller oil, when there chanced to be no competitor at hand. In Indiana the difference was six cents a gallon between competing and non-competing points; in South Carolina it was 4 1-2 cents.

In 1897, Scofield, Shurmer and Teagle drew up a circular showing how Rockefeller charged from 25 to 33 1-3 per cent extra at every point in Ohio where he had no rival to contend against.

The Rockefeller plea that the annihilation and crippling of his rivals has enabled him to cheapen oil to all consumers is a myth. The claim is fraudulent. It is made out of whole cloth. But Julian the Apostate had his apologists; why not Mr. John Davison Rockefeller?

## XXXVIII

### UNEASY RESTS THE HEAD THAT WEARS A CROWN

**T**HE year 1884 marks the culmination of John D. Rockefeller's conquests in the oil fields. Every oil well that flowed emptied itself into reservoirs which he owned. The owners paid him enormous tribute for storing it. On every gallon of coal oil produced in the United States he levied a tribute for transportation to the refineries. He transmitted all the oil through his pipe lines and charged four times the actual cost to all his competitors in the refinery business.

He had succeeded in limiting the refined products to such a point that he was able to compel the consumer in Europe, in America, in Chili, or in China to pay his price. The demand for the finished products exceeded the supply. The supply of raw material was in overwhelming abundance, and that very affluence of raw material was Rockefeller's great argument for keeping the price down to the people who owned the oil wells.

In fact, the Rockefeller machine was so adjusted that the producers of the raw material received but the least possible money, while from the consumers Rockefeller extracted all the money that they could afford to pay for light or lubricants. Moreover, he so adjusted transportation rates on sea and land that they were always low for Rockefeller and always high for each and all of his competitors. Ten per cent of the refining was still done by outsiders. Every one of them was paying him greater or less tribute, but he had marked each and all of them for slaughter. And that ambition to slaughter the last remnant of the refiners is the story of Rockefeller's career in the past twenty years.

#### ROCKEFELLER'S POLITICAL POWER

Rockefeller's first great move was political. He wanted agents in the House of Representatives and in the Senate of the Congress of the United States. He wanted a friend or an ally in the Cabinet of the President of the United States. He secured friends in high places, men of influence, of power, of

popularity. He had a political committee running politics. He himself did not touch politics. There was contamination in the name, but his political committee did his work. H. H. Rogers looked after New York politics. He knew all the leading bosses, and he made money for them all, Democrats and Republicans alike; and except when the case was too glaring he could count as allies the machines of both parties.

Oliver B. Payne, treasurer of the Standard Oil, took charge of the political end of the machine that was to fill both Houses of Congress with attorneys and friends of Rockefeller. Mr. Payne knew Ohio politics well. George H. Pendleton and Dubin Ward were Democratic candidates before the people for election to the United States Senate. Every Democratic member of the Legislature of Ohio was elected to vote for one or the other of these war-horse Democrats.

Oliver Payne knew it and so did all Ohio. But Oliver Payne wanted a friend in the Senate, and he thought his own father would be the staunchest. He sent his friend, Colonel Thompson, out among the Democratic Legislators-elect, and Colonel Thompson gave many and golden reasons for the selection of H. B. Payne as United States Senator from Ohio.

The New York "Sun," then inspired and controlled by Charles A. Dana, a great Democrat and a great American, published the following on this most disgraceful job:

"The subjoined communication from a source which we always respect is worthy of more attention than is usually bestowed upon the animated expressions of those whose preferences have not been realized: 'It is now believed, and I believe that the Standard Oil Company recently bought with money Ohio's seat in the Senate of the United States for Mr. Payne. How can the social respectability of a man make such a crime respectable? Or is there to be one standard of political morality for Republicans and another for Democrats? Or are Democrats expected to condemn corruption only when practiced by Republicans and to condone, defend, and cover it up when practiced by Democrats, or when it is found only in the Democratic party? In my opinion there is no danger so threatening to free institutions as the sale and purchase of political power, and nothing more to be condemned.'"

H. B. Payne entered the United States Senate and took his seat there, while the whole United States was seething in in-

dignation at the base betrayal by the Democracy of Ohio of a great public trust.

At the next election the people of Ohio swept the Democracy from power and a Republican Legislature ordered an investigation of the Payne case. Every vital witness absented himself from the State during the investigation. Thompson and Oliver Payne had done their work so well that no direct bribery was proved. The greatest lawyers of the country were defending Payne, and the evidence taken was submitted to the Committee of Elections of the United States.

In July, 1886, a majority reported against further investigation asked by the State of Ohio, Senator George F. Hoar and Senator Frye, always believers in a high standard of morality in public life, protested. Senator Hoar said:

"Is the Senate to deny the people of a great State, speaking through their Legislature and their representative citizens, the only opportunity for a hearing of this one of the most momentous cases which can exist under the Constitution? We have not prejudiced the case, nor do we mean to prejudice it. We sincerely trust that the investigation, which is as much demanded for the honor of the sitting member as for that of the Senate or the State of Ohio, may result in vindicating his title to his seat and the good name of the Legislature that elected him.

"How can a question of bribery ever be raised or ever be investigated if the arguments against this investigation prevail? You do not suppose that the men who bribe or the men who are bribed will volunteer to furnish evidence against themselves? You do not expect that impartial and unimpeachable witnesses will be present at the transaction? Ordinarily, of course, if a claim like this be brought to the attention of the Senate from a respectable quarter that a title to a seat here was obtained by corrupt means, the Senator concerned will hasten to demand an investigation. But that is wholly within his own discretion, and does not affect the due mode of procedure by the Senate. From the nature of the case the process of the Senate must compel the persons who conducted the canvass and the persons who made the election to appear and disclose what they know, and, until that process issue, you must act upon such information only as is enough to cause inquiry in the ordinary affairs of life.

"The question now is not whether the case is proved—it is only whether it shall be inquired into: That has never yet been done. It can not be done until the Senate issues its process. No unwilling witness has ever yet been compelled to testify; no process has gone out which could cross State lines. The Senate is now to determine, as the law of the present case, and as the precedent for all future cases, as to the great crime of bribery—a crime which poisons the waters of republican liberty in the fountain—that the circumstances which here appear are not enough to demand its attention."

An acrimonious debate followed in the Senate. The Democrats and the Cleveland Administration did not want to unseat Payne, and Rockefeller had sufficient influence to get enough Republicans to save Payne's seat. During the debate Senator Frye said:

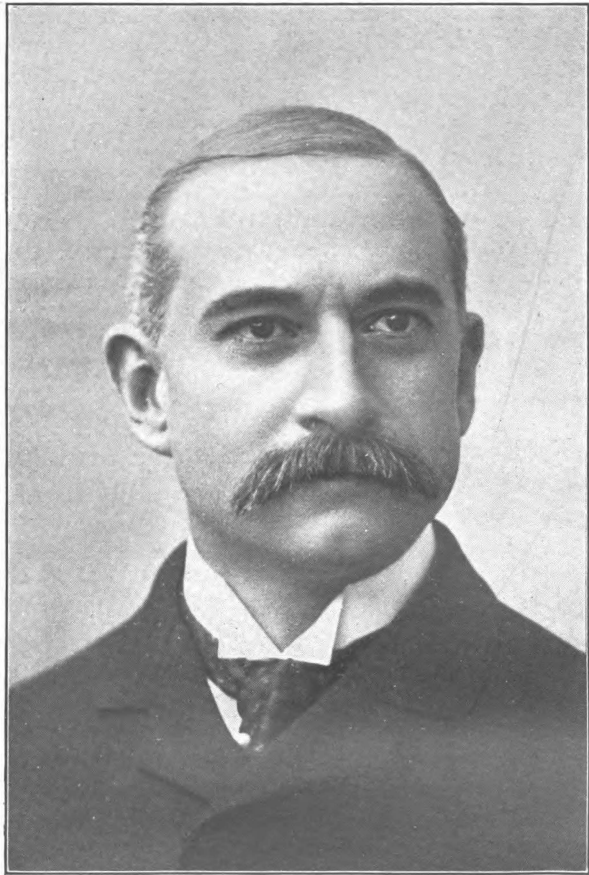
"The Senate of the United States, when the question comes before it, as this has been presented, whether or not the great Standard Oil Company, the greatest monopoly to-day in the United States of America, a power which makes itself felt in every inch of territory in this whole Republic, a power which controls business, railroads, men, and things, shall also control here; whether that great body has put its hands upon a legislative body and undertaken to control, has controlled, and has elected a member of the United States Senate; that Senate, I say, can not afford to sit silent and let not its voice be heard in an inquiry as to the truth of the allegation."

Two years later, in September, 1888, George Hoar said in the Senate:

"Is there a Standard Oil Trust in this country or is there not? If there be such a trust, is it represented in the Cabinet at this moment? Is it represented in the Senate? Is it represented in the councils of any particular party?"

Senator Payne had sat for four years in the Senate. He was absolutely silent during all that time, while the entire country was ringing with denunciations of the methods which elected him. But he voted against the Interstate Commerce Bill and he opposed every move at legislation against trusts.

Stung by Senator Hoar's words, however, Payne made a general denial of all the charges against him in September, 1888. He kept silent for almost five years and then muttered, "Not guilty." Senator George Hoar looked across the Chamber



JAMES STILLMAN



at the fellow-member who disclaimed being a tool of Rockefeller. More in sorrow than in anger, he told the Senate that Payne's presence in that Chamber marked the low-water mark of the Senate.

Senator Hoar's question as to the presence of a Standard Oil representative in Cleveland's Cabinet was not impertinent. Oliver B. Payne had pitchforked his father into the Senate. There is not a shadow of a doubt but he bought the Senate seat. He did not buy a seat in Cleveland's Cabinet for his sister's husband; nevertheless, William C. Whitney would never have been Cleveland's Secretary of the Navy without the aid of Oliver B. Payne. All the influence, social and political, that Whitney possessed was used to save Senator Payne. It were hard to blame Whitney for this. It was devotion to his relatives and to his benefactors. Whitney neither then nor ever after had any love for Rockefeller or his methods. Neither did Grover Cleveland, and yet both did Rockefeller's work when they helped to save H. B. Payne from expulsion from the United States Senate.

John D. Rockefeller had used Jay Gould. He used W. H. Vanderbilt to sandbag Cassatt and the Pennsylvania Railroad. It was with Vanderbilt's aid that he emptied the Pennsylvania treasury and made Cassatt go to Canossa. When he had no further use for Vanderbilt he threw him aside as he would throw aside an old shoe. He used W. C. Whitney through Oliver Payne. The Payne scandal served more perhaps than any other event of twenty years to concentrate public attention on the Standard Oil and Rockefeller. It raised a storm which has never subsided.

### XXXIX

## ROCKEFELLER SURRENDERS BOOTY

**B**UT other events were also focusing the attention of the nation on Rockefeller. Foremost was the case of George Rice of Marietta, Ohio. He was one of those turbulent, aggressive, liberty-loving Americans who never know when they are licked or have enough of a fight.

Daniel O'Dea made the receiver of the Marietta Railroad transport all the crude oil for the Standard for ten cents a



barrel, while he charged all others thirty-five cents. O'Dea did not allow the receiver to keep the thirty-five cents. He made him pay over to the Standard twenty-five cents on every barrel he hauled for George Rice and others.

Rice built his own pipe line from the wells, and so became independent of O'Dea's contracts. He did more; as soon as his independence was attained, he dragged the receiver into court and made him show his hand. This was eight months after O'Dea had collected \$340 on a shipment of 1,360 barrels of crude oil shipped by George Rice.

No sooner did O'Dea and Rockefeller see the receiver dragged into court than they consulted Mr. Dodd, their chief counsel, and he told them that they had better return the draw-backs at once to the receiver of the Cleveland and Marietta Railroad. They refunded \$340 belonging to Mr. Rice, \$649.15 belonging to the Argand Oil Works of Marietta, and \$639.75 belonging to the Marietta Oil Works. The moment they were caught with the booty and the courts began to investigate they sent back the money they extorted from the receiver.

O'Dea's testimony on this case is frank. There is no evasion or falsehood to be laid at O'Dea's door. When compelled to give testimony he never lies or deceives his judges. But John D. Rockefeller has no such scruples about adhering to the truth. The New York "World" of March 29, 1890, had an interview about the return of this very booty to the receiver of the Marietta Railroad:

"When the arrangement was reported to the officers of the company at New York, it was not agreed to, because our counsel pronounced it illegal in so far as it embraced oil carried by the pipe line. Some two hundred and fifty dollars had been paid to the pipe line under this contract on oil which the line had not transported. This was refunded. We repudiated the contract before it was passed upon by the courts and made full recompense. In a business as large as ours, conducted by so many agents, some things are likely to be done which we can not approve. We correct them as soon as they come to our knowledge. The public hears of the wrong—it never hears of the correction."

Imagine O'Dea holding up the receiver and securing twenty-five cents a barrel on every barrel of oil he hauled and John D. Rockefeller not knowing about it!

"We repudiated the contract before it was passed on by the court," says Rockefeller. The refund was not made for ten days after the receiver was ordered into court. What an exquisite specimen of evasion.

In February, 1888; the New York State Senate began an investigation of trusts. The Standard was the model and parent of all trusts, and Mr. Rockefeller was summoned to give information to the committee. The members wanted information as to the structure and methods of Mr. Rockefeller's various enterprises. He was asked about the South Improvement Company that he had devised.

Q. There was such a company? A. I have heard of such a company.

Q. Were you not of it? A. I was not.

Q. Do the companies in the Trust get better railroad rates than others? A. No. But if I may be allowed, we have found repeated instances where other parties have secured lower rates than we had.

Q. Has not some company or companies, embraced within this Trust, enjoyed from railroads more favorable freight rates than those rates accorded to refineries not in the trust? A. I do not recall anything of that kind.

Q. You have heard of such things? A. I have heard much in the papers about it.

Q. Was there not such an allegation as that in the litigation or controversy recently disposed of by the Interstate Commerce Commission—Mr. Rice's suit; was not there a charge in Mr. Rice's petition that companies embraced within your Trust enjoyed from railroad companies more favorable freight rates? A. I think Mr. Rice made such a claim; yes, sir.

Q. Did not the Commission find that claim true? A. I think the return of the Commission is a matter of record; I could not give it.

Q. You don't know it; you haven't seen that they did so find? A. It is a matter of record.

Q. Haven't you read that the Interstate Commerce Commission did find that charge to be true? A. No, sir; I don't think I could say that. I read that they made a decision, but I am really unable to say what that decision was.

Q. You did not feel interested enough in the litigation to see what the decision was? A. I felt an interest in the litigation; I don't mean to say that I did not feel an interest in it.

Q. Do you mean to say that you don't know what the decision

was? That you did not read to see what the decision was? A. I don't say that; I know that the Interstate Commerce Commission had made a decision; the decision is quite a comprehensive one, but it is questionable whether it could be said that that decision, in all its features, results as I understand you to claim.

Q. You don't so understand it? Will you say, as a matter of fact, that none of the companies embraced within this Trust have enjoyed more favorable freight rates than the companies outside of your Trust? Will you say, as a matter of fact, that it is not so? A. I stated in my testimony this morning that I had known of instances where companies altogether outside of the Trust had enjoyed more favorable freights than companies in this Trust, and I am not able to state that there may not have been arrangements for freight on the part of companies within this Trust as favorable as, or more favorable than, other freight arrangements; but, in reply, nothing peculiar in respect to the companies in this association; I suppose they make the best freight arrangements they can.

In reply to the question whether the Trust did not make it hard for the independents to live or if they did not have a hard time, "They have not; no, sir, they have not," was Mr. Rockefeller's reply.

"And they have lived on good terms with their competitors?" "They have, and have to-day very pleasant relations, did those gentlemen."

It was easy to see that John D. Rockefeller was resolved to hide his methods beneath a cloud of misrepresentation and evasion. At the very moment that he gave this testimony, every independent refiner and dealer and railroad manager throughout the length and breadth of the land knew that every scrap of his sworn testimony as to his past methods was contrary to fact.

In less than three months later, he was a witness before a Congressional Committee, and on April 30, 1888, he was asked: "I want the names particularly of gentlemen who either now or in the past have been interested with you, gentlemen who were in the South Improvement company?"

John D. Rockefeller answered: "I think they were O. I. Waring, W. P. Logan, John Logan, W. G. Warden, O. H. Payne, H. M. Flagler, William Rockefeller, J. A. Bostwick, and myself."

When before the New York Senate, he had Joseph H.

Choate and Mr. Dodd, lawyers of the highest eminence, to counsel and advise him. He could hardly deliver an answer till he had advised with them, and the answers which they helped to construct are tissues of falsehood and evasion.

But the forensic skill of Joseph H. Choate and the great ability of S. C. T. Dodd did not save John D. Rockefeller from ugly consequences. The whole country stood amazed at the audacity of the man who could swear positively at the end of February, 1888, that he had no connection with the South Improvement Company of infamous memory and who, sixty days later, acknowledged under oath before Congress that he was one of its directors. The Congressional investigation had revealed the whole sorry history of the South Improvement Company. It had proved conclusively that Rockefeller was its soul, its inspiration, and in the end its sole defender. And yet, two months before these revelations, Rockefeller denied under oath that he had any connection with it.

The eminence of Choate and the ability of Dodd could not protect such a man from universal reprobation. Those two days before the New York Senate Commission, during which Rockefeller was mercilessly cross-questioned as to his methods and machine, had far-reaching effects. They showed Rockefeller cunning, astute, evasive, bland, and affable, but they showed, too, that he was, at bottom, but the vulgar backwoods deceitful Yankee horsetrader on a gigantic scale. The Congressional investigation brought that out still more clearly.

He had held up the railroads for millions, in the shape of rebates. He had compelled the railroads to deliver to him the greater part of the excessive freight rates they had extracted from Rockefeller's competitors in business. He had reduced the great railroad managers of the country to the position of pliant tools of his nefarious schemes.

Rockefeller, so secretive, so evasive, so deceitful in concealing the facts relating to the methods by which he had built up a corporation with a market value of \$150,000,000, was singularly frank and open in explaining the nature of the great Trust of which he was the head. He told how the Trust, the nine magnates or supreme council, sat in the New York offices and guided and directed thirty-nine different corporations throughout the world. He told how the sacred nine held title to the controlling interest in every one of the Standard

Oil sub-companies. He told how the nine collected all the earnings of the sub-companies and distributed as much of them in dividends as they pleased. And he told how that nine trustees, who collected and distributed millions, were subject to no laws of the State or nation.

Rockefeller had his cabinet like any other king or president. But Rockefeller differed from most potentates; his treasury was always pléthoric, while other monarchs have frequently had empty treasuries. Rockefeller had his envoys at Bangkok and Tokio. He had his ambassador at St. Petersburg, negotiating for the lordship of the petroleum wells of Southern Russia. He had his lobby at Westminster and his spies at Paris, Berlin, and Rome. But while he negotiated with the monarchs of Europe and the nabobs of India, he was caught in the act of the petty larceny of \$340 from George Rice of Marietta, and the people of the United States shuddered.

## XL

### ATTORNEY-GENERAL OF OHIO ATTACKS THE STANDARD

**I**N Ohio, just then, there happened to be a young man, Attorney-General David K. Watson. He read the Trust agreement by which the Standard Oil Company of Ohio turned over all but seven shares of its capital stock to the sacred nine that ruled the oil world from New York. He saw that that agreement was in absolute violation of the statutes of Ohio, and he instituted proceedings at once for the forfeiture of the charter of the Standard Oil Company of Ohio. Here is Mr. Watson's petition:

"The petition averred that, in violation of the law of Ohio, the Standard Oil Company had entered into an agreement by which it had transferred thirty-four thousand nine hundred and ninety-three (34,993) shares out of thirty-five thousand (35,000) to the trustees of the Standard Oil Trust, most of whom were non-residents of the State; that it was these trustees who chose the board of directors of the Standard Oil Company of Ohio, and directed its policy, and prayed that, on account of this violation of law, the company should be 'ad-

judged to have forfeited and surrendered its corporate rights, privileges, powers, and franchises, and that it be ousted and excluded therefrom, and that it be dissolved.' ”

This petition of Attorney-General Watson of Ohio, filed on May 8, 1890, caused consternation in Rockefeller's sacred coterie of nine. If Watson's suit should hold, the all-powerful Trust could be attacked in every State.

After a long delay, Rockefeller's lawyers made answer. They pleaded it was not the Standard Oil Company of Ohio that made the agreement with the Trust. It was individuals that turned 34,993 shares out of 35,000 over to the Trust. This, of course, was a quibble, but the Standard claimed that the charter should not be forfeited, since the act complained of was committed seven years before, and the statute of limitations protected the Company from the forfeiture of its charter. Was a burglar entitled to keep his plunder because of the statute of limitations?

At the opening of the trial, Joseph H. Choate, Mr. Dodd, and other eminent lawyers were on hand to plead for Rockefeller. Choate furnished respectability and dignity to the Rockefeller cause. Dodd was looking for a loophole of escape through the statute of limitations. In his most dignified and most eloquent manner, Choate pleaded that these eminently great and good men who ruled the oil world be not punished for a technical offence committed seven years before. His plea was not the vindication of his clients, but an eloquent prayer to the Supreme Court of Ohio for mercy. The eloquence, the forensic ability, the high standing and the vast reputation of Joseph H. Choate were all employed to bolster up a thoroughly illegal combination.

The Trust that Dodd and Rockefeller had contrived, the great machine that for seven years had enabled Rockefeller to achieve victory after victory in defiance of law and principle and the Constitution, was an outlaw. Nobody knew that better than Dodd and Choate. David Watson, the young Attorney-General of Ohio, had found the means to destroy the Rockefeller octopus, now so feared and hated throughout the whole United States.

Powerful pressure was brought to bear on Attorney-General Watson to drop the suit. He was importuned on every side by friends, by relatives, by associates, and by men em-

inent in politics, in commerce, and in finance to stay his hand and not disturb the great business evolution of the country. Among those who pleaded with him to desist was Mr. Marcus A. Hanna, the late Republican leader. Mr. Watson's reply indicates the character of the appeal:

HON. MARK HANNA, CLEVELAND, OHIO, *December 13, 1890.*

*My Dear Sir*—Your communication of the 21st ult. came to hand. The delay in answering it has been caused largely by my being ill for several days. I did not intend that bringing the action to which you refer in your letter should be an attack on my part on "organized capital," for I am aware that great business transactions require the union and concentration of moneyed interests and fully appreciate what has been done in that direction, yet I can not but feel that I am justified in bringing the suit against the Standard Oil Company, and believe that there are many things relating to the case which, if you understand, would cause you to entertain different views concerning it and my relation to it. Let me impress one thing on you with special particularity, and you may depend absolutely on its truthfulness. Senator Sherman never suggested or encouraged this suit, either directly or indirectly. This must be understood in its broadest sense. The report probably arose from the fact that the action was brought shortly after the Senator made his great speech in support of his anti-trust bill. You will hardly receive my statement with favor, I fear, but I am alone responsible for the action. No one encouraged me to bring it or knew that it would be brought until I determined to do so, and it is unfair to other persons to charge them with suggesting it or encouraging it. With the highest appreciation of your personal friendship, I am, with great respect,

Yours truly,

DAVID K. WATSON.

Marcus A. Hanna's uncle had had his property filched from him at Cleveland by the Standard in 1872. Now, in November, 1890, we find the nephew casting the ægis of his protection around the very men whom he must have known had amassed unprecedented wealth through a system at variance alike with the laws of God and man.

Mr. Watson withstood all pressure and submitted the case to the Supreme Court of Ohio. The Supreme Court upheld his petition. Miss Ida M. Tarbell tells what followed:

"The court showed, out of the mouth of the Trust agreement itself, that the Standard Oil Company of Ohio was 'managed in the

interest of the Standard Oil Trust—irrespective of what might be its duties to the people of the State from which it derives its corporate life.' The court gave as its opinion that an act of a majority of the stockholders of a corporation affects the property of a company in the same way that a resolution by the Board of Directors affects it. 'By this agreement,' said the court, 'indirectly, it is true, but none the less effectually, the defendant is controlled and managed by the Standard Oil Trust, an association with its principal place of business in New York City, and organized for a purpose contrary to the policy of our laws. Its object was to establish a virtual monopoly of the business of producing petroleum, and of manufacturing, refining, and dealing in it and all its products, throughout the entire country, and by which it might not merely control the production, but the price, at its pleasure. All such associations are contrary to the policy of our State and void. . . . Much has been said in favor of the objects of the Standard Oil Trust and what it has accomplished. It may be true that it has improved the quality and cheapened the costs of petroleum and its products to the consumer. But such is not one of the usual or general results of monopoly; and it is the policy of the law to regard, not what may, but what usually happens. Experience shows that it is not wise to trust cupidity where it has the opportunity to aggrandize itself at the expense of others. The claim of having cheapened the price to the consumer is the usual pretext on which monopolies of this kind are defended.'

"From all this the court decided the Standard Oil Company deserved punishment. The charter was not taken away—the statute of limitations being advanced as the reason for this leniency, although, as Mr. Watson and Mr. Washington, his assistant counsel, showed, the statute of limitations could hardly be pleaded in this case, when the State had been kept in ignorance by the concealment of the agreement. The company was allowed to live, but it was ousted from the privilege of entering into the Trust agreement, from the power of recognizing the transfer of the stock, and from the power of permitting the trustees to control its affairs. It was also ordered to pay the costs of the action.

"The judgment of the court was not rendered until March 2, 1892, almost two years after the filing of the petition. As soon as it was received, Virgil P. Kline, the chief counsel of the Standard Oil Company of Ohio, went to New York for consultation with the trustees. Five days later he wrote to Judge Spear, the Chief Justice of the Ohio Supreme Court, saying:

"Decisive steps will be taken at once, not only to release the Standard Oil Company from any relations to the Trust, but to ter-



minate the entire Trust.' But there were 'practical difficulties' in the task. The company pleaded for a 'temporary recognition,' and he asked an interview where he could explain the situation. This was granted, and, on the 16th of March, Mr. Kline explained to the Judges in Chambers, to Mr. Watson, and to his successor in office the situation of the company. The trustees had all but seven shares of its stock. Trust certificates had been issued for these ten years before. The Standard Oil Company did not know who held these certificates, and could only know through the trustees, therefore the Trust certificates must be transferred back, the owners hunted up, and each one induced to make an exchange. A system must be devised for doing this. Anybody could see this would take time. The court was friendly in the matter, and Chief Justice Spear gave to Mr. Kline an informal note granting an extension. 'The court is not disposed to change its order at this time,' the Chief Justice wrote; 'but so long as those in control appear to be engaged, as now, in an honest effort to dis sever the relations of the company with the Trust, and liquidate and wind up the affairs of the Trust, the court will not be disposed to interfere.' Thus time was gained."

Rockefeller had thus gained time. The leniency of the Supreme Court in not annulling the charter had saved him. The Trust agreement was illegal. It was condemned by the Supreme Court of Ohio on March 2, 1892, twelve years ago, but it still exists in some modified form, for the Supreme Court failed to annul the charter and gave Rockefeller his own time to carry out its decrees.

## XLI

### TRUSTEES BECOME LIQUIDATING TRUSTEES

**I**N apparent compliance with the decrees of the Supreme Court of the State of Ohio, the Standard Trust decided on a plan of liquidation. Since the foundation of the Trust, the thirty-nine sub-committees had been reduced to twenty. The capital was now \$102,233,700. To save the organization of each of these twenty sub-companies was the great object of Rockefeller. It was decided to dissolve the Trust itself. The supreme council of nine changed their names. They now dubbed themselves Liquidating Trustees. They carried on all the business of the vast organization as before, but the name

was just a little different. They were in a stage of dissolution, but they did not dissolve and they never meant to. Of course, they had a plan under way by which each holder of a Trust certificate should receive a proportionate ownership in each of the twenty sub-companies.

Rockefeller assigned his Trust certificate for nearly one-third of the Standard Trust to his attorney, and told him to secure him stock certificates in each of the twenty sub-companies. Rockefeller got the stock, but the assignment was handed over to the nine trustees. It told them the exact interest John D. Rockefeller had in the profits of the business operated jointly by the twenty sub-companies. Every other Trust certificate that was liquidated paid dividends on assignment certificates, but not on Trust certificates.

Rockefeller's great machine went on as usual, the mode of dividing up the profits was a little complicated, that was all. Trust certificates drew down dividends for some, assignment certificates got them for others. It was the difference between tweedledum and tweedledee. But it seemed to satisfy the Supreme Court of Ohio, and that seeming was all that Rockefeller ever meant to do.

There was infinite humor in the new situation created by the leniency of the Supreme Court of Ohio. That court had the opportunity to end at a single blow the usurpation and piracy of the Standard Oil Trust. It missed the opportunity. It was endeavoring to temper mercy with justice, and it saved the octopus and gave it new life.

The State of Ohio tried to collect taxes on two hundred and twenty-five Trust certificates. They were worth at that time \$80,000, but the Supreme Court outlawed them. The owner refused to pay taxes on them and the courts sustained him. Standard Oil Trust certificates, being free from taxes, were thus more valuable than the assignment certificates which drew the same dividends.

It was not tweedledum and tweedledee any longer, for the Trust certificates were free of taxes. No holder of Trust certificates would now dream of making an exchange into the assignment certificate class. The liquidating trustees had no power to enforce the change. And the leniency of the Supreme Court cheated the State out of the taxes that otherwise would have belonged to it.

Mr. Joseph Choate claimed that the trustees could not compel the owners of the Trust certificates to liquidate.

On May 3, 1894, before the Attorney-General of New York, in an application for the forfeiture of the charter of the Standard Oil Company of New York, Mr. Choate said: "I happen to own one hundred shares in the Standard Oil Trust, and I have never gone forward and claimed my aliquot share. Why not? Because I would get ten in one company and ten in another company, and two and three-fifths in another company. There is no power that this company can exercise to compel me and other indifferent certificate holders, if you please, to come forward and convert our Trust certificates."

The trustees were utterly indifferent. At the end of four years they had manufactured assignment certificates for half the stock of the Trust. The old certificates represented the other half. The dissolution of the Standard Oil Trust was as far off as ever.

## XLII

### GEORGE RICE AND FRANK T. MONNETT TAKE A HAND

**T**HEN the irrepressible George Rice of Marietta took a hand. The Trust tricked him once out of \$340, but he made them restore that after they had held it for eight months. Rice owned six shares of Standard Oil Trust certificates. Soon after, he purchased another share of the "assignment of legal title" brand. He assigned this to an agent and bade him liquidate it. He wanted its proportionate interest in each of the twenty sub-companies. The liquidating trustees refused to liquidate Rice's certificates; they did not want to issue certificates for fractional interests in each of the twenty sub-companies; but Rice insisted, and he became a stockholder in each of the Trust's twenty sub-companies. His interest in one of the sub-companies was 10,000-972,500 of one share. But that was all Rice wanted. He had proved to himself that the plan of liquidation was a device adopted by Rockefeller to escape the judgment of the Supreme Court of Ohio.

George Rice put the facts before ex-Attorney-General

Watson. Frank T. Monnett had superseded Mr. Watson in the office of Attorney-General, but Frank Monnett was the same type of brave, fearless, incorruptible American citizen as David Watson. Together they went to the judges of the Supreme Court in Chambers and explained the facts. The judges ordered the Attorney-General to bring the Company before the court for contempt. This was in November, 1897. That was five years and seven months from the time that the dissolution of the Company began.

In reply to the charge for contempt, Rockefeller made a long answer. It showed that in five years before the Monnett suit, only one share had been liquidated, but that in the ninety days following, 100,583 shares were canceled. It took Mr. Monnett six months to get evasive answers from Mr. Rockefeller, so he asked the court to appoint a commission to examine Mr. Rockefeller in New York. The commission sat at the New Amsterdam Hotel, New York, in October, 1898.

Never before in the history of jurisprudence did a man charged with grave and serious offence appear before a court so unconcerned, so detached, so reticent, so slow as Mr. Rockefeller on this occasion. He was the personification of politeness, but his answers were delivered only after prolonged meditation or consultation with his counsel or his colleagues. He denied under oath that the Trust was operating the Standard Oil Company of Ohio. He denied that the Trust had received any of the profits earned by the Ohio sub-company since March 2, 1892. All the money earned, he said, for nearly seven years was used by the Ohio sub-company in improvements.

Attorney-General Monnett immediately demanded the production of the Ohio firm's books. Rockefeller refused to produce them. The court insisted, but Rockefeller and his counsel still refused. The fight was getting bitter. But Rockefeller was in charge, and he ordered that sixteen boxes of the books of the company at Cleveland be destroyed. The records Monnett wanted went up in smoke. Rockefeller denied that the books burned were the books Monnett wanted. "Then," said Monnett, "produce the ones we want."

Rockefeller still refused, on the plea that they might incriminate him. The books would unquestionably have proved every contention of Monnett. They would have proved that

three sub-companies of the Trust in Ohio were governed by the nine trustees in New York, and that all their profits were given to those nine trustees. These three companies were being operated in direct violation of their charters, and the laws of the State and the books afforded absolute proof of it. That was why Rockefeller turned the records into smoke. He was a fellow of infinite resource. Monnett had him in a tight place, but the burning of the records saved him.

For six months the wrangle over the production of the books lasted. The records were gone, but Rockefeller was now playing for time. Every device known to man was used to stay Monnett or turn him aside from prosecuting the case against the Standard Oil. Boundless wealth was dangled before his eyes as his reward for the abandonment of the suit. He was threatened with the everlasting enmity of Rockefeller. But Monnett fought all the Rockefeller power and influence alone, even though he knew the records he wanted had gone up in smoke. Multitudes of others were terrorized or bought, governors, members of Congress, legislators, and judges, but Monnett stood fearless and constant still.

In March, 1899, he asked the Supreme Court of Ohio to hold the Standard Oil Company in contempt. The Company was in notorious and flagrant contempt for seven years. They had taken advantage of the leniency of the court for seven long years, and now, to the amazement of Ohio and the world, the judges of the Supreme Court were equally divided, three for holding the company in contempt and three against.

Monnett was staggered. At first he could hardly believe his senses. He still prosecuted his anti-trust suit. He proved again and again every one of his contentions, but Mr. Rockefeller had by this time made political alliances with the Republican party of the State and the nation which enabled him to laugh at Attorney-General Monnett.

On the first of January, 1900, Monnett's term of office expired. His successor dropped all suits against Mr. Rockefeller. Monnett, at the base betrayal of principle by his party, went over to the Democrats. He was their candidate for Attorney-General in 1903. He led the ticket by 9,000 votes. But his integrity, his courage, his ability, had not the force of Standard Oil gold, and he was beaten.

Thus ends a fateful chapter in Rockefeller's story. It

needs no ghost to come from the grave to tell where lies the blame or the glory of saving the Standard Oil Trust. David Watson and Frank Monnett showed how the Rockefeller Jugernaut could be overthrown. But the Supreme Court of Ohio was not prepared to enforce the law untempered with mercy.

### XLIII

## THE WAR FOR INDEPENDENCE

WHILE the two able and courageous Attorney-Generals of Ohio were seeking by legal means to dissolve the Rockefeller octopus, there was being waged in the oil fields an unending fight for independence.

In 1886 the production of crude oil was 28,064,841 barrels. When the producers had paid piping charges, storage charges, and transportation charges in that year, they realized that they did not get enough for the oil from Rockefeller to pay wages. In that very year, Rockefeller's dividends were \$7,000,000, and his Trust reserve was \$14,000,000. Besides that, he invested other millions of the Trust's profits in new pipe lines and reservoirs and factories and tank steamers. His profits were fabulous, while the men that owned the raw material were producing at a loss.

"It was their own fault," Rockefeller said. "If they would only cut down production till the demand was greater than the supply, they would get their full price."

But John D. Rockefeller's soft words and quack suggestions did not remedy the distress in the oil regions. There was still, however, sufficient manhood left in the oil regions to cause one more fight for freedom.

From end to end of the oil regions there soon came the demand for a fresh combination. A bill was promoted in the Legislature of Pennsylvania in 1887, to compel pipe lines to grant reasonable rates. It was beaten. Then the oil men gathered and organized the Producers' Protective Association.

It was a secret order, composed entirely of persons outside of and opposed to the Standard Oil Trust, one of its by-laws reading: "No person connected with the Standard Oil Company or any of its allies, as partners, stockholders,

or employees, and friendly thereto, shall be elected to membership; members becoming such shall be liable to expulsion."

And it proposed "to defend the industry against the aggregations of monopolistic transporters, refiners, buyers, and sellers" by handling its own oil.

T. W. Phillips was head of this new association. He had been in the oil business since 1863. He antedated Rockefeller by two years and he had consistently and strenuously fought his usurpations for wellnigh twenty years.

No sooner was this association organized and Rockefeller informed of it than a new scheme of conciliation was set on foot. Other big producers proposed to Mr. Phillips a general shut-down. Phillips claimed the Standard would reap all the benefit. They had 35,000,000 barrels on hand in their tanks. That was fifteen months' production. A general shut-down would be an excuse to raise the price of all finished products. Rockefeller was ready for that—he would give an option to the association on 5,000,000 barrels at sixty-two cents.

The olive branch was again proposed, and a shut-down took place which enabled Rockefeller once more to dishearten the producers and fleece consumers.

But it was soon seen that the evils under which the oil men suffered were not due to overproduction. Mr. Phillips advised the formation of a producers' combine into a company called the United Oil Company.

An executive committee was formed to frame a policy and an organization for this company, whose chief, if not only, end was to fight Rockefeller. H. L. Taylor of the Union Oil Company secured his own appointment as chairman of the executive committee. His concern was the biggest oil producer in the country, but he was the same H. L. Taylor who played Rockefeller's game in the Tidewater Pipe Line fight, and who ended by selling his Tidewater stock to Rockefeller.

Of course, he had some fresh game to play when he joined the new combine. It was soon apparent. He used his new position to sell his Union Oil Company to Rockefeller and to hamper and delay the formation of an anti-Rockefeller association. His treachery was discovered and he and his accomplices were forced to quit the new organization.

Undaunted by this treachery, the general assembly of the Producers' Association met at Warren on January 28, 1891.

The leaders of that assembly deserve to have their names enshrined in letters of gold in the history of this country.

They were Lewis Emery and C. P. Collins of Bradford, Michael Murphy of Philadelphia, J. W. Lee and David Kirk of Pittsburg, Rufus Scott of Wellsville, I. B. Aiken of Washington, R. I. Straight of Bradford, Roger Sherman and M. W. Quigg of Titusville.

J. W. Lee was admitted to the practice of law in 1869. He soon after formed a partnership with S. C. I. Dodd, which lasted until 1875, when Mr. Dodd became the chief counsel to the Standard Oil Company. In all the fierce conflicts that had been waged against Rockefeller and his methods for thirty-two years, J. W. Lee has ever been in the van of Rockefeller's foes, while his old friend and partner, Mr. Dodd, has been the right arm of his defence. And to-day Mr. Lee is the trusted and able chief counsel of the Pure Oil Company, which is the one organization that has been completely victorious against all the wiles and money and power of Rockefeller.

Lewis Emery was a graduate of Hillsdale College, Ohio, and as early as 1865 he came to the oil regions to engage in the oil producing and oil refining business. He was a man of exceptionally high character, and fought every move of the Standard to monopolize the business. He served ten years in the Legislature, but finally realized that Rockefeller could not be beaten by new-made laws. He had built a refinery at Philadelphia, but railroad discrimination had forced him to sell to the Standard. He then built a refinery near his oil wells and made close alliance with the Producers' Protective Association.

Michael Murphy was another of the stalwarts that lined up at Warren thirteen years ago for a last desperate fight for justice and the right of every American to enjoy equal rights to his own possessions and equal freedom with all others in any trade or business that he might embark in. Murphy left Ireland when only thirteen years old. He reached Philadelphia in 1855, and learned the cooperage business. In 1861 Lincoln called for soldiers to defend the flag, and Michael Murphy, though but nineteen, enlisted.

John Rockefeller was three years older than Michael Murphy. He, too, heard Lincoln's call to arms—the cry of a nation in agony—but he did not heed. Michael Murphy spent four years in camp and bivouac, on the march, and on fields of



carnage. Rockefeller spent those four years selling supplies to the Union armies and amassing wealth from his country's difficulties.

At the conclusion of the war, Michael Murphy went back to his cooper's bench. He and his partner made barrels for the oil producers. They prospered and became exporters of oil. They worked with the Empire Transportation Company, but Rockefeller starved that concern into surrender and threw Michael Murphy out of business.

That act made an implacable enemy of Michael Murphy. The hero of the Civil War was to become the hero of the oil war. Driven out of the exporting business, he went into oil producing and extraordinary luck followed him everywhere.

All the oil men knew how brave, how upright, how noble, how fiercely independent he was. He had not the education of Lewis Emery, nor the legal talents of James Lee or Roger Sherman, but he had the fighting qualities of Grant, and he had the military genius of a Sheridan. He was an absolutely essential ally in the war for independence begun in 1891.

At first, Rockefeller and his cabinet in New York smiled at the new combination. The sacred nine jeered and slurred the men that dared to question Rockefeller's right to monopolize a great industry.

But the Producers' Association began by entering into an agreement to sell no oil to the Standard. One thousand producers were soon in the association, and it secured a capital of \$600,000.

They put up four tanks near the McDonald field, and they made a contract with the Columbia Oil Company at Bayonne to refine their oil. Immediately, the railroads put on prohibitive rates, and the Bayonne scheme was knocked out.

Over on Oil Creek were a number of refineries that had been languishing for years. They were being slowly but surely starved to death by Rockefeller. The Producers' Association now proposed an alliance with them and it was accepted. The alliance was cemented by the formation of the Producers' and Refiners' Company with a capital of \$250,000. The Producers' Association subscribed \$160,000 of this. The money was used for connecting the refineries with the oil wells, and in January, 1893, the Producers' Association was supplying crude oil over its own pipe lines to its allies.

Lewis Emery was also at work. He knew that as long as Rockefeller was the autocrat of the railroads and owned all the pipe lines to the seaboard, the refiners and producers were at his mercy. They would still be his vassals. Emery planned a double pipe line from the oil regions to the sea, one for crude oil and the other for refined.

He planned the line from Bradford to Williamsburg on the Reading Railroad. The management told him they could have nothing to do with such a project.

He then went to the New York, Ontario and Western, and they agreed to do his business. He had to cross the Erie tracks, however, and he saw the president of that road and got his sanction. Secretly and swiftly he sent his agents to buy right of way. Rockefeller instantly took alarm and put a hundred agents in the field to buy rights of way ahead of him. All the obstruction that the ingenuity of Rockefeller and cabinet could put in the way of Emery's pipe line they did. But he pushed it through and reached the Erie Railroad. The president's promise was broken, there stood 75 armed men to prevent the joining of the pipes under the track.

Rockefeller had exercised his lordship over the Erie, and the president broke his promise and showed himself a slave.

For three months the railroad men and Emery's men faced each other. Rockefeller was jubilant and the oil men were dejected. Emery had formed a United States Pipe Line Company, with a capital of \$600,000, but this armed band of 75 railroad employees at Rockefeller's bidding blocked the scheme.

But Lewis Emery had executed a flank movement, and before Rockefeller knew it, he had his lines completed to Wilkesbarre on the Jersey Central Railroad. In June, 1893, he was ready to pump refined oil for the independent refiners at Bradford, Titusville, Oil City, and Warren to an independent railroad on the seaboard.

Rockefeller and his hordes declared that refined oil would be ruined in the churning it would get on its long journey over the mountains. They predicted complete and absolute failure. But the refined oil went over the mountains and to the joy of the independents it was found better and purer than before. Another valuable discovery had been made in the oil industry, and Lewis Emery made it, not Rockefeller.

The Producers' and Refiners' Company offered at once to

sell their lines to Emery's United States Pipe Line. They worked in harmony, and why should they not unite?

Rockefeller planned at once to get control of the stock of the Producers' and Refiners' Company and of Emery's Pipe Line stock. To do this he had first to discredit Emery, Lee, and Wood. Wood was one of the most sterling and capable of all the promoters of the Producers' Association and the main support of Lewis Emery.

Rockefeller had bought up the Oil City "Derrick" in 1885. He put P. C. Boyle in charge. Boyle was a soldier of fortune, utterly devoid of principle; he was a past master at vituperation and slander. At the command of Rockefeller he filled the pages of the "Derrick" with libel and slander and abuse of Wood, Emery, and Lee. They sued him for libel and got judgments against him. He put up a bond of \$5,000 in Mr. Emery's case for his good behavior and published this apology:

#### TO THE PUBLIC.

For many years past there have appeared in the editorial and news columns of the Oil City "Derrick" various articles reflecting on the business, social and political character and integrity of Lewis Emery, Jr.

P. C. Boyle, the editor of the "Derrick," was indicted and convicted for the publication of certain of such articles, and civil suit for damages was instituted by Mr. Emery against P. C. Boyle for damages for such publications.

The litigation has now been adjusted, and Mr. Boyle voluntarily retracts in toto all matters and things which he has said derogatory to the character, standing, or responsibility of Lewis Emery, Jr., published by him or under his direction in the past.

Mr. Boyle is fully satisfied that such articles have been published under a misapprehension of the facts, and is satisfied that Mr. Emery has been wronged, and should be vindicated, and this retraction is freely made as such.

Many of the articles have been republished in various papers in this country and Europe, and it is the desire of Mr. Boyle that this retraction shall be as freely and fully printed and published as were the original articles reflecting on Mr. Emery.

(Signed)

P. C. BOYLE.

But Rockefeller wanted the abuse and slander still kept up, and Boyle forfeited the \$5,000, which, of course, Rockefeller paid. This was a fresh phase of Rockefeller methods,

newspaper slander and calumny, but it did not succeed. He scared lots of stockholders to sell. Some of them got as high as \$200 a share for the United States Pipe Line stock, but when the company met at Warren in 1894, the Standard could only show 21,848 shares, while the independents had 30,560.

Colonel I. I. Carter of Titusville represented the Standard. He had 13,013 shares in his name, 300 of which were his own, the rest the Standard's. The U. S. Pipe Line Company voted to absorb the lines of the Producers' and Refiners' Company. Carter got out an injunction to stop it. The Producers' Association expelled him from membership. But he kept working away, picking up stock for the Standard, till with his 300 the Standard would have control. He then went and secured an option on all the Standard stock at 100. Archbold wanted 150, but Carter was obstinate and he got it.

With the control in his possession, he sought out and had an interview with Mr. Lee. Later on, Carter gave the following account of that interview on the witness stand:

"Senator Lee and myself retired to my room in the hotel, and we had quite a preliminary conversation on the situation and in regard to the Producers' Pipe Line. Then I stated to him my ownership of the majority of the stock of the Producers' Oil Company, Limited, and stated furthermore that I purchased it from the National Transit Company; that my desire was to stop all contention on the part of the Producers and myself, to run the business on a business principle so that the stock belonging to the various members and myself might pay something, instead of dragging its slow length along as it had been for the past six years. I told him, furthermore, that I was perfectly willing that he should elect what portion of the directors that his stock would warrant him and I would elect those that I could. The Senator replied then: 'You propose to take charge of the association?' 'Yes,' I said; 'I do.' The Senator then stated emphatically that I could not do it; he would not permit it; if he had to spend the whole capital of the company he would resist it."

James Lee kept his word. Carter took him into court, but Lee had framed the company's charter to guard against such an assault as Carter's, and the lower and higher courts refused him the control of the company. Rockefeller and Carter saw the game was up and sold out their stock at an enormous loss. But Rockefeller's resources for the destruction of his foes were not yet exhausted. He raised the price

of crude petroleum fully 30 per cent, and he cut the price of refined in every market of the world where Emery and his friends could compete.

Lewis Emery had enlisted Herr Poth, a German importer, in their enterprise. He handled all the United States Pipe Line's product for four years, and he was making desperate efforts to induce the German Government to put a stop to discrimination of the Standard in Germany. The German Government was about to take the matter up when the news reached Herr Poth that Emery and his associates had sold out to the Standard. The news unnerved him and he sold out to Rockefeller's German Company.

With his hand on his heart he had sworn to Emery four years before that he would never sell out to the Standard. But when he heard Emery had sold he gave up the fight. A few days later he learned that he had been tricked. It was a wily spy of Rockefeller's that had fooled him. Emery had not sold and he had been fooled into the betrayal of the man whom he swore never to desert. Herr Poth was a noble character. The treachery of which he was the victim broke his heart and he pined and died.

For two years Rockefeller kept up his cut in prices. Not a single one of the producers or independents made a dollar. Some of the independents went to Standard Oil headquarters at New York and pleaded a settlement. They were told they could have it when Lewis Emery and his pipe lines were annihilated. The Standard would buy out all the refiners who had enough of the fight at Rockefeller prices, but the producers and Emery should be taught a lesson that would last forever. The arrogance of Rockefeller and his lieutenants was now equal to their greed—and that was unquenchable.

The committee of refiners returned from Standard Oil headquarters, called a meeting of their associates, and advised all the refiners to sell out to the Standard. They themselves would lead the way. But James Lee was at that meeting and was instantly on his feet to denounce the craven policy urged on the refiners. Never was Lee so forceful, so eloquent, so scathing of cowards and traitors as on that eventful day. He saved the situation. Only three deserted and sold out.

That speech was the torch that lit the oil regions. In January, 1895, a mass meeting of the oil men was held at

Butler, and the Pure Oil Company was organized to aid producers and refiners in the fierce fight with the Standard. Through the heroic efforts of James Lee and Mr. Wood, a capital of \$200,000 was raised within a few days for the new company. It was sadly needed. Herr Poth's sale left them without a market in Europe. They had cargoes ready, but no tankage and no agents in Europe to sell it. It was a hard plight; while Lee and Wood were rallying the oil regions, Murphy and Emery were crossing the Atlantic to secure markets.

Brave men never die. The Standard was halted in Europe, and Hamburg and Rotterdam gave Murphy and Emery privileges that enabled them to build tanks and establish marketing places at both great ports. The Pure Oil Company was in Europe and in high favor with the German Government and the German people. Murphy and Emery returned to America more resolute than ever. They were cheered by what they had seen abroad.

At a meeting of the United States Pipe Line in August, 1895, J. C. McDowell, a Standard agent, tried to get into the meeting. Michael Murphy met him at the door and advised him to go away. He had 2,113 shares of the stock, but Murphy told him that that made no difference. He was excluded and went away. He appealed to the court, and the company was compelled to admit him and give him representation on the board. This did not daunt these fearless men. They resolved to push their pipe lines to the sea. Bayonne was the objective point, for Mr. Kirk of the Columbia had terminal facilities there. They had to cross the Delaware and Lackawanna Railroad. The Standard and Tidewater lines were under this road, and Emery thought he had an equal right to go under it. He succeeded by a ruse in placing his lines five feet beneath the surface of a road under a railroad bridge.

Miss Tarbell tells the sequel in her own limpid style:

"Taking fifty men with him he went in the night to the culvert under which he meant to cross, laid his pipes four feet under ground, fastened them down with heavy timbers, piled rocks on them, anchored them with chains, established a camp on each side of the track, and prepared for war. They soon had it. First with a body of railroad men armed with picks and bars who invaded the camp. 'I told the boys,' said Mr. Emery in describing the incident to the Industrial Commission in 1899, 'to take the

men by the shoulders and the seat of the pants and take them out and lay them down carefully,' which they did. The next day two wrecking cars with 250 men came down the road and charged the camp, but again they were routed. The matter was taken by mutual agreement into court, and, while Mr. Emery was before the justice of the peace, two locomotives were run down and the camp attacked with hot water and coals!

"By this time the whole countryside was aroused. The unfairness of the thing was so patent that even the railroad employees engaged in it did not hesitate to say in excuse of their employers that it was the Standard Oil Company which was at the bottom of the opposition! As for the inhabitants, they offered any aid they could give. The local G. A. R. sent forty-eight muskets to the scene of war. Mr. Emery bought eighteen Springfield rifles, the camp was barricaded, and for seven months the pipes were guarded while the courts were deciding the legal title to the crossing.

"This interim was employed by the pipe-line people in an attempt to get a free pipe-line bill through the New Jersey legislature. If this could be done they could go under the Delaware, Lackawanna and Western without its consent. The bill was introduced in February, 1896, J. W. Lee, Hugh King, and Lewis Emery, Jr., all appearing before the committee to argue for it. At first there seemed to be no opposition to it. Everybody agreed it was a just and proper measure. Then suddenly, within a few days of the end of the session, a violent opposition sprang up. Trenton became alive with lobbyists—men well enough known to politicians. The newspapers came out boldly with the charge that the railroads and Standard were going to defeat the bill. Its friends could not believe it, nor did they until they found the morning it was to be presented that the Senator having it in charge had disappeared, taking with him the bill and everything concerning it. Four days later the legislature adjourned and the precious Senator, when next heard from, was in the far West."

Hardly a better object lesson of Standard Oil methods can be found than this war to uproot the Emery pipe line. Rockefeller is not seen on either of the locomotives that rushed down and poured live coals and hot water on the men guarding Emery's pipe lines. He is not seen paying out corporation money to legislators of New Jersey. Nobody saw him buy the ticket and hand the roll of bills to the Senator that stole the free pipe line bill of New Jersey. But no sane man doubts who

corrupted the New Jersey Legislature and who compelled the Lackawanna to wage warfare against Emery and his pipe lines.

Roger Sherman began a suit before the Interstate Commerce Commission to compel the Standard to drop this war on the Emery lines. He died before the case could be tried and the suit was dropped. The Standard dragged Emery from court to court, and at the end of four years' legal warfare, in 1899, the Supreme Court of New Jersey ordered Emery's pipe lines removed from beneath the bridge under the Lackawanna Railroad.

This was another severe stroke. But Michael Murphy had foreseen it. He had secured excellent terminals at Marcus Hook, on the Delaware, and on May 2, 1901, the pipe lines of the Pure Oil Company were at the sea. It had taken nine years to achieve this glorious result. All the chicanery, all the power, and all the millions of Rockefeller had failed to defeat this band of able and heroic men.

Roger Sherman did not live to see the triumph of the cause he had served so faithfully. A. D. Wood of Warren also died before victory crowned the independents' cause, and Lewis Emery, worn out by his untiring labors, had retired from active business. Lee took his place as president, but in 1901 Michael Murphy was called to the head of the Pure Oil Company. He is still its president.

The Pure Oil Company saved the situation in 1895 with its capital of \$200,000. Later on, when the company saw victory in sight, the capital was increased to \$10,000,000—\$2,000,000 of preferred and \$8,000,000 of common. James W. Lee built up the organization of this new concern so well that it is a perfect combine of producers, refiners, transportation and selling agents.

The Pure Oil Company is a Trust in its organization, but a protective association in its object. It owns a majority of stock in the Producers' Oil Company, the Producers' and Refiners' Company, and the United States Pipe Line Company. The owners of the majority of the Pure Oil stock have vested its voting power for twenty years in fifteen trustees; any trustee can be removed by three-fifths of the trustees and three-fifths of the stock in trust. The stock can be bought and sold, but always subject to the Trust agreement. This, indeed, is a Trust, but the one end and aim of the Pure Oil Trust is to



preserve its independence. It is not a monopoly, but a rival to a monopoly. It is a living guarantee of better conditions in the petroleum trade of America.

## XLIV

### WHERE AMERICAN INSTITUTIONS ARE AT FAULT

**I**T is apparent to every impartial student of Rockefeller's career that there has been deplorable if not criminal neglect on the part of those whose duty it was to make and to enforce whatever laws were necessary to uphold the most vital principles of the Constitution of the United States.

The system of rebates and drawbacks which Rockefeller forced the railroads to adopt on his behalf was put in operation in flagrant violation of the charters of the railroads. That system was directly at variance with all justice, human and divine.

Rockefeller not only got back secretly a great part of the money he paid openly for freight to the railroads, but he also compelled the railroads to hand over to him a great part of the money which his competitors in business had paid. He had the railroads terrified till they had become his most subservient tools. At his bidding W. H. Vanderbilt cut rates on the New York Central and allied roads to such an extent that the Pennsylvania had to pass dividends and surrender at discretion to Rockefeller.

For ten years his attorneys and agents in Congress blocked every bill aimed at putting an end to rebates and drawbacks.

When Emery, Lee, and Murphy were building independent pipe lines across New Jersey, Rockefeller had live coals, boiling water, and steam hurled at the men who were laying the independent pipe lines.

Those pipe lines were to liberate the oil industry from the grasp of a usurper.

The Legislature of New Jersey was called upon to aid that project, and a free pipe line bill was brought in and pushed through. That bill, if enacted, would have enabled Emery to reach the sea at Bayonne and pump crude and refined oil from the oil regions. At the last moment Rockefeller debauched the

Legislature, and the Senator who had the free pipe line bill disappeared and took the bill along with him.

The lower courts in New Jersey upheld Emery's right to place two 6-inch pipes five feet under the surface of a public road. A railroad had a bridge over that road thirty feet above. The railroad had a right of way over it, and Rockefeller made the railroad people insist that two 6-inch pipe lines, buried five feet beneath the surface of the road under that bridge, were placed there contrary to law, and after years of controversy in the courts, the Supreme Court judges of New Jersey ordered the Emery pipe lines torn up. It is curious how the Supreme Courts of various States have a tendency to interpret the law and the Constitution in favor of the all-powerful monopolist!

Attorney-General Watson of Ohio proved to the satisfaction of the Supreme Court of Ohio and of the world that the Standard Oil Trust was an outlaw, and that the Standard Oil Company of Ohio had forfeited its charter.

The Supreme Court could have declared that charter annulled, but Joseph H. Choate pleaded and begged and prayed the court to show mercy to the outlaws. That court had the power at that moment to disrupt a gigantic monopoly that was notoriously filching the substance of producers and consumers alike, and a monopoly that also held the railroads in a condition of shameful vassalage. And the Supreme Court of Ohio listened to the siren song of Choate and to some other songs or influences that we know not of and allowed the Standard Oil Company of Ohio to live on in the enjoyment of its charter. It forbade it, however, to continue in the Trust.

Six years later Attorney-General Monnett told the Supreme Court of Ohio that the Trust was still in complete charge of the Ohio corporation, and that all its earnings went to the Trust. The Ohio corporation was asked to produce its books. Instead of being produced, the books were burned. The Standard Oil Company was in open, notorious, and flagrant contempt of an order or decree of the Supreme Court. It was ordered to cut loose absolutely from the Trust. It failed to do it, but the Supreme Court of Ohio was again found lenient, to use no harsher term, for three of the judges declared the Company guilty, but three others declared it innocent. Attorney-General Monnett fought a gallant fight to overthrow the juggernaut. Attorney-General Watson did the same. But the leniency of

the Supreme Court saved the Standard. Then the Republican party chose an Attorney-General who dropped all suits against the Standard.

In 1880, Governor Hoyt of Pennsylvania and his Attorney-General had Rockefeller and the Pennsylvania Railroad in a tight place. Had they pushed the prosecution with zeal and energy, they could have disrupted the Rockefeller organization then. Hoyt was elected Governor under the solemn pledge to prosecute the Standard and the Pennsylvania Railroad, but he was no sooner elected than he bowed his neck to the Rockefeller yoke.

In 1872, President Grant set his seal of condemnation on Rockefeller and declared his methods utterly abhorrent to American principles of liberty. Both Houses of Congress were equally emphatic in their condemnation, and yet, since that time, Rockefeller's political influence has grown to be appalling.

Mark Hanna appealed to Attorney-General Watson to cease his attacks on organized capital. That was a mellifluent name for John D. Rockefeller, for he it remembered always that Mr. Rockefeller is the wizard of the Standard Oil Trust. He has lieutenants of rare talents, of great ability, and of singular capacity. But the guiding spirit, the supreme chief, whose glance takes in every part of the field and knows every detail connected with the mighty army he controls, is John D. Rockefeller.

When Mark Hanna wanted millions to defeat W. J. Bryan in 1896 and elect William McKinley President of the United States, it was the Standard Oil Trust that supplied the greater part. But the trade that Rockefeller made with Mark Hanna the world will never know. Mark Hanna was a good American, and so was William McKinley. They knew where the hundreds of millions of Standard money came from. They knew that those hundreds of millions were the fruits of the most successful campaign of piracy and plunder written in human annals.

Legislatures, courts, and State and national executives have failed most shamefully in staying Rockefeller in his career of piracy or in protecting the owners of oil wells, or saving independent oil refiners from the baleful effects of piratical railroad discrimination. Rockefeller played the part of a buccaneer with railroad after railroad. He forced them to deliver part of their

earnings to him. Wherein is such conduct different from the conduct of the blackmailer or the highwayman? And yet Rockefeller has done those things with impunity for a quarter of a century; and then the leaders of the Republican party made a deal with Rockefeller in order to elect the Chief Executive of a Republic whose laws he had violated wherever they stood in the way of his gigantic piracy.

It is not with one political party alone that Rockefeller made trades. It did not matter what party was in power or what brand of religion or of politics a Governor or a judge or an attorney-general belonged to. Rockefeller wanted to stand in with him. The politician that lined up with the independents or that opposed Standard Oil aggression or usurpation, or was not for sale, was a marked man. He had to be gotten out of the way. He must never be allowed to sit on the Supreme Court bench or in an executive office. The whisper is sent round among the horde in Rockefeller's employ that the independent politician is a "crank," a "socialist," a "blackmailer," a "sore-head." Rockefeller's subsidized press pours slander, calumny, and ridicule upon him. The ukase has gone forth that he must be bankrupted in politics and in finance. Rockefeller has an army of hired slanderers at his beck, and the reputation of no man is safe who is brave enough to protest against the Rockefeller reign of piracy and terror.

James Stillman, president of the National City Bank, a Rockefeller institution, described a famous author as a "notorious blackleg." Mr. Stillman had never seen or spoken to the author thus alluded to. He had committed the indiscretion of exposing some flagrant acts of financial piracy and political corruption on the part of some of the Standard Oil magnates. Instantly the ukase went forth that the writer was to be marked and branded as a "notorious blackleg," and James Stillman, president of the National City Bank, did his share to make the epithet stick. Indeed, of all Rockefeller's associates or lieutenants not one is so intolerant of opposition as James Stillman. He is gall and wormwood to every man who is not with him and Rockefeller.

Soon after Mark Hanna and Rockefeller's money elected McKinley President, James Stillman made it known to Mr. Gage, Secretary of the Treasury, that the National City Bank of New York, Mr. Rockefeller's pet bank, could employ advan-

tageously the surplus funds of the United States Government. Stillman showed Gage that the financial stability of the nation and the steadiness of the money market and low rates of interest would all be promoted were Mr. Gage to keep on deposit at the City Bank millions of Government money. It would help things, too, if the Government would have all internal revenue receipts turned into Rockefeller's National City Bank. And Secretary Gage very complacently gave Mr. Stillman all he wanted for Mr. Rockefeller's bank. Gage was not the only Secretary of the Treasury that was friendly to Rockefeller. Charles Fairchild, Cleveland's first Secretary of the Treasury, was one of the vice-presidents of the City Bank. He, too, was a worshiper of the "Holy Blue Barrel." Mr. Gage had a very clever Assistant Secretary of the Treasury. He aided the scheme of hoarding the surplus money of the people of the United States in Rockefeller's bank. Rockefeller needed millions to make a bull or a bear market in Wall Street. Gage and Vanderlip let him have them. The money belonged to the people of the United States—not to Vanderlip or to Gage. But Rockefeller saved the country from Bryan, and the country could not do any better than put the people's millions in Rockefeller's hands for safe-keeping.

Forty years before, Rockefeller's first partner described Rockefeller as the greatest money borrower that ever lived. When he wanted money he would go to the man that had it, and tell him that he (Rockefeller) was going to deposit or invest or loan his surplus funds with the man from whom he really wanted to borrow. He would thus secure the man's confidence and extract a loan. And here he was forty years later with some millions of the Government's money in his safe-keeping.

## XLV

### THE CUSTOM HOUSE SCANDAL

**T**HE Government, six years ago, resolved to build a new custom house in New York and sell the old one. Congress approved. There was no hurry about it. The new custom house would take fifteen or twenty years to build, and there was no need to sell the old one till the new was

built. Why should any man sell the old house he lived in before the new was ready for occupation?

Stillman and Rockefeller saw a chance for a great financial coup. Gage had the right to sell the old custom house at auction to the highest bidder. Stillman and Rockefeller devised some scheme by which Gage sold it to them for \$3,265,000. The site of the old custom house on Wall and William Streets is, perhaps, the most valuable in all the world. The site of the Bank of England is not to be compared. At public auction it would have brought at least \$5,000,000. Gage advertised for bids and got three offers. And he let Stillman and Rockefeller have it, for Gage and Vanderlip undoubtedly appreciated what the Administration owed to Rockefeller, and they gave him the old custom house for \$3,265,000. Stillman gave the Treasury credit on his books for \$3,215,000. He forwarded certificates of deposit for that amount. That left \$50,000 still due the Government. Till that were paid, the Government would keep title; as long as title remained in the Government, Rockefeller need pay no taxes on the old custom house. No cash ever passed. The money is still in the City Bank. It will be there till the new custom house is finished in ten or twenty years.

Meanwhile, however, the United States Government occupies the old custom house, but it is Rockefeller's under contract, though he has never paid for it. The city tried to collect taxes on Rockefeller's old custom house, but it stands in Uncle Sam's name and the city can collect nothing. But the amusing part of it all is that Rockefeller receives each year from the United States Government \$130,600 as rent for a building for which he has not yet paid a cent and on which the city or State can not collect a dollar of taxes. The National City Bank has received up to date nearly three-quarters of a million for rent, and saved probably a half million in taxes on a building for which it has given certificates of deposit that have never been turned into cash. By the time the Government is ready to give up the old custom house, the City Bank will have received an equivalent of \$3,265,000 or even more. It will take twenty years from the date of the contract to finish the new custom house, and all that time the City Bank will be receiving an annuity of \$130,600. That annuity, running twenty years, is certainly worth \$3,200,000.

The writer does not, of course, seek to imply that Gage

and Vanderlip betrayed any trust. They were undoubtedly outwitted in the trade with Rockefeller. For though Stillman made this trade, Rockefeller stood behind the scenes signaling to Stillman how to do it. It is not to be supposed, however, for one moment that Rockefeller will ever see Gage or Vanderlip out of a job. Indeed, he has taken care of Vanderlip already, for he is cashier or vice-president of the City National Bank of New York. And Lyman Gage needs no guardian. "I care not who makes the law," said an illustrious French poet, "provided I write the songs of the nation," and Rockefeller parodies this celebrated saying: "I care not who is President, provided I have the 'pull' with his Secretary of the Treasury."

"We forced Roosevelt's nomination as Vice-President," said H. H. Rogers immediately after President McKinley's death. "He was very troublesome as Governor of New York and we wanted him out of the way, and look at him now in the White House."

It is yet, however, to be proven whether Mr. Roosevelt's Secretary of the Treasury will play into the hands of Rockefeller. Rockefeller and his methods are abhorrent to Roosevelt. Rockefeller and his hordes hate Mr. Roosevelt. But alone Roosevelt is no match for Rockefeller and his lieutenants.

Congressman Sulzer brought the custom house scandal before Congress again and again. It caused surprise and dismay when first presented. But the majority thought it their duty to stand by the Administration. Mr. Sulzer is a Tammany Congressman, and H. H. Rogers appealed at once to Richard Croker to suppress Sulzer. Croker knew that Sulzer was irrepressible and strong in his district, and he told Mr. Rogers so.

When Charles Murphy became chief of Tammany, H. H. Rogers made another attempt to silence Sulzer, who was again appealing to Congress to cut off the \$130,600 a year of plunder going to the City Bank for the old custom house. Murphy told Mr. Rogers that nothing could silence Sulzer while in Congress. Rogers informed Murphy that Sulzer was like a bull in a china shop. That he was blocking most useful and necessary legislation. That he hindered the abrogation of the treaty made one hundred years ago with the Six Nations. That Tammany should take Sulzer out of Congress and put him on the bench. In fact, Mr. H. H. Rogers poured a most deplorable tale of woe into Mr. Murphy's ears about Mr. William Sulzer.

All this is only interesting as showing the methods employed by the chiefs of the Standard Oil Trust to attain their ends. They have a backstairs entry to the Standard Oil building for every political boss in the United States. Richard Croker and Boss McLaughlin of Brooklyn were devoted friends of H. H. Rogers at the very time that John D. Rockefeller was lifting his eyes to heaven in holy horror when the name of Tammany chanced to be mentioned in his Sunday-school class.

John D. Rockefeller in 1890 would have liked to rest upon his oars. He would have liked to be allowed to enjoy the golden harvests which his unrivaled and marvelous organization was gleaning. He wanted to be considered respectable, and decent, and religious, and he donated money in charity and gave millions to a university. He did not know that the great universities of the world grew and were not made. He did not seem to know that Divine Justice demands that restitution be made to the wronged before gifts of benevolence or beneficence can ascend as grateful incense to the Throne of Eternal Justice. John D. Rockefeller pursued Emery and his associates for eleven years after 1890 with relentless animosity. Bribery, chicanery, fraud, juggling with courts and legislatures.

And all this time Rockefeller was singing psalms and reading his Bible. He failed, however, against the brave men that made the Pure Oil Company. But ambition had grown from what it fed upon. In 1896 he became a powerful political factor. His friend, Mark Hanna, was the mayor of the palace. His friend and counsel, Joseph Choate, was sent to London as Ambassador to the Court of St. James's. It would be interesting to find out how many consuls and ministers he named besides.

## XLVI

### ROCKEFELLER'S BANKING TRUST

**R**OCKEFELLER was hatching great schemes in 1897. He wanted a banking trust that would control the United States Treasury. His operations in creating a banking trust were to be profoundly secret. But he had devised a plan to get into his own hands the control of the



stock of all the great banks and trust companies in New York.

He had the National City Bank to begin with. There was \$100,000,000 or more on deposit there. His plan was to make the City Bank, Bank No. 1. Bank No. 1 was to buy control of the stock of Bank No. 2 with the money of the depositors of Bank No. 1. Bank No. 2 was to buy the control of Bank No. 3 with the deposits of Bank No. 2. Bank No. 3 was to buy control of Bank No. 4, and so on in an endless chain till every big bank of New York was in his clutches.

How far Rockefeller has succeeded in consolidating this bank trust is not known. It is known, however, that by this chain of banks he has an uncanny control over the money markets of the nation. His banking trust is, of course, illegal. But Rockefeller has the best legal talent in America to aid him to do illegal things with immunity.

## XLVII

### ROCKEFELLER'S RAILROAD TRUST

**B**EFORE he had his banking trust complete Rockefeller conceived the project of a railroad trust that would own every railroad line on the continent. He had no difficulty in getting the Goulds into his scheme. He had outwitted Jay Gould and the second generation of the Goulds laid no claim to the father's ability. In fact, they are children in Rockefeller's hands.

The Vanderbilts were only too glad to enter into an alliance with Rockefeller also. Most of them preferred a butterfly life at Newport or at Paris or at Monaco to a job operating the New York Central. There are people in the world who believe that the main end of life is to marry and be given in marriage; to shine at the opera; to be the glass of fashion at a dance; and an excellent host and diner-out. Such people easily surrender the management of great railroads or great industrial institutions to men like Rockefeller or Andrew Carnegie.

Rockefeller had his eye on Cassatt. But he could not get Cassatt until he had all the railroads to the Pacific in his

clutches. Through Gould he got E. H. Harriman *et al.*, with the interests they represent. Harriman, of course, protests to high Heaven that he is not Rockefeller's lieutenant. Like the lady in Hamlet, he protests too much.

Rockefeller's next move was to secure the Northern Pacific and the Great Northern. Mr. Morgan was approached. The tempter took him to the top of a high mountain and told him he could rule the railroad world if he would only join the railroads he controlled with Rockefeller's and Gould's and Vanderbilt's. A combination of all the railroads would be the most perfect money-gathering machine man ever saw. The power it would give and the money it would make were beyond belief. Morgan was dazzled, but said he would have to talk it over with Mr. Hill.

Hill listened to the unfolding of this scheme. He had built up and acquired a mighty railroad system by cheapening rates to the miner, the lumberman and the farmer. He always believed in a live-and-let-live policy. "The miner, the farmer, and the lumberman," he was wont to say, "are my partners. If they are not prosperous, my railroads won't be." The plan of a gigantic railroad trust to put the rates up did not appeal to him. He told Morgan he was only a farmer, and he did not want any partnership with the Oil King.

Rockefeller appealed to Morgan to force Hill. He brought tremendous pressure to bear on Hill's European and Canadian backers and associates. But Hill, like a lion at bay, shook his head and was obstinate. Rockefeller prepared for war. He ordered Harriman to buy the control of Northern Pacific. Harriman told him it would take \$100,000,000, and asked where would he get that money. Rockefeller told him to issue notes of the Oregon Short Line Railroad and get the \$100,000,000 from Rockefeller's banking trust. The Oregon Short Line issued the notes, got the money needed from Rockefeller's banks, and bought the majority of the stock of the Northern Pacific. John D. Rockefeller was not known in the business.

One fine morning the whole world learned that E. H. Harriman had bought the majority of Northern Pacific stock and that he had also bought stock which brokers could not deliver. In fact, brokers had sold what they did not have and what they could not get. The stock was cornered. Then be-

gan the wildest temporary panic that Wall Street has ever seen. 'Multitudes of fortunes that had taken years to build were lost in a day. There was a part of that eventful day, May 9, 1901, when every broker's firm in Wall Street would have gone under had it been forced to liquidate.

The panic of May 9 was John D. Rockefeller's device to force Hill to surrender. But Rockefeller had now met his match. Hill did not hide in a commission house when Lincoln called the youth to defend the flag and save the Union. He enlisted in the First Minnesota. Hill had learned the transportation business, driving an express wagon and running stage coaches and river steamers. He had run out a great railroad through the wilderness and bridged mighty rivers and crossed vast mountain chains, till he reached the Pacific Ocean.

Rockefeller did not like Hill's system of operating railroads. Hill, on the other hand, did not like Rockefeller's avarice and ambitions. Rockefeller ordered the Oregon Short Line Railroad to buy the majority of the stock of the Northern Pacific. He chuckled when he had secured it, for he thought he had filched the Northern Pacific from Hill. When the annual meeting came round, E. H. Harriman was there with stock owned by the Oregon Short Line Railroad Company to take over the control of the Northern Pacific in order to operate it in the interest of John D. Rockefeller.

Now, Hill and Morgan had bought with their good money the control of the Northern Pacific. It was Hill's purpose to see the Northern Pacific run economically and improved physically. He wanted to put an end to foolish rate cutting and extravagant management, and for this purpose he bought control. Mr. J. P. Morgan was his ally in that purchase. For seven years he had bent all his energies developing the traffic of his two great railroads. He had agents in China, Japan, and India pushing American wares. In his mind's eye he saw a commerce between Puget Sound and the Orient equal to the commerce of the North Atlantic. He resolved to put the finest freight carrying ships on the Pacific to link his railroads with the Orient. He put his rates to Puget Sound and across the Pacific so low that the steel and iron manufacturers of Ohio and Illinois were capturing the markets of China, Japan, and India. Hill had, indeed, built up a great transportation system. He was justly proud of it, and he hoped to leave this

great property in such shape that his sons would be able to continue in his footsteps and perpetuate his policy. He had spanned the continent between the Great Lakes and the Pacific without Government aid of any kind, and he had the easiest grades and the lowest fixed charges on that road of any on the continent. His railroad was the forerunner of immense settlements from Minnesota to Puget Sound. Hundreds of thousands of people had settled in the wilderness which Hill's great Northern Railroad had opened up, and year by year they had grown rich and prosperous. Millions of acres of desert and wilderness had been transformed into garden and pasture, wheat field and vineyard, orchard and flower garden, because of Hill's courage and enterprise in building that railroad.

Had Hill bought the control of Northern Pacific with \$80,000,000 of Great Northern money he undoubtedly would have acted illegally. He could have easily issued \$80,000,000 of Great Northern gold bonds and raised the \$80,000,000. But such an act bore on its face the stamp of illegality. It was Hill and Morgan who owned the control of Northern Pacific and not the Great Northern. It is true that that gave Hill the dominating power in both railroads. But it was not illegal, though unquestionably contrary to the spirit of the charters under which the railroads were organized.

Harriman, on the other hand, came into that board room to accomplish an utterly illegal act. The Oregon Short Line Railroad is a competing line with Northern Pacific. They are competitors at Butte, Montana. They are competitors in Idaho for the great silver and lead tonnage of the Cœur d'Alenes. They are competitors in the wheat fields of Washington and Oregon, and for the vast lumber trade of the Columbia River country. The Oregon Short Line and the Oregon Railroad and Navigation Company and the Utah and Northern are all one. They belong to Rockefeller's endless railroad chain, and the Northern Pacific was to be another link in that endless railroad chain. It was to be hooked on to the tail end of the Oregon Short Line. Had the plan succeeded, Rockefeller would have cut rates and made savage war on the Great Northern till Hill, in disgust, would have been forced out of control, and then the Utah and Northern would have issued \$100,000,000 in bonds to buy control of Great Northern so

as to make that another in the Rockefeller endless chain of railroads. Hill out of the way, and Cassatt cut off from all Western traffic except through Rockefeller, there would be nothing left for the Pennsylvania Railroad management but to go into the Rockefeller railroad trust.

Rockefeller was a past master in the art of trust building. At first people did not see how he could finance a railroad trust. It needed billions of capital. They were wrong. It was billions of credit and not billions of capital it needed. Then the scheme is simplicity itself. Rockefeller owns control of Union Pacific. Let us call that or any other Rockefeller railroad, railroad "A."

Railroad "A" borrows a hundred million dollars on its notes from a Rockefeller bank. It buys control of railroad "B," and then issues and sells to the public \$100,000,000 of gold bonds. The controlling stock of "B" is in the treasury of "A" as collateral for the bonds. The public buy the bonds, but the great big foolish public has no more to say to the management of railroad "B" than the man from Mars.

That operation over, railroad "B" borrows \$50,000,000 or \$100,000,000, and buys control of railroad "C."

"B" puts out an issue of gold bonds to pay off the loan to Rockefeller's banks, and the people who sold their stock in "C" railroad take the bonds of "B" railroad in exchange. Rockefeller's National City Bank has indorsed them. That is enough for most of the people of these United States. In fact, Rockefeller's scheme is nothing other than exchanging certificates of ownership called "bonds" for certificates of ownership called "stock." The bondholders have a prior lien on the property, but Rockefeller has complete control of the management of the railroad.

Railroad "C" is now ready for business. It must grab railroad "D." It gives notes to Rockefeller's banks or trust companies and gets the \$40,000,000 needed to purchase the control of "D." That accomplished, it issues to the public gold bonds to pay off its notes to Rockefeller's banking trust, and Rockefeller's bankers and promoters get the public to absorb this fresh issue of bonds.

Railroad "D" now buys railroad "E" with money got from James Stillman. The notes do not look very good to him, but

Mr. Rockefeller tells him to advance all the money that railroad "D" wants to buy the stock of railroad "E."

And so the game goes on till the Oregon Short Line borrows \$80,000,000 on its notes from Mr. Rockefeller's banks and buys a majority of the common and preferred stock of the Northern Pacific Railroad.

Rockefeller was face to face with Hill. There could be no shuffling here, and the Oil King had to show his hand. All the world knew that Harriman had no \$80,000,000 or \$10,000,000 to buy Northern Pacific stock. But he came to the meeting with proxies for the control of the stock. Hill made him produce the stock, otherwise he would not allow him to vote. The proxy had to be verified. It was then that Hill discovered that the Oregon Short Line and not Harriman was the owner of the stock. He had before him an illustration of how Rockefeller was building up a railroad trust by the device of an endless chain.

Hill had power to retire the preferred stock, and the retiring of the preferred stock would make him master of the situation. Harriman denied Hill's authority to do this. Hill said he would do it anyhow, authority or no authority. The Northern Pacific fight had shaken the confidence of the whole country. Wall Street had been turned into a mill for manufacturing stocks and bonds. The investing public was halted. They would buy no stocks and bonds while the Northern Pacific fight lasted. Hill said he did not mind if Wall Street slumped into the North River and never reached bottom. He had no confidence game to work off on the public through Wall Street. There were times when J. P. Morgan shuddered at Hill's fierce determination not to yield one iota of the control he held over Northern Pacific. Morgan knew perfectly well that Harriman was but an agent in Rockefeller's game. And with the market choked with undigested securities, he feared a panic which would leave the financial world in chaos and darkness.

But an angel from heaven could not move Hill from his resolution, and Morgan stood by him. So did his Canadian and English allies. Rockefeller had to yield or face a panic. His own banks held billions of the stocks and bonds and notes manufactured to build up the Railroad Trust through his endless chain system. Did a panic come and depositors call on the

banks and trust companies for their money, they could not get it, at least from the Rockefeller banks.

They had a couple of billions tied up in bonds and notes and stocks at Rockefeller's bidding. He was using probably \$100,000,000 of Government money and a couple of billions of the people's money, deposited in his chain of banks, to build up a railroad monopoly that would be as powerful as the Federal Government. Rockefeller himself had not borrowed a dollar. He had his machines in each case or his figurehead do the borrowing. If the crash came it would not drag Rockefeller down, but it would wreck his chain of banks and it would wreck his chain of railroads.

Hill would never yield. So Rockefeller advised Harriman to compromise under a plan which created the Northern Securities Company. The Supreme Court of the United States ordered that Securities Company dissolved. Hill adopted the perfectly equitable plan of giving each share of Northern Securities a proportionate share in the constituent companies. Harriman was willing, but the Mephistopheles of the South Improvement Company wanted the same stock back that he put into the common jack-pot in 1901. He wanted not equity, but litigation. He is now worrying Hill in the courts, but Hill knows his own strength now, and he knows that Rockefeller's chain of banks are loaded up with bonds and stocks which the public will not take.

Rockefeller has been most ambitiously reaching out. He did not like to see Morgan at the head of United States Steel and Iron. He started to get control. Morgan knew the extent of "wind and water" in his Steel Trust. The moment he found Rockefeller's agencies buying steel, he made up his mind to let them have it.

Morgan undoubtedly formed the Steel Trust to stave off a disastrous industrial war among the iron and steel companies. Carnegie knew that Morgan wanted no industrial war. He used that knowledge to get out of Morgan a price for his property four times greater than its actual value. Lord Clive, on trial for looting Indian principalities, exclaimed, "When I look back at my opportunities, by G—! I am astonished at my own moderation." Carnegie has been in the same mood ever since he got those \$300,000,000 in bonds. He told his intimates that

he could have gotten \$400,000,000 had he insisted. Two years before he sold his property to Mr. Frick for \$100,000,000. Mr. Frick paid \$1,000,000 down. He could not raise the additional \$99,000,000, so he forfeited his million.

In building the Steel Trust, Morgan had to deal with a multitude of steel and iron manufacturers who had built up great business enterprises. He thought it advisable for the sake of the money market, or to prevent a panic or industrial depression, to get them all together. That would save cutting of prices and destructive competition. Carnegie took first mortgage bonds on the combine for \$300,000,000 and other securities besides. The rest took cash, preferred or common stock, or all combined, for their interest.

The entire capital invested in the Steel Trust did not amount to the value of the bonds held by Carnegie. The Steel Trust has indeed coal and iron deposits that will enable it to make immense profits for twenty years to come. But it is always a feast or a famine in steel anyhow, and Morgan let the Rockefeller people have all the steel stock they wanted. If the truth were known, it would be found that Rockefeller is to-day the lord of the Steel Trust just as much as he is of the Oil Trust.

Rockefeller's operations are profoundly secret. His hand was never seen in the purchase of the Southern Pacific by the Union Pacific, or in the purchase of Northern Pacific by the Oregon Short Line. He is at the head of the biggest banking combine in the world, but it is impossible to prove his connection with any one link of his chain of banks. He and his associates are in control of the lighting and transportation companies of the great cities of the East. You can never see Rockefeller's hand in the barter and sale and acquisition of public franchises, but it is there. He may be seen playing golf at Lakewood or at Cleveland any day in the year, but he is never ten minutes away from the telephone or telegraph station. Nor is he ever, for five minutes, beyond the reach of a messenger boy. His home is like a cloister. At nine o'clock every night he and his guests retire. At nine o'clock in the morning the family sits down to breakfast. The time given by others to the pleasures of the table and ball-room, the boudoir or the theatre, are devoted by Mr. Rockefeller to the evo-



lution of systems by which to centre in his own hands the control of the great industries of America.

He is the dominating factor in the American railroad world. Hill and Cassatt are, it is true, thorns in his flesh. Cassatt has planned to spend some \$500,000,000 on improvements and purchases and extensions of the Pennsylvania system. Whenever the money market is ripe, Cassatt taps it for all it will stand.

The Rockefeller banks are loaded up with bonds, stocks, and notes acquired by Rockefeller's orders. The public have not hundreds of millions for Cassatt and for railroads in the Rockefeller chain, which are far away, and do not look as promising as the Pennsylvania Railroad securities. Cassatt is spoiling Rockefeller's game in the money market just as Hill spoiled it by blocking the extension of Rockefeller's system of an endless railroad chain.

Had Rockefeller succeeded in sidetracking Hill and Cassatt and secured Morgan's co-operation, he would have perfected his railroad trust. He would then adjust rates to suit his other ambitious projects. The rates on lead and lead ores would be put up so high that every lead mine on the continent would sell out to his Federal Lead Company. The transportation rates on copper and copper ore would be put up till every copper mine and smelter owner would be forced to sell out to the Amalgamated Copper Company. The independent steel and iron concerns would have to succumb to the Steel Trust.

There are people who think that the Government of the States and the nation would interfere. But experience has shown that Rockefeller is more potent with Legislatures and the courts and with city, State, and national administrations than the people who elect or choose them.

Rockefeller has used the courts and politicians in almost every State of the Union to worry and annoy and cripple the men that he wanted out of his way.

Had he succeeded in welding his Bank Trust together, no capital could have been procured for great undertakings without Rockefeller doing the underwriting, or, in other words, levying tribute on every new undertaking on the continent. James Lee and Michael Murphy have blocked Rockefeller's monopoly of the oil industry of the world. They handle but four per cent of the petroleum products of the United States, but they

are so well entrenched that Rockefeller can not dislodge them. He fought their Pure Oil Company for ten years by methods worthy of a buccaneer or a highwayman. And it was not the Government of New Jersey or of Pennsylvania or of the United States that saved them. Their safety lay in the Atlantic Ocean and in Europe. There was no hope for them on the American continent.

Man marks the earth with ruin, as Byron somewhere says, but the ocean is free; and the brave men that fought for the emancipation of the oil fields from the tyranny of Rockefeller built or hired ships to carry their petroleum products to Europe. The free cities of Europe welcomed them. Even the subjects of despotic governments like men who are bravely struggling to be free. The German Government took a hand in the fight. It forbade Rockefeller to sell illuminating oil at competing points for less than cost and at non-competing points for fifty or one hundred per cent higher.

It is a curious commentary on America's institutions and its boasted liberty and independence that it was the Atlantic Ocean and the German Government that saved the Pure Oil Company and its independent seaboard pipe lines from absorption by the Standard Oil Trust.

It is also a curious commentary that Rockefeller was allowed to go ahead welding one railroad after another into a Trust; that he linked competitor after competitor together, and that the administrations of the States and the nation sat supinely by and never made a move to block the illegal game till a melancholy event sent William McKinley to his account and made Theodore Roosevelt Chief Magistrate of the nation. And even then it was not Rockefeller's railway combinations that Attorney-General Knox attacked, but Hill's.

That itself was rather peculiar. It is still more strange in the light of the undoubted presumption that Rockefeller ordered Mr. Frick to get Cassatt to have Mr. Knox appointed United States Senator to succeed Mr. Quay. Some trade or other was made with Cassatt, and Cassatt summoned the Governor of Pennsylvania and the politicians, and the job was done.

Could there be a more melancholy exhibition of the truculence and subserviency of the politicians of Pennsylvania than this craven act of its Governor?

The utter failure of the courts and the executive of Ohio to enforce the law against the Standard Oil Company is but another instance of the political power wielded to-day by John D. Rockefeller.

Mr. Rockefeller is now sixty-five. He is an old man. The mind has worn out the body. It has ever been so with the supremely ambitious. Cassius had a lean and hungry look. He thought too much. Disraeli from youth up was devoured with an insatiable ambition to do and to be something great. All other desires and passions and aspirations were concentrated in that one overwhelming passion of ambition. When he married Mrs. Lewis, he knew that he was abandoning the hope of posterity, but he knew also that he was wedding an indispensable helpmate to his ambition. He was devotion personified to her till the day she died. But his ambition burned out too quickly the lamp of life. It worried him in youth and filled him with tears and woe because the hope of his ambition ever being gratified looked like a wild illusion. When all the prizes which he started out to win were achieved, when the great ones of the world and the crowned heads of Europe paid him homage, and his very wish was a command in the most mighty Empire the world has ever known, he realized the emptiness of it all. The prize was not worth the life that had been wasted to win it.

It is a pertinent query now what has been John D. Rockefeller's contribution to the progress, the happiness, and the enlightenment of the world.

His story has been told in these pages without anger and without malice.

He has made a few hundreds or a few thousands of his associates and lieutenants abnormally rich. Had he not done that the wealth he and his associates divided would have been divided up among the tens of thousands who owned petroleum wells or were engaged in its production. In other words, the wealth that he confined in narrow channels would have been more widely distributed.

Every effort of his has been to concentrate wealth and industrial power in the hands of a few.

He was the originator and father of the Trust system, and were Mr. Rockefeller to live long enough and push his views

to their logical conclusion, one man sitting in Wall Street would regulate the tariffs on every line of railroad in the United States and Canada. One man would pass on every loan solicited from a bank. One man would dictate a price for lead, copper, flour, beef, and light.

Such a system might be built up in America. The supineness of our State and National Governments and the flagrant corruption of our politicians makes the triumph of such a system possible. In a little while the Trust kings would grow so arrogant and avaricious that they would drive the people mad, and the whole structure would perish with the Government and Constitution that permitted it. The success of John D. Rockefeller's Trust system—that is, its final triumph—must ultimately lead to chaos.

That is as certain as the waxing and the waning of the moon. Rockefeller has not lived in vain. No man does. He tried the souls and steeled the mettle of many a man in his fight for individual liberty and right. He taught the value of method and economy. But he created nothing, for he invented nothing save the Trust system. His business in life has been that of a middleman standing between the producer and the consumer.

He gave to the producer as little as he could, and he took from the consumer all that was possible. In that business he has amassed something like five or six hundred millions, perhaps more. The value of his fortune depends on how his endless chain of banks and railroads, street car companies, gas and electric light companies, and mining companies works out. Its value also is subject to his power of influencing courts, Legislatures, Congress, and the executive officers of municipalities, States, and the nation. Congress may pass a law putting an end to Mr. Rockefeller's endless chain system. Congress and the President may take the Government's money away from Rockefeller's banks. The Government may nationalize the railroads, to avoid the far greater evil of a Rockefeller Railroad Trust.

A thousand and one things may happen to scatter the Rockefeller millions. But, generally, economic laws right the ship of State. Rockefeller is, after all, like the playwright, the actor and the sailor, the creature of a day.

We are but shadows! None of all those things,  
 Formless and vague, that flit upon the wings  
 Of wild imagination round thy couch,  
 When slumber seals thine eyes, is clothed with such  
 An unreality as human life,  
 Cherished and clung to as it is, the fear,  
 The thrilling hope, the agonizing strife  
 Are not more unavailing there than here.

A few generations hence the descendants of John D. Rockefeller will have no more influence on the industrial or political life of America than the present members of the house of Vanderbilt or the house of Astor. The glory of the house of Rockefeller will be eclipsed, for new adventurers and usurpers and stars will arise to occupy the world's stage for a little while. No usurpation, no wrong, no injustice is eternal. As Browning puts it, right may be worsted, but wrong never triumphs.

In every stage of Rockefeller's career we see unconquerable spirits whom he could not buy or wheedle, or intimidate or crush. Rockefeller's court has been crowded with worshipers. Multitudes of men have been waiting on his bounty and shouting his praises so loud and long that it was deafening. Multitudes also feared him, and the press and the politicians that feared him were just as cowardly, if not as corrupt, as those who were bought outright.

But the hero-worship of Rockefeller is confined to those whom relationship or gratitude makes blind or to sycophants who live on expectations of his favor or his bounty.

The story of his career and the analysis of his character and of his achievements as given in these pages may serve to enlighten those seeking for information about the aims of a man so much in the public eye, and should that be the result the writer will be amply rewarded.

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