THE HISTORY OF THE STANDARD OIL COMPANY: PART TWO

BY

IDA M. TARBELL

AUTHOR OF "THE LIFE OF LINCOLN"

CHAPTER VI

A MODERN WAR FOR INDEPENDENCE

MR. JOHN D. ROCKEFELLER'S one irreconcilable enemy in the oil business has always been the oil producer. There is no doubt that Mr. Rockefeller has sincerely deplored this. And well he might, for he learned in his first great raid on the industry in 1872 that the producers aroused and united made a powerful and dangerous foe.

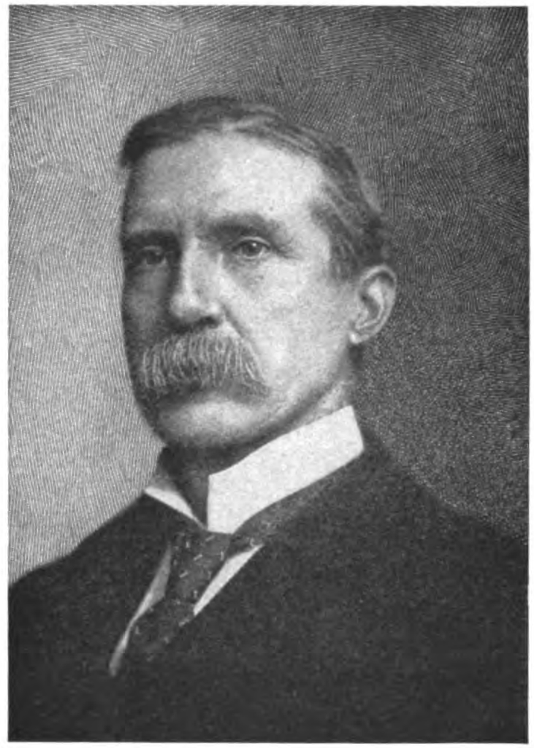
No doubt if it had been practical Mr. Rockefeller would have begun at the start to take over oil production as he did oil refineries and pipe-lines, and thus would have gotten his enemy out of the way; but during the first fifteen years of his work it was not practical. The oil fields were too vast and undefined. It not being practical to own the oil fields and yet essential that those who did own them, and of whose oil he aspired to be the only buyer, should be kept sufficiently satisfied not to interfere with his domination or to attempt to handle the oil for themselves, Mr. Rockefeller, whenever he had the chance, sought to persuade the producers to do what he would have done had he owned the oil fields—that was, to keep the supply of crude oil short.

"The dear people," he said once when asked by an investigating committee if his monopoly of oil refining and oil transportation had not prevented the producer from getting his full share of the profits; "the dear people," he said, "if they had produced less oil than they wanted, would have got their full price; no combination in the world could have prevented that if they had produced less oil than the world required."

It is quite possible that if Mr. Rockefeller had been able to convert the majority of the producing body to this theory, and the supply of crude oil had been kept scarce and prices consequently high, the oil producers would have forgotten their resentment at his early raids and would have relapsed into indifference towards his control. Material prosperity is usually benumbing in its effects. There always has been a factor in the great game playing in the Oil Regions, however, which not even Mr. Rockefeller could match. Nature has been in the oil game, and she has taken pains to prevent the only situation which would have enabled Mr. Rockefeller to reconcile the oil producers. Again and again, when it seemed as if the limits of oil production were set, and when Mr. Rockefeller and his colleagues must have believed that they would soon have the industry sufficiently well in hand to pay the producers a satisfactory price for crude oil, their calculations have been upset by the discovery of a great deposit of oil which flooded the market and put down the prices. This happened so often between Mr. Rockefeller's first public appearance in the business and the time when he completed his control of transportation, refineries and markets, that the yearly production of crude oil had risen from five and a half million barrels to thirty million barrels, and instead of a half million barrels above ground in stocks there were in 1883 over thirty-five million barrels. Year after year crude oil brought less than a dollar a barrel. Embittered and discouraged, the producers fell to comparing what they were getting out of the oil business with

A. D. WOOD

Although Mr. Wood was a resident of Warren, Pennsylvania, and a man of means and influence, he never became actively interested in the oil business until 1890. In that year he became a member of the Lamont Oil Company, a producing concern of Elk County. In connection with adjoining property holders this company laid a pipe-line to a convenient shipping point. Mr. Wood's experiences in these ventures persuaded him that the oil producer must handle his oil himself to get its real value. He was one of the founders of the Producers' Oil Company, Limited, and acted as its secretary and treasurer until his death in 1895. Mr. Wood was a careful student of the history of the Standard Oil Company, and collected in his lifetime a large amount of documents on the subject.



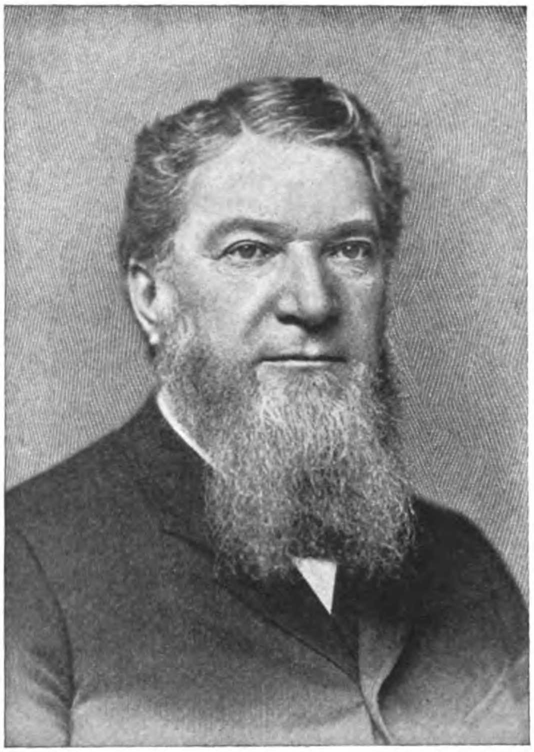
LEWIS EMERY, JR.

A graduate of Hillsdale College, Ohio, Mr. Emery first came to the Oil Regions in 1865, where he embarked in oil producing and oil refining. In 1872 he took an active part in the oil war and in 1878 he was elected to the legislature of Pennsylvania as a champion of the oil men, and for ten years he was continued in public life. At the same time Mr. Emery remained active in the oil business. He developed rich territory and attempted to refine his own oil at Philadelphia. But here again the railroads intervened and he was obliged to sell to the Standard. Unconquered, he built a refinery nearer his oil supply, and in 1891 undertook the seaboard pipe-line for crude and refined oil. The idea of piping refined oil to the sea is original with Mr. Emery. His home is in Bradford, Pennsylvania.

what Mr. Rockefeller was getting. It was not a consoling showing. The Standard Oil Trust, in spite of the extraordinary outlay for extension between 1879 and 1887, tank building, seaboard pipe-lines, buying out of competitors, keeping the railroads quiet, etc., had paid, from the first, dividends on its $70,000,000 of capital: 5.25% in 1882, 6% in 1883, 6% in 1884, 10½% in 1885, 10% in 1886. In this last year, 1886, its earnings were equal to twice the dividend of 10% it paid, or in round numbers something over fifteen million dollars, and at the end of the year it had a surplus of nearly $14,000,000 on hand.

In 1886 the oil producer lost about 6% on his expenditures, and oil property depreciated one-third on its value the previous year. The Standard was making all the money in the business. Something was wrong. They could not charge the Standard with the price of oil. As long as over 30,000,000 barrels in stocks lay on the market it could not rise. But they could and did complain of what it cost them to handle this oil, of storage and carrying charges, of the deductions for shrinkage and loss by fire, of the arbitrary methods of this single buyer of their product. If the Standard had not forced out every competing transporter, if it had not created a practical monopoly in manufacture, there would certainly have been sufficient competition to have lowered their expenses, which at the present prices soon ate up the value of the oil.

The longer this glaring inequality in rewards was suffered the more bitter grew the resentment of the region. It was intensified



THOMAS W. PHILLIPS

Since 1861 Mr. Phillips has been one of the most successful and influential oil producers of Pennsylvania. He founded the firm of Phillips Brothers in 1863 and was an important factor in the development of territory on Oil Creek, at Pithole, and in Clarion and Butler Counties. It was under the conviction that he was not getting a fair proportion of the profits of his production that Mr. Phillips went into the Protective Association in 1887. He was one of the strongest advocates of the consolidation of the independent companies into the Pure Oil Company, and is one of its chief advisers to-day. Mr. Phillips is a man of wide interests outside of business, and has been active in political affairs for many years. The campaign text-book was originated by him in the Garfield campaign of 1880. He was in Congress from 1893 to 1897, and it was he who introduced the bill creating the Industrial Commission.

PETER THEOBALD

Among the refiners who have been most prominent in the independent movement outlined in this article is Mr. Theobald, of Titusville, Pennsylvania. His firm, the Independent Refining Company, of Oil City, Pennsylvania, was one of the leaders in the association of Oil City and Titusville refiners, formed as early as 1888, to take some action against the peculiar discriminations of the railroad. One of the most interesting cases which has come before the Interstate Commerce Commission was brought by these refiners—a case which will be taken up later in these articles. Mr. Theobald has always been prominent in the councils of the independents, and is at present one of the four refiners on the board of directors of the Pure Oil Company. The other three are Louis Walz, of Oil City; T. B. Westgate, of Titusville, and Delevan Emery, son of Lewis Emery, Jr., of Bradford.

by the high-handed methods of the Standard towards every small competing enterprise—refinery—pipe-line—oil jobber. No undertaking in those departments of the business which Mr. Rockefeller claimed as his own was too small to escape his enmity and systematic attack. By the end of 1886 it was evident to any observer that an outbreak of the producing element was at hand. It came suddenly at the opening of the year 1887, when a bill was introduced unannounced into the legislature of Pennsylvania evidently intended to strike a blow at the Standard. It was "An act to *punish* corporations." This was what they had always sought, some way to *punish* Mr. Rockefeller for what they believed to be a conspiracy against their interests. The way in which the Billingsley Bill, as it was called, proposed to punish the Standard, was to make it a criminal offense to charge in excess of certain rates it fixed for gathering, storing, and delivering oil. It was a poor measure, unconstitutional as first presented (acts to punish are forbidden by the constitution of the state), incapable even when revised of giving the oil men proper relief, yet for lack of something better it served as a rallying cry for the unhappy country and they rushed pell-mell to support it. Mass-meetings were held nightly from one end to the other of the Oil Regions—petitions flooded the legislature—a big delegation was kept constantly in Harrisburg lobbying for it. In the end the bill was defeated, as it deserved to be, but the work done was by no means lost. For the first time since 1880 the Oil Regions were aroused to concerted action. The support of the Billingsley Bill had been a spontaneous movement, a passionate unorganized revolt against the tyranny of the Standard. It served to bring into action men who for six long years had been saying it was no use to resist, that Mr. Rockefeller's grip was too strong to be loosened. It revived their confidence in united action and steeled them to a determination to take hold of the industry and force into it again a fair competition in handling oil.

On the very night after the defeat of the Billingsley Bill (April, 1887), the oil men who had gathered in Harrisburg to support the measure, angry and sore as they were, arranged to call an early meeting in Oil City and organize. The meeting was held. It was large and it was followed by others.

In a very short time 2,000 oil men were enrolled in a Producers' Protective Association and 36 local assemblies were holding regular meetings throughout the region. There were several important points about the new association aside from the enthusiasm and determination which animated it:

(1) It was a secret order.

(2) Its membership was 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; and members becoming such shall be liable to expulsion."

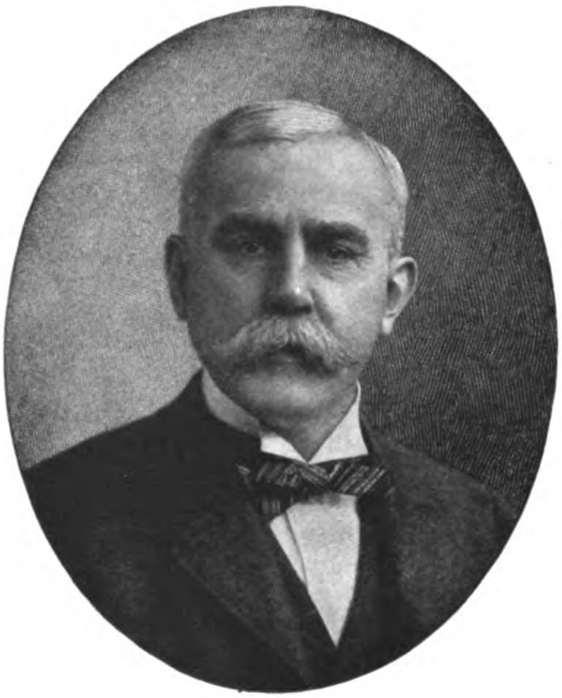
(3) It proposed "to defend the industry against the aggregations of monopolistic transporters, refiners, buyers, and sellers" by *handling its own oil.*

Hardly had the Producers' Protective Association been organized before Mr. Rockefeller had an opportunity to try his plan for conciliation. An independent movement had been started in the summer of 1887 by certain large producers in favor of a general "shut-down," its object, of course, being to decrease the oil stocks. The president of the Producers' Association, Thomas W. Phillips, who at that time was the largest individual producer in the oil country, his production averaging not less than 6,000 barrels a day, was called into consultation with the leaders of the "shut-down" movement. Mr. Phillips promptly told the gentlemen interested that he would not join in such an undertaking unless the Standard went into it. He pointed out that the Standard owned a large proportion of the 30,000,000 barrels of oil above ground. They had bought it at low prices. If the production was shut down prices would go up and the Standard would reap largely on the oil they owned. The producers would as usual be standing all the loss.

The upshot of the council was that the Producers' Protective Association took hold of the shut-down movement, its representative seeking an interview with the Standard officials as to their willingness to share in the cost of reducing the production. Here was a chance for Mr. Rockefeller to apply his theory of handling the oil producers—conciliate them when possible—encourage them in limiting their production. The oil men's representatives were met half-way and an interesting and curious plan was worked out; the producers were to agree to limit their production by 17,500 barrels a day. They were to do this by shutting down their producing wells a part or all of the time and by doing no fresh drilling for a year. If they would do this the Standard agreed to sell the association 5,000,000 barrels of oil at 62 cents, and let them carry it at the usual rates as long as they wanted to. Whatever advance in price came from the shut-in movement the producers were to have on their oil and it was to be shared by them according to the amount each shut-in his production. Mr. Phillips, before agreeing to this arrangement, demanded that provision be made for the working-men who would be thrown out of employment by the shut-down, and he proposed that the association set aside for their benefit 1,000,000 barrels of the oil bought from the Standard and that the Standard set aside another million; all the profits above 62 cents and the carrying charges on the 2,000,000 barrels were to go to the working-men. A memorandum covering the above points of the agreement was drawn up and it was accepted by the two interests represented.

Mr. Rockefeller's reason for signing the contract he gave to the New York State Trust Investigating Committee four months later.

Q. . . . What was the inducement for the Standard Oil Trust to enter into such an agreement as that?



E. H. JENNINGS

DAVID KIRK

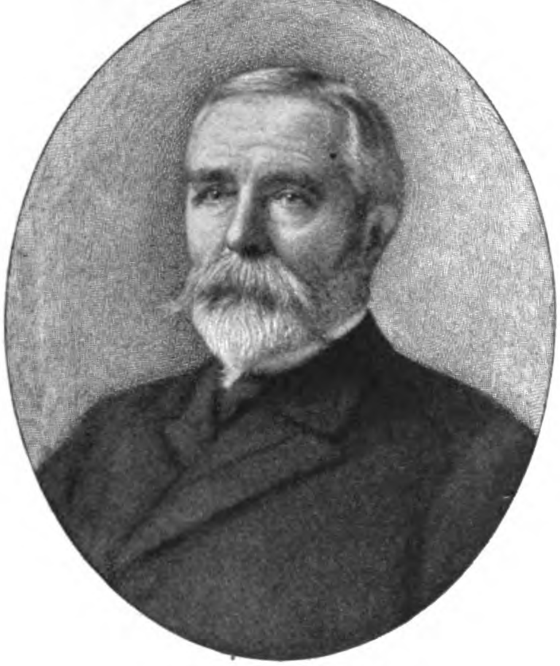
One of the first large oil yards of Pittsburg, Pennsylvania, was started by David Kirk in 1862. To this he soon added a large refinery. This business was prosperous until the combination between the railroad and the allied Standard interests put a tribute upon it. Mr. Kirk was prominent in all the repeated efforts made by the independent oil men to secure relief from railroad discriminations in the early days, and his was one of the many Pittsburg firms finally driven out of business by the inequality of freights. In 1877 Mr. Kirk organized the McCalmont Oil Company, a producing concern which has always been successful and of which he is still the president. In 1887 he became active in the Producers' Protective Association and later in the independent concerns which grew out of it. He was the first president of the Pure Oil Company. Mr. Kirk was one of the chief witnesses examined in 1888 by the House Committee on Manufactures in its investigation of trusts.

A. The inducement was for the purpose of accomplishing a harmonious feeling as between the interests of the Standard Oil Trust and the producers of petroleum; there was great distress throughout the oil producing region; as an instance of that distress there was an outcry that our interest was getting a return, that theirs was not in the business, and we did not know, as a matter of fact, that the oil-producing interest was abnormally depressed, and we felt it to be to the interests of the American oil industry that a reasonable price should be had by the producer for the crude material, and we wanted to coöperate to that end.

Q. By advancing the price of the crude material you necessarily advance the price of the refined?

A. Yes, sir.

The shut-down went into effect the first of November, 1887. The effect on stocks and the market was immediate—stocks fell off at the rate of a million barrels a month, and prices rose by January, 1888, some twenty cents. But at the end of the year, though oil was higher and stocks considerably less, the benefits of the shut-down had not been conspicuous enough to produce that "harmonious feeling" Mr. Rockefeller so much desired; not sufficient to distract the minds of the producers from the idea they had in forming their association, and that was a coöperative enterprise for taking care of their own oil. Throughout 1888 and 1889 two schemes known as the Coöperative Oil Company, Limited, and the United Oil Company, Limited, were under consideration. By the end of the latter year it looked as if something could be done with the second and it was turned over by the Executive Board of the association to a special committee, of which H. L. Taylor, of the Union Oil Company, one of the largest and oldest producing concerns of the Oil Regions, was chairman. How Mr. Taylor had succeeded in getting into the Producers' Protective Association it is hard to say, for it was he and his partner, Mr. Satterfield, who, in 1883, had tried to throw the Tidewater Pipe Line into the hands of the Standard Oil



MICHAEL MURPHY

A number of the leading men of the Oil Regions came to this country from Ireland, among them the present president of the Pure Oil Company, Michael Murphy. Shipping at thirteen, young Murphy landed in Philadelphia in 1855. Here he learned the coopers' trade, but at the breaking out of the Civil War he went into the navy. At the close of the war, with a partner, John L. Davis, Mr. Murphy took up his trade in connection with the export oil business, the firm furnishing barrels for crude cargoes. From coopering the firm extended their business into oil exporting, but this was stopped by the breaking up of the Empire Transportation Company in 1877. Murphy and Davis then went into oil producing. Mr. Murphy has since proved himself one of the boldest and shrewdest operators in the oil country. At Cherry Grove, Balltown, Kane, Thorn Creek, McDonald, and in West Virginia, he has opened field after field of great value. Mr. Murphy from the start has supported the independent movement. In 1901 he succeeded the Hon. J. W. Lee as president of the Pure Oil Company.

JAMES W. LEE

Admitted to the bar in 1869, at Franklin, Venango County, Pennsylvania, one of the original oil counties, Mr. Lee soon after formed a partnership with Mr. S. C. T. Dodd. In 1875 Mr. Dodd left the firm to become the leading counsel of the Standard Oil Company. In 1879 Mr. Lee was elected to the state senate of Pennsylvania, where he remained eight years, making a hard fight against the rebate system on the railroads and in favor of a free pipe-line bill. It was largely through his efforts that the latter was passed in 1883. Aroused by the hard conditions of the oil producing element, Mr. Lee in 1887 became active in the Producers' Protective Association. It was he who planned the agreement for the shut-down that year, and it was he who later was chiefly instrumental in bringing so large a number of oil men into the independent concerns. He was the first president of the Producers' Oil Company and of the Producers and Refiners' Company, and from 1897 to 1901 was president of the Pure Oil Company. Mr. Lee acts now as the chief counsel of the united companies. His home is in Pittsburg.

Company, and who, when that unworthy scheme failed, had sold their stock to the Standard, thus giving that company its first holdings in the Tidewater.* The independents had forgotten or overlooked this fact for Taylor was a member of the Producers' Protective Association and prominent in its councils.

The special committee, of which Mr. Taylor was chairman, went actively to work. Lawyers were employed to consider the safest form of organization for a company doing an interstate pipe-line business and carrying on refineries. Certain German capitalists, owners of tank steamers and interested in foreign marketing agencies, were brought into the scheme. Things were going well, when suddenly the committee found the chairman cooling towards the enterprise. Then came the rumor that Mr. Taylor and his partners—Mr. Satterfield and Messrs. J. L. and C. McKinney—had sold the Union Oil Company to the Standard. A meeting of the Executive Board was at once called, Messrs. Taylor and J. L. McKinney both being present. They acknowledged the truth of the report and were promptly informed their resignations would be accepted.

The rumor of the secret desertion of strong members of the Producers' Protective Association, while holding positions of trust, soon spread through the Oil Regions. It was

* See McClure's Magazine for January, 1904.

HUGH KING

One of the first refineries to make illuminating oil from petroleum in the vicinity of New York City was that of Thomas McGoey. Mr. McGoey had been making oil from coal, and when petroleum was discovered quickly adapted his works to the new product. In 1867 Hugh King joined Mr. McGoey and the two were active in all of the early refiners' combinations. Mr. King was one of the delegation of New York oil men who, in the summer of 1878, called on Mr. Thomas Scott and Mr. Cassatt and were told that unless they could ship as much oil as the Standard Oil Company they could not have the same rates. In 1889 McGoey and King built the Columbia Oil Works at Bayonne, N. J., and joined Lewis Emery, Jr., in the United States Pipe Line. Mr. King was especially active in the long struggle to carry that line to the seaboard. The concern still keeps its stock in the United States Pipe Line but has never gone into the Pure Oil Company.

CLARENCE WALKER

As a lawyer, located in Butler, Pennsylvania, the heart of the lower oil country, Mr. Walker became interested at the beginning of his professional career in the important legal questions of the contest between the Standard Oil Company and the oil producer. His sympathy was with the latter, and in 1887 he became a member of the Butler Assembly of the Producers' Protective Association. In June, 1891, he helped organize the Producers' Oil Company, Limited, at Bradford, representing there the Butler Assembly as trustee and subscribing for them $60,000 of the capital stock of the new company. Mr. Walker was elected a member of the first board of managers of this company, a position he has held ever since. He succeeded Mr. Wood in 1895 in the board of managers of the Producers and Refiners' Company, and was elected a trustee of the trust stock of the Pure Oil Company at its organization, a position he still holds.

a staggering blow. It took from them one of the largest single interests represented. It deprived them of men of ability on whom they had depended. It introduced a fear of treachery from others. It brought them face to face with a new and serious element in the oil problem—*the Standard as an oil producer.*

Up to 1887, the year of the organization of the Producers' Protective Association, Mr. Rockefeller had not taken his great combination into oil production to any extent, and wisely enough from his point of view. It was a business in which there were great risks, and as long as he could control the output by being its only buyer, why should he take them? Now, however, the situation was changing. A number of sure fields had been developed—Bradford, Ohio, West Virginia. Their value was depressed by over-production. Mr. Rockefeller had money to invest. The producers were threatening to disturb his control by a coöperative scheme. It was certain that he had not yet produced a "harmonious feeling." It was not sure he would. If he failed in that they might one day even shut off his supply of oil as they had done in 1872, and Mr. Rockefeller, with great foresight, determined to become a producer. In 1887 he went into Ohio fields. Soon after he began quietly to buy into West Virginia. When he learned in 1890 from Mr. Taylor and his partners that a coöperative company of producers was on foot he naturally enough concluded that the best way to dismember it was to buy out the largest interest in it. The Union Oil Company saw the advantage of being a member of the Standard Oil Trust and sold. In this one year, 1890, over 40,000 shares of Standard Oil Trust certificates were issued to oil producing companies.*

There was general consternation in producing circles, and if there had not been a number of men in the organization who realized that the life of the independent effort was at stake and who turned all their strength to saving it, the association would undoubtedly have gone to pieces. Chief among these men were Hon. Lewis Emery, Jr., and C. P. Collins, of Bradford, Pennsylvania; Hon. J. W. Lee and David Kirk, of Pittsburg; A. D. Wood, of Warren; Michael Murphy, of Philadelphia; Rufus Scott, of Wellsville; J. B. Aiken, of Washington; R. J. Straight, of Bradford; Roger Sherman and M. W. Quick, of Titusville. They urged an immediate meeting of the General Assembly, at which a plan for coöperative action should be adopted and at once put into force.

On January 28, 1891, the General Assembly convened at Warren, Pennsylvania. The whole miserable story of the coöperative plan which the Executive Board had worked out and its destruction by the desertion of the Union Oil Company came out. It was at once evident that instead of disheartening the Assembly, it was going to harden their determination and spur them to action, that they would not leave Warren until they had something to work on. The session lasted three days, and before finally adjourning it had adopted a drastic plan, framed by a committee of nine of which Mr. Quick was chairman. This plan aimed, so the resolution adopted by the Assembly stated, *to cut off the supplies of the producers' oil from the Standard Trust!* This was to be accomplished by forming a limited partnership whose subscribers should all be trusted members of the Producers' Protective Association (only persons having no affiliation with the Standard Oil Company were members of the Producers' Protective Association, it will be remembered), and which should aim to take care of the crude oil from the wells of the producers who went into the movement, furnish it local transportation, and find a market for it either by building independent refineries or by alliance with those already in existence.

From Warren the delegates went home to work for the new scheme. Hon. J. W. Lee and J. R. Goldsborough, the secretary of the association, at once made a tour of the Oil Regions to explain the project and solicit subscriptions. The response was immediate. In a few weeks over 1,000 producers had subscribed to the new company, which was at once organized as the Producers' Oil Company, Limited, its capital being $600,000.

But it is one thing to organize a company and another to do business. Where were they to begin? Where to set foot? The only thing of which they were sure was a supply of crude oil, and in order to take care of that they began operations by putting up four iron tanks at Corapolis, Pennsylvania, near the rich McDonald oil field. But they must have a market for it, and their first effort was to ship it abroad. At Bayonne, New Jersey, on the border of the territory occupied by the Standard's great plant, stood an independent oil refinery, the Columbia Oil Company. The Columbia has "terminal privileges," that is, a place on the water front from which it can ship oil—an almost impossible privilege to secure around New York harbor. The Producers' Oil Company now obtained from Hugh King, the president of the Columbia, the use of his terminal. They at once had fifty tank cars built and prepared to ship their crude oil, but the market was against them, stocks were increasing, prices dropping. The railroad charged a price so high for running their cars that there was no profit, and the fifty tank cars were never used in that trade. A futile effort to use their crude oil as fuel in Pittsburg occupied their attention for a time, but it amounted to nothing. It was becoming clearer daily that they must refine their oil. The way opened to this towards the end of their first year.

In and around Oil City and Titusville there had grown up since 1881 a number of independent oil refineries. They had come into being as a direct result of the compromise made in 1880 between the producers and the Pennsylvania Railroad, a clause of which stipulated that thereafter railroad rates should be open and equal to all

* For stock of Union Oil Co.	18,249	shares.
" " " Forest Oil Co.	17,378	"
" " " North Penn. Oil Co.	2,647	"
" " " Midland Oil Co.	2,000	"
	40,274	

shippers. The Pennsylvania seems to have intended at first to live up to this agreement, and it encouraged refiners in both the Oil Regions and Philadelphia to establish works. At first things had gone very well. There were economies in refining near the point where the oil was produced, and so long as the young independents had a low rate to seaboard for their export oil they prospered. But in 1884 things began to change. In that year the Standard Pipe Line made a pooling arrangement with the Pennsylvania Railroad, by which rates from the Oil Regions were raised to 52 cents a barrel, an advance of 17 cents a barrel over what they had been getting, and in return for this raise the Standard agreed to give the railroad 26 per cent. of all the oil shipped eastward, or pay them for what they did not get. This advance put the independents at a great disadvantage. In September, 1888, another advance came. Rates on oil in barrels were raised to 66 cents, while rates on oil in tanks were not raised. The explanation was evident. The railroad owned no tank cars, but rented them from the Standard Oil Company. It refused to furnish these tank cars to the independents, but forced them to ship in barrels, and now advanced the price on oil in barrels. This second advance was more than the refiners could live under, and they combined and took their case to the Interstate Commerce Commission, a hearing being given them in Titusville in May, 1889. No decision had as yet been rendered, and they in the meantime were having a more and more trying struggle for life, and their exasperation against the Standard was increasing with each week. When, therefore, the representatives of the Producers' Oil Company proposed a league with the independent refiners they were cordially welcomed.

We have oil in tanks at Corapolis, said the producers, plenty of it, but we have no market. If we build a pipe-line from our tanks to Oil City and Titusville and give you pipeage at fifteen cents a barrel, five cents less than the Standard charges, will you enter into an agreement with us to take our oil for five years? The refiners saw at once the possible future in such an arrangement, and in a short time they had gone individually into a company to be called the Producers and Refiners' Company, with a capital of $250,000, of which the Producers' Oil Company held $160,000, and whose object was the laying of a pipe-line from the fields in which the producers were interested to the refineries at Oil City and Titusville. The new plan was carried out with the greatest secrecy and promptness. Before the Standard men in the region realized what was going on a right of way was secured and the pipe was going down. On January 8, 1893, the first oil was run. Here, then, was the first link in a practical coöperative enterprise—independent producers and refiners of oil joined by a pipe-line of which they were the owners.

While this enterprise was being carried out in Western Pennsylvania, in the northern part of the state a still more ambitious, independent project was under way, nothing less than a double pipe-line, one for refined and the other for crude oil, from the Oil Regions to the sea. This plan had originated with the Hon. Lewis Emery, Jr., one of the most implacable and intelligent opponents Mr. Rockefeller's pretensions have ever met. Mr. Emery sympathized with the idea that there was no way for the producer to get his share of the profits in the oil business except by handling the product entirely himself. In his judgment a pipe-line to the seaboard was the first important link in such an attempt, and in 1891, on his own responsibility, he set out to see what hopes there were of securing a right of way. The Columbia Oil Company, through whom the Producers and Refiners' were exporting, favored such a scheme. It was certain many producers would go into it; but on all sides there was much skepticism about the Standard allowing a line to go through. Mr. Emery's first idea was a line from Bradford to Williamsport, on the Reading road. He consulted the railroad officials. They would be glad of the freight, they told him, and a preliminary contract was drawn up. The contract was never completed. Mr. Emery returned to find out why. "If we give you this contract," the Reading officials told Mr. Emery, "we shall disturb our relations with the Standard Oil Trust. We can not do it."

Turning from the Reading, he projected a new route, a pipe-line from Bradford to the New York, Ontario and Western Railway near Hancock, New York, thence by rail to the Hudson River, and from there by water to New York harbor. The New York, Ontario and Western officials welcomed the proposal. It gave them a new and valuable freight. But the pipes must cross the Erie road near both its terminals. Mr. Emery saw the president of the road. "Yes," the president told him, "we are disposed to assist all progress. Go ahead." Thus encouraged he sent his men into the field to get the right of way. They had made a good beginning before the project was known, but as soon as it was rumored there appeared promptly on the route surveyed a number of men known to be Standard employees. They, too, wanted a right of way, the same Mr. Emery wanted. They bought strips of land across his route, they bought up mortgages on farms where rights had already been acquired, and, mortgage in hand, compelled farmers to give them rights. It was an incessant harassing by men who never used the rights acquired—who did not want them save to hinder the independent project. This sort of hindrance by the Standard was certain, whatever route was taken, and Mr. Emery went ahead undismayed, and in September, 1892, organized his company—the United States Pipe Line Company—with a capital of $600,000. Among the incorporators were representatives of the independents' interests, both in New York and in the Oil Regions, and much of the stock was soon placed in the hands of the men who were interested in the independent concerns described above.

It looked very much as if the United States Pipe Line were to be laid. Now, the strength of the Standard Oil Trust had always been due to its control of transportation. An independent pipe-line, especially to the seaboard, was considered rightly as a much more serious menace to its power than an independent refinery. The United States Pipe Line could not be allowed, and prompt and drastic measures were taken to hinder its work. There is no space here for an account of the wearisome obstructive litigation which confronted the company, for the constant interference, even by force, which followed them for months. It culminated when an attempt was made to join the pipes laid to each side of the Erie tracks near Hancock, N. Y., the eastern terminal of the pipe-line. Mr. Emery, relying on the promise of the Erie's president to allow a crossing, sent his men to the railway to connect the pipes. Hardly had they arrived before there descended on them a force of seventy-five railroad men armed for war. These men took possession of the territory at the end of the pipes and entrenched themselves for attack. The pipe-line men camped nearby for three months, but they never attempted to join the pipes. Mr. Emery had concluded, on investigation, that the Erie officials, like the Reading, had found that it would be unwise to disturb their relations with the Standard, and while his men were keeping attention fixed on that point he was executing a flank movement, securing a right of way from a point seventy miles back to Wilkesbarre, on the Jersey Central. This new movement was executed with such celerity that by June, 1893, the United States Pipe Line had a crude line 180 miles long connecting the Bradford oil fields with a friendly railway, and a refined line 250 miles long connecting the independent refiners of Oil City, Titusville, Warren, and Bradford with the same railway.

With the completion of the refined line a question of vital importance was to be settled : Could refined oil be pumped that distance without deteriorating ? The Standard had insisted loudly that it could not. When the day came to make the experiment an anxious set of men gathered at the Wilkesbarre terminal. They feared particularly that the oil would lose color, but, to their amazement, not only was the color kept, but it was found on experiment that the fire test was actually raised by the extra agitation the oil had undergone in the long churning through the pipes. A new advance had been made in the oil industry—the most substantial and revolutionary since the day the Tidewater demonstrated that crude oil could be pumped over the mountains. This new discovery, it is well to note, was not the work of the Standard Oil Trust, but it was accomplished in the face of their ridicule and opposition by men driven to find some way to escape from their hard dealings.

The success of the United States refined line aroused the greatest enthusiasm among the independent interests. It gave them access to the seaboard and there was immediate talk of a closer union between them. Why should the Producers and Refiners' Pipe Lines not be sold to the United States line and completed to Bradford ? By the spring of 1894 the project seemed certain of realization.

The new movement was serious. Let this consolidation take place and the producers had exactly what they had set out in 1887 to build up—a complete machine for handling the oil they produced. As the undertaking grew in solidity and completeness, the war upon it grew more systematic and determined. It took two main lines. Discrediting the enterprise in the eyes of stockholders so that they would sell the stock to Standard buyers, the object being, of course, to get control of the companies; cutting the refined market until the refiners in the alliance should fail, or, becoming discouraged, sell. The work of discrediting the enterprise was turned over to the Standard organs in the Oil Regions, chief among which is the Oil City *Derrick*. Since 1885 the editor of this interesting sheet has been a picturesque Irishman, Patrick C. Boyle by name. Mr. Boyle's position as editor and proprietor of the *Derrick* is due to the generosity of the Standard Oil Trust, and he has discharged his allegiance to his benefactor with a zeal which, if it has not always contributed to the enlightenment of the Oil Regions, has, materially, to its gaiety. Mr. Boyle now turned all his extraordinary power of vituperation on three of the independents whose activity was particularly offensive to him—Mr. Emery, Mr. Wood, and Mr. Lee—and he went so far that each of the three gentlemen finally sued him for libel. They all got judgments. In Mr. Emery's case, Mr. Boyle, after signing a bond of $5,000 to keep the peace—which bond he was obliged later to pay, with half as much more in costs—published the following retraction:

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.

It is a gratification to the writer to be able to help carry out Mr. Boyle's laudable desire to have this document well circulated!

Although the greater part of the Oil Regions never took Mr. Boyle himself seriously, the conviction that his attacks were inspired, that this was the Standard's way of saying to the producers that their enterprise would not be allowed to live, gave a sinister look to what he said. More damaging still was the quiet confidence with which the solid men of the Standard smiled at the independent effort. What were their puny thousands compared to the millions of the Trust? What was a band of scattered "oil-shriekers" against the cold-blooded deliberation of Mr. Rockefeller's solid phalanx? The oil men were conscious enough of the inadequacy of their capital and their organization, but they hung on, many of them because their blood was up and they preferred to spend their last cent to yielding; others on the principle which Mr. Phillips confesses held him, "that God sometimes chooses the weak things of the world to confound the mighty." Or that "one might chase a thousand, and two put ten thousand to flight."

The efforts which the Standard made to discredit the independent companies and their leaders were accompanied by a persistent, though quiet, attempt of Standard agents to buy in all the stock in the Producers' Oil Company and the United States Pipe Lines which timid, indifferent, or financially embarrassed stockholders could be induced to give up. The movement began to be rumored and caused no little uneasiness in independent circles. How much would the Standard get? What would they do with it? They were soon to find out.

Before the use to be made of the stock developed, however, the Standard turned against the independents the most powerful and cruel weapon it wields—its control of the markets. The refiners were to be driven from the combination. The extent to which cutting was carried on for two years, beginning with the fall of 1893, is clear from a comparison of prices. In January of 1893 crude oil was selling at 53½ cents a barrel and refined oil for export at 5.33 cents a gallon. Throughout the year the price of crude advanced until in December it was 78⅜ cents. Refined, on the contrary, fell and it was actually 18 points lower in December than it had been twelve months before. Throughout 1894 the Standard kept refined oil down;

the average price of the year was 5.19 cents a gallon, in face of the average crude market of 83¾ cents*—lower than in January, 1893, with crude at 53½ cents a barrel!

This much for the New York end of the export business. In Germany, where the export oil of the independents all went, it being handled there by one dealer, Herr Poth, whose depot was Mannheim, on the Rhine, prices were cut at every point which the independent oil reached. It was a matter of life and death to keep the foreign market they had developed, and for twenty months the independent refiners met the demand of their export agents and foreign dealers for lower prices with cut cargoes. For twenty months they lost money on every barrel they sold. Oil was sold by the Titusville refiners as low as 1.98 cents a gallon. The Lewis Emery works at Bradford sold one cargo at 1.07 cents net and many at or below 2 cents. Had it not been for the union with pipe-lines such prices would have been impossible, but all through the struggle in the market the United States Pipe Line and the Producers and Refiners' lines carried oil at cost or below. The pipe-lines were heavily in debt to the Reading Iron Works, but that company stood by them valiantly, extending their notes until the struggle was over and the pipe-lines able to meet them. It is rather interesting to note that this consideration came from the same body of men who, as officials of the Reading Railroad, found it impractical to carry out a contract with Mr. Emery, lest they "disturb their relations with the Standard Oil Trust!"

Such a situation could not go on forever, evidently. It had come apparently to be a question of how long the refiner had money to lose, and, as month after month the independents saw their bank accounts diminishing, and no relief in sight, the courage of a few began to ooze. Finally, late in 1894, a committee of the Western refiners came to New York to consult the Standard. Is there no hope of a better market? Is there any chance for us? None whatever, they were told, except to sell. We will buy the refineries and the stock of the independent concerns, but that is all we can do. The committee came home to report. The situation was hopeless, they said, and as for them they should sell. As they represented three of the largest concerns in the union and all carried stock in the allied enterprise, their withdrawal seemed at the moment a death-blow. It was a glum and beaten body of men which listened to the report, surrender written in every line of their faces.

Now Mr. Lee and Mr. Wood, two active men of the Producers' Oil Company, had been invited to the meeting of the refiners. They realized fully that if the refiners pulled out of the union now the independent effort would, in all probability, go to pieces, and before a vote to sell could be taken Mr. Lee was on his feet. In an impassioned speech he pleaded for one more effort. He pointed out the fact that the abnormal condition of the oil market could not remain, that crude oil was steadily rising, and that no monopoly could permanently hold down a manufactured product in the face of the rising raw product. The Standard had done this for nearly two years—but it was contrary to the laws of nature that they do it for two years more. He told them that already conditions were better in Germany, that Mr. Emery had recently gone with Herr Poth, their foreign buyer, to several members of the German Government, and presented to them the discrimination in prices of oil practised in the Empire, oil from 1½ to 3 cents higher on the Elbe than on the Rhine, at points where freights were the same. He told the refiners of the interest that had been taken by the Government in their case and how they said, "Go home, gentlemen, and this shall stop," and that it had stopped. If criminal underselling is not allowed in Germany, Mr. Lee argued, we can keep our market. He reminded the refiners that it was not merely a business they were establishing; it was a cause they were defending —the right of men to work in their own way without unlawful interference. The honor not only of themselves but of the Oil Regions was at stake. They were struggling for great principles. They were demonstrating that pluck, patience and energy and brains can conquer any combination that ability and unscrupulousness can devise. "Do not give in," pleaded Mr. Lee. "Hold on, and we will go to the producers, lay your plight before them and raise money to keep up the fight."

* The following table shows the variations from 1890 to 1897 in price of crude oil per barrel of 42 gallons, and the price of refined oil per gallon in barrels in New York:

	1890		1891		1892		1893	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
Crude	1.05⅛	67⅛	74⅛	59¼	62½	53¼	53½	78⅜
Refined	7½	7¼	7.42	6.44	6.45	5.45	5.33	5.15

	1894		1895		1896		1897	
	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.	Jan.	Dec.
Crude	80	91⅜	98⅝	1.43⅝	1.45¾	97⅞	88⅛	65
Refined	5.15	5.61	5.87	7.77	7.85	6.35	6.13	5.40

Aroused by his plea, all but three of the independent concerns decided to make another effort if the producers would help them out. In the next few days the leading men of the independent alliance worked with fury to call the Oil Regions into a mass-meeting. They traveled from assembly to assembly exhorting to action; they circulated dodgers announcing the gathering, and finally, in January 1895, ran special trains to Butler, the rallying place. There was no lack of enthusiasm and blunt talk at the Butler mass-meeting. All the bitterness and determination of the Regions poured forth against the Standard, and when the resolution to raise money to form a new company, to be called the Pure Oil Company, its immediate object being to take care of the refiners in the tight place where they were, was put, it went through with a whoop and in a few moments $75,000 had been subscribed. A few days later this sum was raised to $200,000.

The objects of the company as set forth in its prospectus issued at this time were:

> To maintain and uphold the inherent right to do business, the right to transport and market the producer's own product, and his right to the just reward of his labor and capital invested.

Another clause of the prospectus is interesting:

> To prevent any interference of that monopoly which has obtained control of the oil business, the voting power of one-half of the stock of the Pure Oil Company is placed by the owners in the hands of five champions of this right of independence, who are bound by the terms of a permanent trust bond to vote only for such men and measures as shall forever make this company INDEPENDENT, so that no sales of interest will carry with them any power to jeopardize the policy or existence of the Company, or the investments of its remaining members.

The Pure Oil Company had been organized none too soon. It was but a few months after it was well under way before a hurried meeting of the independents was called in New York. With scared faces the members learned that the German dealer, who for four years had been handling 90 per cent. of their export oil, had sold to the Standard marketing concern, the Deutsche-Amerikanische Company. Consternation was great. The independents had depended on the loyalty of Herr Poth as they did on that of each other. He had been enlisted in their cause by Mr. Emery, who, with the tragic earnestness which had characterized his entire struggle for independence, had asked him for an oath of loyalty, and, hand on his heart, Herr Poth had pledged his faith. In every respect he had served them loyally. His desertion was inexplicable and disheartening. Later they learned the truth, that Herr Poth had been informed by what he supposed to be reliable authority that the American independent interests had sold to the Standard. Believing that this would cut off his supply, he had turned over his concern to the Deutsche-Amerikanische. A few weeks later Herr Poth died suddenly. The story goes in independent circles that when he learned the truth he literally died of grief, believing he had perjured himself.

Herr Poth's sale left the independents in serious shape. They had cargoes of oil ready for Europe and no tankage in Europe to take it—nobody there to sell it. A meeting was at once called in Pittsburg to raise money, and in a few days Mr. Emery and Mr. Murphy went abroad, and, as quickly as such work could be done, they secured privileges in Hamburg and Rotterdam to erect tanks and establish marketing stations. The Pure Oil Company was in Europe. Once more the independents had been driven to depend on themselves and once more they had proved sufficient to the emergency. But war was by no means over. With the establishment of the Pure Oil Company came the foreshadowing of a still closer union of the companies. At all hazard this was to be prevented. The Standard determined to play the stock of the Producers' Oil Company and the United States Pipe Line, which it had been picking up quietly. Already one attempt had been made to get into the former concern through one of the most conspicuous and successful producers of the oil country—Colonel John J. Carter, of Titusville, the president of the Carter Oil Company.

Colonel Carter owned 300 shares of Pure Oil Company stock and had been elected a member of it—according to the rules governing limited partnership in Pennsylvania, a stockholder must be elected to membership before he can vote his stock. In February, 1894, when a union of the pipe-lines had first been voted, he suddenly appeared in court and got an injunction against the sale! In the hearings on the injunction there came out a fact in regard to Colonel Carter which aroused a storm of wrath against him among the independents. The Standard Oil Company owned 60 per cent. of the Carter Oil Company! A harder fact was to be digested. On April 11, 1894, the company met in Warren, Pennsylvania. Colonel Carter was present and voted not only his 300 shares but 13,013 more! Where had he got them? There was but one conclusion, and it proved to be true—the 13,013 belonged to the Standard Oil Company. They had been *loaned* to Mr. Carter; there was a form of transfer but no sale, not even a price having been decided on—evidently in the hope that he with a few other stockholders who were disaffected would control the meeting and prevent the union of the pipe-lines. The attempt failed, for the Carter-Standard faction succeeded in getting together only 21,848 shares, while the independents held 30,560. The bitterness over this attack aroused terrible excitement. More than one member of the Warren meeting shouted "traitor" at Colonel Carter, and when the news of what happened reached the Producers' Protective Association, there was a general demand that he be expelled from the Titusville assembly. It was done promptly, Mr. Carter not being given even a hearing.

The Standard took back its 13,013 shares and patiently went on picking up more. By January, 1896, they held 29,764 shares, enough with Colonel Carter's 300 to give them a clean majority. Colonel Carter appeared at 26 Broadway at this opportune moment and offered to buy the stock at 100. Mr. Archbold and his colleagues thought it worth 150. (They are said to have paid as high as 220 for some of it.) Mr. Carter, in his frank colloquial testimony when on the witness stand, described the conversation over the price:

> Mr. Archbold says: "I don't know, John, but what you are asking us to sell that stock too cheap. Don't you think it is worth more money?" I says, "Not to me, it is not." I says, "I am willing to start in on this thing and put it on a paying basis and pay par for it." "Well," he says, "I guess that we will have to think that thing over," and it dropped right there.

There were several interviews between Mr. Archbold, Mr. Rogers, and Mr. Carter. They wanted to know how he proposed to run the Producers' Oil Company if he obtained a majority of the stock. "If I run that pipeline," Mr. Carter reports himself as saying, "I am going to run it according to law and business principles. Any man that wants oil of me and has the money to pay for it shall have it."

"Will you let Mr. Emery have some oil if he wants it?" asked Mr. Rogers. "Yes, I will." "And all the outside refiners?" "Yes, I will. I shall make no discrimination against the outside refiner and in favor of the Standard Oil Company, or vice versa."

The Standard Oil seems to have been convinced that Colonel Carter was their friend—they probably never had any doubt of their ability to manage *him*, and it is evident from the Colonel's testimony that *he* never had any doubt about his own ability to manage both independents and Standard—and the sale was made at 100, Colonel Carter giving his check for $297,640 on the Seaboard Bank.

Stock in hand, Colonel Carter went back to the Oil Regions to take possession. It was not so easy as he anticipated. The secretary refused to transfer the stock. He sought the president, Mr. Lee. What took place Colonel Carter himself told later 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 did." 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. . . . He gave me to understand emphatically that there was not anything except the management of the company by himself and his associates that would be tolerated, and I told him then I was sorry that I would have to go into court and determine my rights in court. That was about all, but it is only fair, furthermore, to say that at the time the Senator was rather warm and I presume I was warm in the collar myself. I stated to him plainly that if there was any attempt to eject me from a legally constituted meeting in which I was there, I would resist it if I killed the man that attempted to put me out.

Mr. Carter's cool announcement that he meant to run the company "from a business standpoint and not from the standpoint of a gadfly"—there seems to be a doubt about its being the producers who had played the part of the gadfly—exasperated the independents to the last degree, and in June, 1896, they met the Colonel in court. His ownership of a majority of the company's stock was admitted, but it was urged by the independents that the Producers' Oil Company was a limited partnership, and that under the Pennsylvania law no one owning stock can become a member without being elected by a majority in number and value of the interests. Colonel Carter had been elected member on only 300 shares. Both the lower and supreme courts sustained the independents, and Colonel Carter found himself an owner of a majority of the concern's stock without the right of control. Under those circumstances neither he nor the Standard wanted the stock and the company bought it below par.

The winning of the Carter case gave encouragement that a similar suit brought by the Standard Pipe Lines against the United States Pipe Line might fail. As already noted, the Standard began to buy into that company as soon as it was under way, and by the summer of 1895 they had collected 2,613 shares. In August of that year the annual meeting of the company was held and the agent of the Standard Oil who had been buying the stock, Mr. J. C. McDowell, presented himself prepared to vote. He was stopped at the door by Mr. Michael Murphy, the present president of the Pure Oil Company, and told emphatically that they considered that he was sent there by the Standard Oil Company to spy on their actions; that, legal or illegal, they would throw him out if he crossed the threshold. Mr. Murphy is well known to be a man of his word, and as he was backed by young and athletic independent stockholders, Mr. McDowell discreetly withdrew. Naturally a suit followed, but this time the independents lost. The United States Pipe Line, being a corporation, was obliged to recognize the Standard interest in the concern and eventually to allow them a director on its board.

The humiliation and disgust over this result shook the independents' interests to their foundation. There perhaps was never a period of more heartbreaking discouragement for many of the men than when they saw their dearest hopes frustrated and a Standard representative in their councils. This defeat came, too, when they were smarting under a continued and intolerable interference by the Standard with the extension of their pipe-lines to the seaboard. That both the crude and refined lines should ultimately reach the sea had, of course, been the intention from the first. But it was not until 1895 that the company felt firm enough in its finances to push this extension. The route laid out was from Wilkesbarre to Bayonne, N. J., by way of Hampton Junction, on the Jersey Central Railroad. By this course two railroads were to be crossed, the Pennsylvania and the Delaware, Lackawanna and Western. Under both of them ran the pipe-lines of the Standard and the Tidewater, and the United States Pipe Line officials believed they had an equal right to go under, but they took it for granted they would be opposed and prepared for it. Looking over the titles of the land along the Pennsylvania, Mr. Emery, the president of the company, who was personally directing the extension, found one for an acre; the owner did not know of his possession and was glad to sell it. This gave the United States people a crossing, but even then they were obliged to carry on a long litigation in the courts before they were free to use their rights.

Coming to the Delaware, Lackawanna and Western they decided to test their position by laying a pipe. It was promptly torn out. A farm over which the railroad passed was then purchased and preparations made to lay the pipe in a roadway under the tracks. As this road was some seventeen feet below the rails, any claim that there was possible danger from the oil seemed feeble. Knowing that the point was watched, Mr. Emery tried strategy. 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.

Deprived of this hope, and condemned to a litigation which was certain to be made as long, as vexatious, and as costly as lawyers could make it, the chief counsel of the United States Pipe Line, Roger Sherman, advised a bold move — to bring suit against the Standard Trust under the Sherman anti-trust law. The summons was issued in July, 1897. A very pretty list of wrongs it was of which the plaintiff complained: the instigation of lawsuits and the causing of injunctions without cause, and solely for the purpose of preventing the independent line from doing business; the publishing of libelous matter concerning the company and its officers in newspapers controlled by the trust; engaging bodies of men to tear up parts of pipe-line already laid; enticing away from the enterprise officers, agents, and employees; chartering or purchasing any vessels carrying independent oil, solely for the purpose of interfering with the independent market; intimidating merchants by threats of underselling until they refused to buy the oil contracted for; criminal underselling solely for destroying the plaintiff's markets.

It was a serious case Mr. Sherman made out, and the evidence he collected was elaborate and detailed. But, for a reason, it was never to come to trial. Less than two months after the summons was issued, Mr. Sherman died suddenly in New York City. The shock of his death was such that the independent companies had no heart for the suit, but allowed it to lapse.

There was nothing now but the slow course of Jersey justice for the United States Pipe Line, and for four long years it dragged itself through the courts. Twice it won, but at last, in 1899, the decisions of the lower courts were reversed and the pipe-line had to come up. Ordered out of New Jersey, the independents had to turn back to Pennsylvania. In that state there is a free pipe-line bill. Philadelphia is a shipping point. Luckily for the company, Mr. Murphy had some time before this, and in anticipation of a defeat in New Jersey, bought on his own responsibility the land for a terminal at Marcus Hook, on the Delaware. This terminal he now sold to the company at the nominal price he had paid for it, and the United States Pipe Line was started again from Wilkesbarre to the sea. Finally, on May 2, 1901, after nine years of struggle in the face of an interference intolerable and unjust, after a quarter of a million dollars spent in litigation, in useless surveys, in laying and pulling up pipes, in loss of business, the first refined oil ever piped from the Oil Regions to the seaboard reached Philadelphia.

Mr. Emery, in telling his story of the difficulties of the United States Pipe Line to the Industrial Commission in 1899, did not hesitate to attribute them to the Standard Oil Trust. Mr. J. D. Archbold made a "general denial": "We have not at any time had any different relations with reference to any obstruction or effort at obstruction of their line *than would attach to any competitor in a* *line of business engaging against another.*" "We asked our friends on the railroad and in the New Jersey legislature to look after our interests, of course," a Standard official told the writer in discussing this case, "That was our right." Mr. Boyle, the editor of the *Derrick*, took the stand before the Industrial Commission that the Standard Oil Trust's opposition to the United States Pipe Line was merely fair competition, as justifiable as offering a higher price for land which your competitor is after.

From the Standard point of view it is evident that all this is legitimate business. They do not wish the United States Pipe Line to reach New York. They say to their friends of the Delaware, Lackawanna and Western and in the legislature of New Jersey: "These people are our competitors." Apparently neither the Delaware, Lackawanna and Western nor the New Jersey legislature can afford to forget who are the competitors of the Standard Oil Trust. When the case becomes public and clamor is raised against such methods, the Standard disclaims all responsibility. It was the railroad who fought the pipe-line!

It was not only from without that trouble came upon these men. There were the inevitable internal struggles. They saw their stockholders diminish from discontent and timidity. One of their staunchest members withdrew because of his disbelief in the wisdom of a majority action, and twice they were robbed by death of their most valued members. In December, 1895, A. D. Wood, of Warren, died. Mr. Wood had been one of the most inspiring members in the independent work and there was nobody left who could do what he had been doing then. In 1897, the chief counsel, Roger Sherman, died. He had conducted the enormous and vexatious litigation of the various concerns with consummate skill and there was nobody to take his place. Mr. Emery, overwhelmed by the death of Roger Sherman, and worn out by his six years of work and worry over the United States Pipe Line, fell ill and was obliged to resign. On every side it was fight and loss and despair, and yet these men hardened under it. Not only hardened; they expanded. Ten years after the unorganized uprising which brought them together in 1887 and forced from them the resolution to take care of their own product, what had they? A company of nearly six hundred individual oil producers organized on a business basis and connected by pipe-lines with some dozen individual oil refineries. For transporting this oil they had pipe-lines carrying both crude and refined from the Oil Regions to within fifty miles of the sea, and for markets they had those they had themselves worked up in the United States and Europe. They had something more. In spite of the continued hostility of the Standard they had the conviction that there was a future for their venture; but they saw clearly that to realize it they must get themselves into still more compact form—that their holdings must be put into the hands of trustees in a single company if they were to be free from the danger of the eventual dominance of the Standard. Now in November, 1895, as we have seen, the independents had incorporated in New Jersey a marketing concern called the Pure Oil Company. After months of discussion it was decided to enlarge the capital of this company to $10,000,000, $2,000,000 in preferred and $8,000,000 in common stock, and put into this concern all their interests. There was opposition to the consolidation from some of the strongest interests concerned, but finally the idea prevailed and in 1900 a majority of the stock of the Producers' Oil Company, the Producers and Refiners' Company, and the United States Pipe Line were turned over to the Pure Oil Company.

The purpose of the combination was frankly stated to be the maintenance of the independence of the company. This was to be effected in the following way: the holders of 16,000 shares of stock—more than a majority—vested the voting power of these shares in fifteen persons for twenty years, and it was agreed that one-half of all shares thereafter subscribed should be transferred to those same trustees. Shares can be sold and transferred, but this transfer does not give the purchaser any right other than provided in the trust agreement. Any trustee may be summarily removed by three-fifths of the trustees together with three-fifths of the shareholders in trust. It certainly looks as if the Pure Oil Company had devised an organization which would effectually preserve its independence so long as its shareholders desired that independence.

Mr. Archbold, in describing this voting trust of the Pure Oil Company to the Industrial Commission, called it "iniquitous." It is difficult to understand just how it is iniquitous, unless it is because of its success so far in keeping the Standard out of its councils. It is not a secret arrangement. It aims at no monopoly, at no restraint of trade. It claims only the right to handle its own product. Of course, if we admit that the oil business belongs to the Standard, as Mr. Rockefeller claims, then the Pure Oil Company is certainly in the wrong!

As it stands to-day, the independents have a good showing for their fight. They have fully 900 stockholders, most of them producers. They handle a daily production of 8,000 barrels of crude oil; operate 1,500 miles of crude pipe-line and 400 miles of refined; are allied with some fourteen refineries, in some of which all the by-products of oil, as well as naphtha and illuminating oils, are produced; own one tank steamer, the "Pennoil," with a capacity of 42,000 fifty-gallon barrels, and charter several others; own oil barges on the Rhine, the Elbe, and the Baltic; have fully equipped stations in Europe at Hamburg, Mannheim, Riesa, Stettin, and Dusseldorf, in Germany; Rotterdam and Amsterdam, Holland; London and Manchester, England; and, in the United States, New York and Philadelphia. With conservative and loyal management there seems to be no reason that the Pure Oil Company should not become a permanent independent factor in the oil business. Such a thing is worth the best efforts of the men who have made it. Their courageous and persistent struggle no doubt seems to most of them as of purely personal and local meaning. All they asked was to get a fair share of the profits in their business. They knew they did not get it and they believed it was because there was not fair play on the part of the railroads and the Standard Oil Company. Aroused, they each fought for the particular thing which would give them relief. They only combined because driven to. They have become a strong organization almost solely because of the persistent opposition of the Standard Oil Trust. The Standard's efforts to break up the Producers' Protective Association by buying out the biggest producers precipitated a coöperative company for handling oil. Its efforts to drive out the independent refineries by the manipulation of the railroads drove the producers and refiners to combine. The heavy charges for handling oil by the Standard pipe-line and by the railways drove these independents to build a seaboard pipe-line for both refined and crude, and to demonstrate that refined as well as crude could be pumped to the sea in pipes. The buying out of their foreign agents forced them to develop their own market in Europe. The secret buying in of their stock and the combined effort to force Standard directors on them compelled them into their present close trust organization. It looks very much as if in trying to make way with several small scattered bodies Mr. Rockefeller had made one strong, united one.

There are many significant lights thrown on the Standard Oil Trust by this struggle of the Pure Oil Company, lights of national importance. There is the conception of legitimate business which Mr. Rockefeller's concern holds to-day—for this struggle, it should be noted, is contemporaneous. It does not seem to be much of an improvement in ethical quality on that of buccaneering times. It legitimatizes interference by pick and bludgeon, hot water and live coals. There is that widespreading power over transportation—a power which no interstate commerce regulation can ever hope to touch—which at a mere intimation, suavely and quietly given, will compel the presidents of railroads to retract their promises—"lest they disturb their relations with the Standard Oil Trust." There is that even more ominous power over legislatures. "We said to our friends in the New Jersey legislature, that these gentlemen (who wanted a free pipe-line bill) were our competitors," and a bill favorably reported disappears with a Senator into the West! There is that most alarming of all commercial forces—the power over markets which any concern controlling over 70 per cent. of a commodity has—a power which the independents felt at every point of Europe or America where they touched, and which could utterly force them out of existence if applied with the same system and vigor with which it has been applied at various periods in the history of the oil business. Altogether, this story shows a combination of powers of such variety, subtlety, and strength that the most conservative may well ask whether it is wise to allow them to any body of men. Certainly such sweeping powers have long ago been taken away from statesmen and churchmen. It seems reasonable to ask whether it is safer to allow them to men inspired only by greed and love of the game than to those who, to a degree at least, are inspired by public interest or the advancement of religious ideas.