

MEMORIAL TO EDWIN L. DRAKE AT TITUSVILLE, PENNSYLVANIA.

This memorial was unveiled in 1901. Drake drilled the first artesian well for oil on Oil Creek in 1859. He is popularly called the discoverer of oil, although oil had been obtained from artesian wells many years earlier not in paying quantities, however.



THE HISTORY OF THE STANDARD OIL COMPANY

BY

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AUTHOR OF "THE LIFE OF LINCOLN"

ILLUSTRATED WITH PHOTOGRAPHS

CHAPTER EIGHT

THE GREAT CONSUMMATION

TO an outsider the situation which confronted Mr. John D. Rockefeller in the spring of 1879 does not seem to have been altogether satisfactory. By seven years of persistent effort he had worked out a well-conceived plan for controlling the oil business of the United States. Another year and he had reason to believe that the remnant of refiners who still rebelled against his intentions would either be convinced or dead and he could rule unimpeded. But here at the very threshold of empire

a certain group of people, "people with a private grievance," stood in his way. "You have taken deliberate advantage of the iniquitous practices of the railroads to build up a monopoly," they told him. "We combined to overthrow those practices so far as the oil business was concerned. You not only refused to support us in this contention, you persuaded or forced the railroads to make you the only recipient of their illegal favors; more than that, you developed the unjust practices, forcing them into forms unheard of before. Not only have you secured rebates of extraordinary value

on all your own shipments, you have persuaded the railroads to give you a commission on the oil that other people ship. You are guilty of plotting against the prosperity of an industry." And they indicted him with eight of his colleagues for conspiracy.

Initial Error of the Oil Men

The evidence on which the oil men based this serious charge has already been analyzed in this history. At the moment they brought their suit for conspiracy what was their situation? They had several months before driven the Commonwealth of Pennsylvania to bring suits against four railroads operating within its borders and against the Standard Pipe Lines for infringing their duties as common carriers. Partial testimony had been taken in the case against the Pennsylvania Road and in that against the United Pipe Lines. These suits, though far from finished, had given the

Producers' Union the bulk of the proof on which they had secured the indictment of the Standard officials for conspiracy. Now, since the railroads and the pipe lines were the guilty ones—that is, as it was they that had granted the illegal favors and as they were the only ones that could surely be convicted, it seems clear that the only wise course for the producers would have been to prosecute energetically and exclusively these first suits. But evident as the necessity for such persistency was, and just after Mr. Cassatt had startled the public and given the Union material with which it certainly in time could have compelled the Commonwealth to a complete investigation, the producers interrupted their work by bringing their spectacular suit for conspiracy—a suit which perhaps might have been properly instituted after the others had been completed, but which, introduced now, completely changed the situation, for it gave the witnesses from whom they



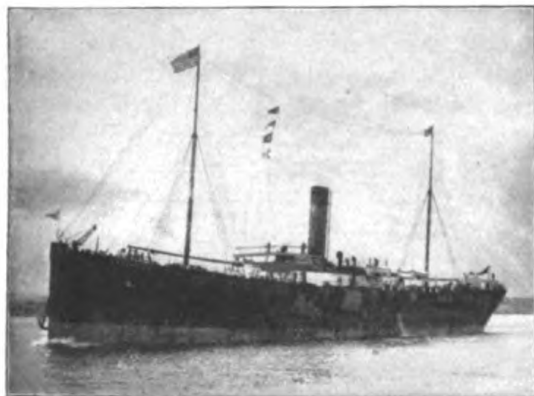
ROGER SHERMAN

Mr. Sherman was the chief counsel for the Producers' Union from its organization in 1878 to its final adjournment in 1880. He came to the Oil Regions in 1865. In 1868 he drew and procured the passage of a law giving to laborers upon oil mining leaseholds a lien for their work and materials. In 1876 he secured the passage of a law which put the pipe line business under strict regulations. He was one of the persons most active in securing the passage by Congress of a law regulating commerce among the States, and helped draw up the original measure. A few months after the settlement of the producers' suits in 1880 Mr. Sherman accepted a position as one of the attorneys of the Standard Oil Company. He remained with the company five years, when he became again the counsel of the oil producers, remaining associated with them until his death in New York City in 1897.



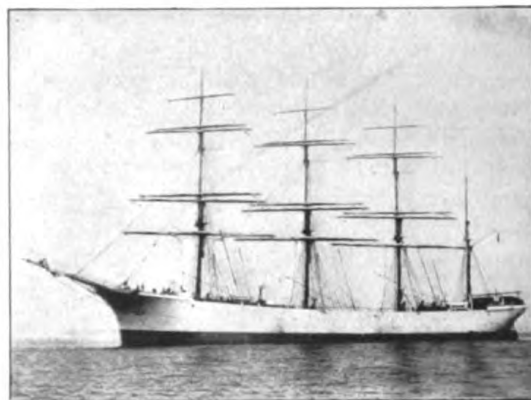
E. G. PATTERSON

Mr. Patterson first came to the Oil Regions about 1865. He was chosen by the delegation of oil men at the time of the oil war to present their case to the railroad presidents. In all legislation devised by the producers to better their condition he was active. He assisted in drafting the Inter-State Commerce bills of 1876 and 1880, and he advocated both before Congressional committees. It was he who worked up the cases against the railroads in 1878 and 1879. When the Producers' Union, in April, 1879, proposed to bring a suit for conspiracy against the Standard Oil Company, Mr. Patterson saw clearly the folly of the move and opposed it strenuously. The year after the suits were settled Mr. Patterson assisted the State of Pennsylvania in a suit for taxes brought against the Standard Oil Company. On the settlement of these suits he came to an understanding with the Standard, and has since been in its employ.



THE "TUSCARORA"

Standard tankship, the largest in the world, carrying 2,500,000 gallons.



THE "BRILLIANT"

Standard sailing vessel carrying oil packages between New York and the Orient.

were most anxious to hear a loophole for escape.

The Standard's Waiting Game

For instance, the officials of the Standard Pipe Lines had been instructed to appear on the 14th of May (1879) to answer questions which earlier in the trial they had refused to answer "on advice of counsel." Now the president of the United Pipe Lines, J. J. Vandergrift, and the general manager, Daniel O'Day, were both included in the indictment for conspiracy. The evening before

the interrogatory the producers' counsel received a telegram from the Attorney-General of the State, announcing that the pipe line people were complaining that the testimony which they would be called on to give on the morrow would be used against them in the conspiracy trial,—as it undoubtedly would have been—and that he thought it only fair that their hearing be postponed until after that suit. And so the defendants gained time—the chief desideratum of defendants who do not wish to fight.

Soon after, the conspiracy case was again used to excellent advantage by the Standard people in the investigation which was being conducted in New York before the Hepburn Commission. Mr. Bostwick, the Standard oil buyer, whose order to buy immediate-shipment oil only at a discount had been one of the oil men's chief grievances for a year and a half, was summoned as a witness: but Mr. Bostwick too was under indictment for conspiracy, and when the examiners began to put questions to him which the producers were eager to have answered, he asked: "How can I, a man soon to be tried for conspiracy, be expected to answer these questions? I shall incriminate myself." He was sustained in his plea, and about all the Hepburn Commission got out of him was: "I refuse to answer lest I incriminate myself." This, then, was the first fruit of the producers' hasty and vindictive suit. It had shut the mouth of the important Standard witnesses.

Folly of Letting Off the Railroads

Discouraging as this discovery was, however, there was no reason why the suits against the railroads should not have been



HENRY M. HOYT

Governor of the State of Pennsylvania from November, 1878, to 1883.

pushed through, and the testimony the officials unquestionably could be made to give, now that Mr. Cassatt had set the pace, have been obtained. But the Producers' Union had lost sight for the moment of the fact that the fundamental difficulty in the trouble was the illegal discriminations of the common carriers. The Union was so much more eager to punish Mr. Rockefeller than it was to punish the railroads, that in bringing the suit for conspiracy it was even guilty of leniency towards the officials of the Pennsylvania. Certainly, if there was to be an indictment for conspiracy, all the supposed conspirators should

ing roads had been forgotten. Naturally enough, the railroads took advantage of these signs of leniency on the part of the producers and brought all their enormous influence to bear on the State authorities to delay hearings and bring about a settlement. The Pennsylvania secured delays up to December, 1879, and then the Governor ordered the Attorney-General to stop proceedings against the road until the testimony had been taken in the other four cases; that is in the cases against: (1) the United Pipe Lines; (2) the Lake Shore and Michigan Southern, (3) the Dunkirk, Allegheny, and Pittsburg, and (4) the Atlantic and Great



FIGHTING AN OIL FIRE

have been included. It was by discriminations clearly contrary to their charter and to the constitution of the State that the Pennsylvania Railroad had made it possible for Mr. Rockefeller to achieve his monopoly in Pennsylvania. The Union had proof of these rebates, but they let off Mr. Scott and Mr. Cassatt because "they professed the greatest desire to get rid of Standard domination, and were loudly asserting that they had been victimized and compelled at times to carry oil freights at less than cost."* Evidently the fate of the settlement the oil men had made seven years before with Mr. Scott and the presidents of the other oil-bear-

* A History of the Organization, Purposes, and Transactions of the General Council of the Petroleum Producers' Union, 1880.

Western. It was a heavy blow to the Union, for at the moment its hands were tied by the conspiracy case, as far as the United Pipe Lines were concerned, and the three railroads were foreign corporations, only having branches in Pennsylvania, and accordingly very difficult to reach. The testimony could have been obtained, however, if the Union had been undivided in its interests. It would have been done, of course, if the State authorities had been willing to do what was their obvious duty. But the State authorities really asked nothing better than to escape further prosecution of the railroads. The administration was Republican, the Governor being Henry M. Hoyt. Mr. Hoyt had been elected in



SAMUEL C. T. DODD

Since 1875 the chief solicitor of the Standard Oil Company has been Mr. Dodd. A native of Franklin, Pa., he began the practice of law in his native town in 1859, and, of course, was familiar with all the legal phases of the oil business from its birth. In 1874 he was a delegate to the last Constitutional Convention of Pennsylvania, and in that convention made an eloquent and stirring address against the practice of railroad discriminations which were so interfering with the oil industry. The work for which he is best known in legal circles is the Standard Oil trust agreement of 1882. Mr. Dodd has published several able pamphlets defending the trust principle.

the fall of 1878 and so had inherited the suits from Governor Hartranft. He was pledged, however, to see them through, for before the election the Producers' Union had addressed several pertinent questions to him. Governor Hoyt's answers were eminently satisfactory:

What Governor Hoyt was Pledged To

There were provisions in the Constitution, he wrote, "intended to compel the railroads and canal companies of the State to the performance of their duties as common carriers with fairness and equality, without discrimination, to all persons doing business over their lines. This policy is just and right.

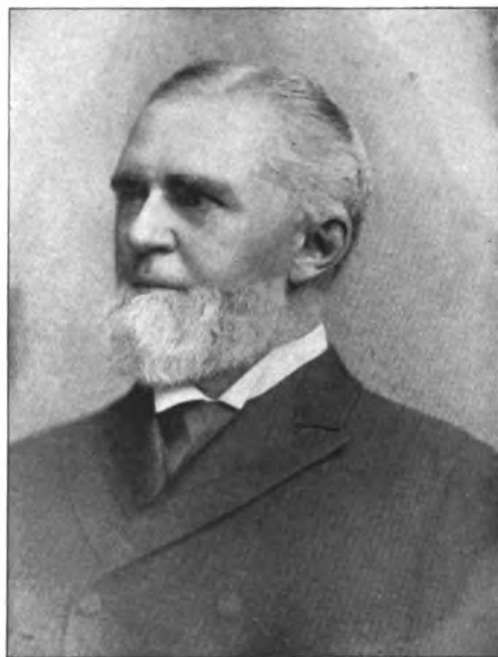
"If called to a position requiring official action, I would recommend and approve any legislation necessary and appropriate to carry into effect the sections of the Constitution referred to.

"It would be my duty, if elected, to see that no citizen, or class of citizens even, were subjected to

hardship or injustice in their business, by illegal acts of corporations or others, where relief lay within Executive control. Any proper measures or legislation which would effectually remedy the grievances set forth in the memorial addressed to Governor Hartranft would receive my recommendation and approval.

"It would be my duty, if elected, to select only such officers as would enforce obedience to the Constitution and laws, both by corporations and individuals, without fear or favor, and all such officers would be held by me to strict accountability for the full and prompt discharge of all their official duties."

Governor Hoyt had indeed begun the suits, all of the testimony in regard to the Pennsylvania having been taken in his administration. This testimony must have proved to him that the transgressions of the road had been far more flagrant than anyone dreamed of—that they had amounted simply to driving certain men out of business in order to build up the business of certain other men. His evident duty, as his letter to the producers shows clearly



JABEZ A. BOSTWICK

Like most of the men prominent in the Standard Oil Company, Mr. Bostwick started out for himself when still a boy. After serving for several years as a clerk he became a dealer in cotton in Cincinnati. In 1866 he went to New York City, where he established the firm of Bostwick & Tilford. Petroleum by this time had become an important commodity, and this firm became receivers of oil. In a short time Mr. Bostwick had risen to the position of a leading buyer of the Oil Regions. In 1872 he went into the South Improvement Company. After the breaking up of that organization he allied himself with Mr. Rockefeller, and from that time on was associated with all the ventures of the Standard Oil Company. Mr. Bostwick was also interested in many large outside business ventures. He died in 1892.

enough that he realized, was to push the suits against the railroads even if the oil men entirely withdrew, but instead of that it became evident in the spring that he was using every opportunity to delay. Indeed, one reason the producers gave for bringing the conspiracy suit was that it would give the State authorities a scapegoat; that they would gladly act vigorously against the Standard if they were let off from prosecuting the Pennsylvania. Governor Hoyt now availed himself fully of the vacillation of the Union towards the railroads, using it as an excuse for not prosecuting the railroad cases.

But if the producers were half-hearted towards the railroads, they were whole-hearted enough towards the Standard. In spite of the fact that they had gotten in their own way, so to speak, by bringing their conspiracy suit, they felt convinced that they had material enough to win it on, and they sought the extradition of the non-residents who had been indicted.

What Governor Hoyt Did

Early in June Governor Hoyt was called upon to issue a requisition for the extradition of John D. Rockefeller, William Rockefeller, H. M. Flagler, J. A. Bostwick, Daniel O'Day, Charles Pratt, and G. W. Girty. A full argument was made before the State officials, but a decision was deferred repeatedly. Finally, worn out with waiting, Mr. Campbell, in a telegram to the Governor on July 29th, threatened, if there was longer delay, to make his request for extradition through the public press. The answer from Harrisburg was that the Attorney-General was sick and could not attend to the matter. Mr. Campbell wired back that he was tired of "addition, division, and silence," and he sent out the following letter:

FAIRFIELD, July 31, 1879.

To His Excellency HENRY M. HOYT,

Governor of the Commonwealth of Pennsylvania.
SIR:—On behalf of the Producers of Oil, whom I represent as President of their General Council, I most respectfully ask a decision at your hands, of the requisition on the Governor of the State of New York, for the surrender of the officers of the Standard Oil Company, indicted by the Grand Jury of Clarion County, and now believed to be within the limits of the State of New York.

The case was exhaustively argued before you, more than four weeks ago, and the great oil interest which I have the honor to represent has a right to a prompt decision on this vital question. If these parties—who for their own profit and its ruin control Pennsylvania's most valuable product, and



BENJAMIN B. CAMPBELL

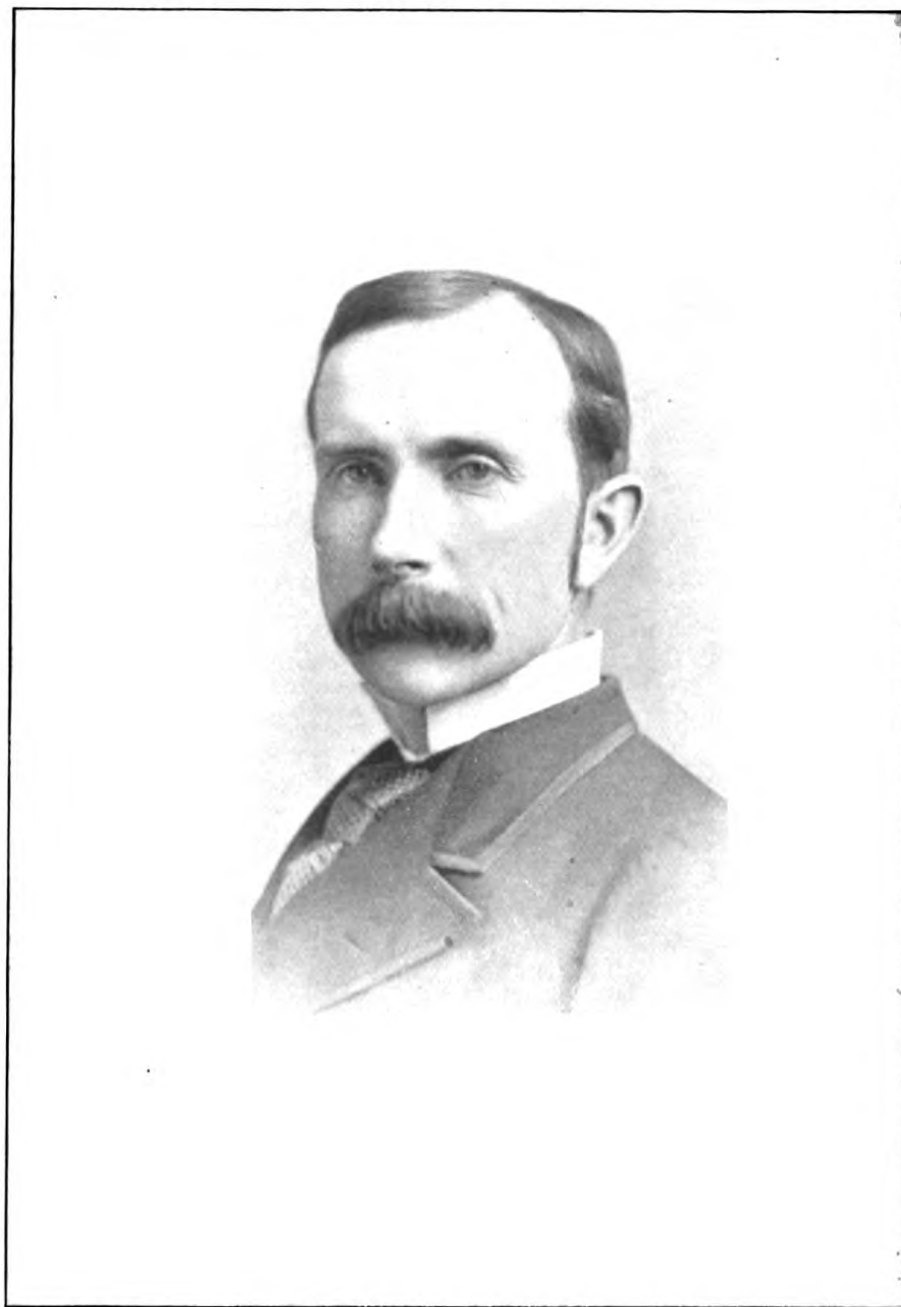
Mr. Campbell, who was a Pittsburger, first became interested in oil producing in West Virginia in 1860. In 1871 he entered the Butler field, north of Pittsburg, and soon became one of its leading producers. Mr. Campbell was one of the two men whom Colonel Potts chose in 1877 to work up an alliance of independent oil men with the Pennsylvania Railroad, and it was on the failure of this scheme that the Petroleum Producers' Union, with Mr. Campbell as president, arose.

compel its greatest carrier to undertake their warfare and to do their bidding at the sacrifice of its innocent stockholders—can, under the plea of being "aliens," defy the law of Pennsylvania and laugh at our impotent attempts to reach them, the sooner it is known the better. It is possible that if we are denied protection within the limits of our own Commonwealth, we may obtain justice by appealing to the Courts of a sister State, where at least the defendants will be obliged to admit that they are residents.

YOUR obedient servant, B. B. CAMPBELL,
President of Producers' Council.

The Governor remained obdurate, nor was the request ever granted. In a message sent out in January, 1881, Governor Hoyt gave a review of the case—as he was compelled to do, so great was the popular criticism of his course in not pushing the suits and in refusing the request for extradition—in which he attributed his refusal to the negotiations begun between the railroads and the Producers' Union.

"The details of these negotiations, of course, need not, and did not, reach the office of the



JOHN DAVISON ROCKEFELLER IN 1880

FROM A HITHERTO UNPUBLISHED PHOTOGRAPH BY SARONY

In 1880 Mr. Rockefeller, with eight of his colleagues, was under an indictment for conspiracy, on a charge brought by the independent oil men of Pennsylvania.

Executive department," he said. "As a part of them, however, requests were presented in the interest of the petitioners (the Producers' Union) to the Governor, not to issue the requisitions, followed again by requests that they be allowed to go out. Finding that the highest process of the Commonwealth was being used simply as leverage for and against the parties to these negotiations between contending litigants, and that, however entire and perfect might have been the good faith in which the criminal proceedings in Clarion County had been commenced, they were being regarded and treated as a mere make-weight in the stages of private diplomacy, I deemed it my duty, in the exercise of a sound discretion, to suspend action on the requisitions."

The writer has examined all the private correspondence which passed at this time between the litigants, but finds no proof of Governor Hoyt's statement that the Union at one time ceased its demands for Mr. Rockefeller's extradition.

Mr. Rockefeller's Waiting Game

The conspiracy suit had been set for the August session of the Clarion County (Penn.) Court. When August came the Standard sought a continuance, and it was granted. The delay did not in any way discourage the producers, and when Mr. Rockefeller became convinced of this he tried conciliation. "Come, let us reason together," has always been a favorite proposition of Mr. Rockefeller. He would rather persuade than coerce, rather silence than fight. He had been making peace overtures ever since the suits began. The first time was in the fall of 1878, soon after they were instituted, when he sent the following letter to Captain Vandergrift:

Capt. J. J. VANDERGRIFF.

MY DEAR SIR:—We are now prepared to enter into a contract to refine all the petroleum that can be sold in the markets of the world at a low price for refining. Prices of refined oil to be made by a joint committee of producers and refiners, and the profits to be determined by these; profits to be divided equitably between both parties. This joint interest to have the lowest net rates obtainable from railroads. If your judgment approves, you may consult some of the producers upon this question. This would probably require the United Pipe Lines to make contracts and act as a clearing house for both parties.

Very respectfully yours,
J. D. ROCKEFELLER.

Captain Vandergrift handed the letter to the executive committee of the Producers' Union. It was returned to him without a reply. The producers had tried an arrangement of this kind with Mr. Rockefeller's National Refiners' Association in 1872 and

1873 and it had failed. The refiners had thrown up their contract when they found they could get all the oil they wanted at a lower price than they had contracted to pay the Producers' Union, from men who had not gone into that organization. The oil country was familiar, too, with the case of the H. L. Taylor Company, whose complaint against the Standard was printed in the May instalment of this History. Contracts of that sort were never meant to be kept, they declared. They were meant as "sops, opiates."

In November, 1878, after the testimony which had been brought out by the suit against the United Pipe Lines had been pretty well aired in the New York *Sun* and other papers, and one or two private suits against the railroads were creating a good deal of public discussion, an effort to secure a conference between the representatives of the Union and the Standard officials was made. The Union refused to go into it officially. A meeting was held, however, in New York on November 29th, at which several well-known oil men were present. It was announced to the press in advance that it was to be an important but secret meeting between the oil producers, refiners, and Standard men, that its object was to settle all grievances, and to secure a withdrawal of the impending suits. As soon as the news of this proposed meeting reached the Oil Regions, the officials of the Union promptly denied their connection with it.

Although these early efforts to get a wedge into the Producers' Union and thus secure a staying of the suits had no results, the Standard was not discouraged—it never is: there is no evidence in its history that it knows what the word means. Not being able to handle the Union as a whole, the Standard began working on individuals. By March, 1879, the idea of a compromise had become particularly strong in Oil City. Indeed, one of the several reasons advanced for bringing the conspiracy suits was that such a proceeding would defeat the efforts the Oil City branch was making to bring about a settlement with Mr. Rockefeller.

Accordingly, when it became apparent to Mr. Rockefeller in the fall of 1879 that the producers meant to fight through the conspiracy suit, though they might dally over the others, he notified Roger Sherman,

counsel for the Union, that he wished to lay a proposition looking to a settlement before him. The president, Mr. Campbell, was in favor of receiving the proposition. "I have no idea they will present anything we can accept," he wrote Mr. Sherman. "Still it will furnish a first-rate gauge to test how badly they are scared." And the Standard was told that the Union would consider what they had to offer. "But it is a serious question—this of settlement," replied Mr. Rockefeller. "Our trial is set for October 28th. We cannot get ready for that and prepare a proposition too. Why not postpone the trial?" This was done—December 15th being set. But no proposition was made to the producers for over six weeks—then they were asked to meet the Standard men on November 29th in New York City. Piqued at the delay, the producers informed the Standard that they could no longer consider their proposition and that the trial would be pushed.

Concessions by the Standard

But again the Standard secured delay—this time by petitioning that the case be argued before the Supreme Court of the State. They declared that such was the state of public feeling in Clarion County that they could not obtain justice there. They charged the judges with bias and prejudice, declared secret societies were working against them, and called attention to the civil suits which were still hanging fire. Over this petition serious trouble arose in court—there was a wrangle between the judge and the Standard's counsel. The newspapers took it up—the whole State divided itself into camps, and the case was again postponed, this time until the first of the year. Postponement obtained, compromise was again proposed, upon the basis of the abandonment of all those methods of doing business which the producers claimed injured them, and as a mark of their sincerity the United Pipe Lines on December 24, 1879, issued an order announcing the abandonment of immediate shipment throughout the region. A meeting between the legal advisers of the two parties to discuss the proposed terms was arranged for January 7, 1880, at the Fifth Avenue Hotel in New York City—the very time to which the trial of the case for conspiracy had been postponed. It was hardly to be expected that when the producers'

counsel was coquetting with the Standard in New York their trial in Clarion County would be pushed very briskly. It was not. There was a hitch again, and for the fourth time proceedings were stayed. The conferences, however, went on.

These negotiations with the Standard continued for a month, and then, early in February, Mr. Campbell, the president of the Union, called a meeting of the Grand Council for February 19, 1880, in Titusville, Pennsylvania. For several weeks the Oil Regions had known that President Campbell and Roger Sherman, the leading lawyer of the Union, were in conference with the Standard officials. It was rumored that they were arranging a compromise, and it was suspected that the meeting now called was to consider the terms. Naturally, the proposition to be made was looked for with suspicion and curiosity. The meeting was the largest the Grand Council had held for many months. It was supposed to be secret, like all gatherings of the Union, but before the first session was over the word spread over the Oil Regions that Mr. Campbell had brought to the meeting contracts with both Mr. Rockefeller and Mr. Scott, and that they were receiving harsh criticism from the Grand Council. The very meager accounts which exist of this gathering, historic in oil annals, show that it was one of the most exciting which was ever held in the country, and one can well believe this when one considers the bitter pill the council was asked to swallow that day. Mr. Campbell began the session by reporting that all the suits at which they had been laboring for nearly two years had been withdrawn, and that in return for their withdrawal the Standard and the Pennsylvania Railroad officials had signed contracts to cease certain of the practices of which the producers complained.

The Oil Men Compromise

The Standard contract which Mr. Campbell then presented pledged Mr. Rockefeller and some sixteen associates, whose names were attached to the document, to the following policy:

1. They would hereafter make no opposition to an entire abrogation of the system of rebates, drawbacks, and secret rates of freight in the transportation of petroleum on the railroads.
2. They withdrew their opposition to secrecy in rate making—that is, they promised that they would not hereafter receive any rebate or drawback that the railroad company was not at liberty to make known and to give to other shippers of petroleum.

3. They abandoned entirely the policy which they had been pursuing in the management of the United Pipe Lines—that is, they promised that there should be no discrimination whatever hereafter between their patrons; that the rates should be reasonable and not advanced except on 30 days' notice; that they would make no difference between the price of crude in different districts excepting such as might be properly based upon the difference in the quality of the oil; that they would receive, transport, store, and deliver all oil tendered to them, up to a production of 65,000 barrels a day. And if the production should exceed that amount they agreed that they would not purchase any so-called "immediate shipment" oil at a discount on the price of certificate oil.

4. They promised hereafter that when certificates had been given for oil taken into the custody of the pipe lines, that the transfer of these certificates should be considered as a delivery of the oil, and the tankage of the seller would be treated as free.

The Conspiracy Suits Dropped

Mr. Rockefeller also agreed in making this contract to pay the Producers' Union \$40,000 to cover the expense of their litigation. In return for this money and for the abandonment of secret rebates and of the pipe line policy to which he had held so strenuously, what was he to receive?—He was not to be tried for conspiracy. And that day, after the contract had been presented to the Grand Council, Mr. Campbell sent the following telegram:

TITUSVILLE, February 19, 1880.

To His Excellency HENRY M. HOYT,
Governor of the Commonwealth of Pennsylvania.

SIR:—As prosecutor in the case of the Commonwealth vs. J. D. Rockefeller, No. 25, April Sessions of Clarion County, I consent to the withdrawal of the requisition asked of you for extradition of J. D. Rockefeller *et al.*, the same having been in your hands undecided since July last and a *nolle prosequi* having been entered by leave of Court of Clarion County in the case, and I will request William L. Hindman, Esq., the prosecuting attorney, to forward a formal withdrawal.

Your obedient servant,
B. B. CAMPBELL.

The contract with the Pennsylvania which was signed by Mr. Scott agreed, in consideration of the withdrawal of the suit against the road, to the following policy:

1. That it would make known to all shippers all rates of freight charged upon petroleum. [This was an abolition of secret rates.]

2. If any rates of freight were allowed one shipper as against another, on demand that rate was to be made known.

3. There should be no longer any discrimination in the allotment and distribution of cars to shippers of petroleum.

4. Any rebate allowed to a large shipper was to be reasonable.

Humiliation of the Oil Men

There were both humiliation and bitterness in the council when the report was read. Humiliation and bitterness that after two years of such strenuous fighting all that was achieved was a contract which sacrificed what everybody knew to be the fundamental principle, the principle which up to this point the producers had always insisted must be recognized in any negotiation—that the rebate system was wrong and must not be compromised with. There was much loyalty, however, to the president, Mr. Campbell. He had worked long and hard. Probably most of the members of the Grand Council who were present had a consciousness that no one of them had done anywhere near what Mr. Campbell had done towards prosecuting their cause, and though they might object to the compromise, they could not blame him, knowing all the difficulties which had been put in the way. So they accepted the report, thanking him for his fidelity and energy, but not failing to express their disapproval of the reservation in regard to the rebate system. They ended their meeting by a resolution bitterly condemning the courts, the State administration at Harrisburg, and corporations in general:

"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 all 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."

And with this resolution the second Petroleum Producers' Union formed to fight Mr. Rockefeller, came to an end.

Why the Oil Men Failed

By the morning of February 20th the Oil Regions knew of the compromise. The news was received in sullen anger. It was due to the cowardice of the State officials, the corrupting influence of corporations, the oil men said. They blamed everybody but themselves, and yet if they had done their duty the suits would never have been compromised. The simple fact is that the mass of oil men had not stood by their leaders in the hard fight they had been making. These leaders were the representatives of perhaps 2,000 men—oil producers. Their power, their means, were derived from this body, and this body for many months had been giving them feeble support. Scattered as they were over a great stretch of country, interested in nothing but their own oil farms, the producers could only be brought into an alliance by hope of overturning disastrous business conditions. They all felt that the monopoly the Standard had achieved was a menace to their interests, and they went willingly into the Union at the start, and supported it generously, but they were an impatient people, demanding quick results, and when they saw that the relief the Union promised could only come through lawsuits and legislation which it would take perhaps years to finish, they lost interest and refused money. At the first meeting of the Grand Council of the Union in November, 1878, there were nearly two hundred delegates present—at the last one in February, 1880, scarcely forty. Many of the local lodges were entirely dead. Mr. Campbell and Mr. Patterson had both used their own money in prosecuting the work of the Union, and Roger Sherman, the chief counsel, worked for months without pay. The following letter, written in July, 1879, to Mr. Campbell, by a member of one of the local lodges, shows very well what the leaders had to contend against. It shows, too, the point of view of a very frank and intelligent oil producer:

BRADFORD, Pa., July 30, 1879.

B. B. CAMPBELL, Esq., Parnassus, Pa.

DEAR SIR:—Your dispatch of yesterday from O. C. has only just reached me. As I cannot say what I want to over the wires I reply by mail.

You ask if the high-sounding wording of the declaration of rights of the producers made at their mass meeting, held here on Monday, in which they pledged their lives, fortunes, and sacred honors, means literal subscriptions to the council funds. I

reply with sorrow and humiliation—I fear not. All this high-flown talk is buncombe of the worst kind. The producers are willing to meet in a mass meeting held out of doors where it costs nothing even for rent of a hall, and pass any kind of a resolution that is offered. It costs nothing to do this, but when asked to contribute a dollar to the legal prosecution of these plunderers, robbers, and fugitives from justice, whom they are denouncing in their resolution, they either positively refuse, say that the council is doing nothing, that the suits are interminable and will never end, that there is no justice to be obtained in the courts of Pennsylvania, etc., etc., or else plead poverty and say they have contributed all that they are able to.

True, the producers are poor and the suits and legal proceedings are slow, and there is much to discourage them, but I tell you, my honored chief, that the true inwardness of this state of affairs is, that the people of the Oil Regions have by slow degrees and easy stages been brought into a condition of bondage and serfdom by the monopoly, until now when they have been aroused to a realization of their condition, they have not the courage and manhood left to enable them to strike a blow for liberty. And these are the people for whom you and your few faithful followers in the council are laboring, spending (I fear wasting) your substance—neglecting your own interest to advance theirs, and all for what good—"cui bono"?

I fear you will say that I am discouraged—no, not discouraged, but disgusted with the poor, spiritless, and faint-hearted people, whom you are laboring so hard to liberate from bondage. As to the prospects of raising funds for the prosecution of the suits by subscription or assessments on the Unions, I am sorry to say that I fear it is impossible—at least it is impossible for me to make any collections—and right here let me make a suggestion. I often feel that the fault may not be with the people, but with the writer. I would therefore suggest that you select from among the members of the council any good man whom you think has the power of convincing these people that their only hope of relief lies in sustaining you in the prosecution of the suits, and the more they must contribute to the fund. If you will do this, I will promise you that he will be hospitably received and favorably introduced by the writer. But as for depending on the unaided efforts of myself to raise funds, I fear it would be useless.

I do not write this, my friend, with a view of throwing any discouragement in your path, which, God knows, is rugged and thorny enough, but I must give vent to my righteous indignation in some way, and ask you are the producers as a class (nothing but a d—d cowardly disorganized mob as they are) worth the efforts you are putting forth to save them?

As for myself, a single individual (and I can speak for no others), I am determined to stand with you until the end, with my best strength, and my last dollar.

Why Mr. Rockefeller Won

Now, what was this loose and easily discouraged organization opposing? A compact body of a few able, cold-blooded men—men to whom anything was right that they could get, men knowing exactly

what they wanted, men who loved the game they played because of the reward at the goal, and, above all, men who knew how to hold their tongues and wait. "To Mr. Rockefeller," they say in the Oil Regions, "a day is as a year and a year as a day. He can wait, but he never gives up." Mr. Rockefeller knew the producers, knew how feeble their staying qualities in anything but the putting down of oil wells, and he may have said confidently, at the beginning of their suits against him, as it was reported he did say, that they would never be finished. They had not been finished from any lack of material. If the suits had been pushed but one result was possible, and that was the conviction of both the Standard and the railroads; they had been left unfinished because of the impatience and instability of the prosecuting body and the compactness, resolution, and watchfulness of the defendants.

The withdrawal of the suits was a great victory for Mr. Rockefeller. There was no longer any doubt of his power in defensive operations. Having won a victory, he quickly went to work to make it secure. The Union had surrendered, but the men who had made the Union remained, the evidence against him was piled up in indestructible records. In time the same elements which had united to form the serious opposition just overthrown might come together, and if they should it was possible that they would not a second time make the mistake of vacillation. The press of the Oil Regions was largely independent. It had lost, to be sure, the audacity, the wit, the irrepressible spirits of eight years before when it fought the South Improvement Company. Its discretion had outstripped its courage, but there were still signs of intelligent independence in the newspapers. Mr. Rockefeller now entered on a campaign of reconciliation which aimed to placate, or silence, every opposing force.

The Hushing of the Oil Regions

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 said, "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 towards those who had "sold to the Standard," that they had towards 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.

The Welding of the Trust

This general clearance of open opposition was the prelude to a step which the Standard had long had in mind—and that was a closer legal union of its various parts. The structure Mr. Rockefeller had built by this time was loose and rambling. It had worked with admirable harmony for two reasons, it seems to the writer: the persons who had gone into it saw that there were fabulous profits ahead of them if they could achieve their purpose, and opposition

had cemented them. But they were a combination only in practice. Look at the real nature of this Standard alliance in 1881. At its head was the Standard Oil Company of Ohio, a corporation with a nominal capital of \$3,500,000, which in seven years had increased by undivided profits to an acknowledged sum of \$35,000,000. Now this Standard Oil Company owned, by direct purchase made in 1874, the important works of Pratt of New York, Lockhart of Pittsburg, and Warden of Philadelphia. These plants, run under their own names, had brought in large numbers of neighboring plants—sometimes the purchase had been complete; often it had been of only a percentage, which was held in the name of some stockholder of the Standard concern, the original owners not wanting to sell to the Standard, and not understanding the relation to that concern of these apparently independent purchasers. There were a number of companies not covered by Standard Oil stock though Standard concerns: that is, they had been organized under separate charters by Standard men, and were run according to the Rockefeller idea. Such was the Acme Oil Company of Titusville. In all there were fourteen companies owned and controlled entirely by the Standard group, doing business under separate names, and having separate legal existences.

But in this Standard alliance there were twenty-six other companies, only a portion of the stock of each of which was owned by the Standard. These were companies which it had been found necessary to control or influence in order to achieve the great purpose. In most of these the Standard owned a majority stock, though there were a few in which they had been able so far to secure only a minority.

The individual holdings in these forty companies were scattered in a way most bewildering to an outsider. A man may have owned a large block of the Ohio Standard Oil Company stock, shares in the United Pipe Lines, in the Vacuum Oil Company of Rochester, in the Maverick Oil Company of Boston, in an oil producing concern like the Producers' Consolidated Land and Petroleum Company, in an oil selling concern like the Chess Carley Company of Louisville, in a dozen other companies. He may have been a director of the Standard Oil Company, the manager of the Pratt Manufacturing

Company, director in a dozen more companies, and to the outsider each of these interests was separate. The public did not recognize the corporate value of the man's holdings. If he died and his estate was settled up the real market value of his property was lost, for there would be only fifteen or sixteen men in the world who appreciated fully its value and would be eager to secure it. It was apparent then to the Standard stockholders that for the safety of their own personal estates, for the sake of their wives and children, they must get their property into a more tangible shape.

But how was it to be done? These forty partnerships and corporations were scattered over many States. The United States does not recognize a federal industrial corporation. Business is supposed to be organized under the law of the State in which it operates. If it overlaps it, it is by the courtesy of the State into which it goes. When its operations become inter-state, then the federal government has a right to regulate its operations. How unite these widely spread interests into a compact legal form?

The Parent of all the Trusts

The answer came only after much deliberation into which one by one all the leading men of the company were brought. Several forms of agreement were laid before the conferences. Finally one prepared by the company's counsel, Mr. S. C. T. Dodd, who from the first had had the problem in charge, was presented. It was the famous trust agreement—the Parent of the Trusts—and certainly it is an innocent and candid looking document to have raised the pother it has. Briefly stated, this agreement, accessible to all who wish to examine it in detail, provided that in each State where the Standard operated largely, as in Ohio, Pennsylvania, New York, a company should be organized to be known as the Standard Oil Company of that State, and that into it all of the properties in that State controlled entirely by the Standard combination should be placed. Nine trustees were then appointed, and the stock of each of these companies was to be turned over to them, they giving in return what were called trust certificates to the individual stockholders.

All of the property held in the twenty-six companies which were only partially owned by the Standard was to be turned over to the trustees in the same way, and

the owners were to receive trust certificates. As soon as any one of these companies came entirely into Standard control its property was to be conveyed to the Standard Oil Company of the State to which it belonged. The trustees were charged with the full control of the property.

The Growth of the Colossus

As soon as this agreement had been adopted, an inventory of actual property was made. The inventory was made in the most conservative way, by practical men familiar with refineries, pipe lines, and all kinds of oil property. Every foot of pipe was measured—every square inch of brickwork was considered. The cost of laying pipe and bricks, etc., was not taken into account. Only actual values were included. It was believed by those best fitted to know that the estimate of property resulting was under rather than over the value. It amounted to \$56,000,000 in actual money property and assets. The new organization was capitalized at \$70,000,000, and at the start its shares sold at 80.

The agreement which unified the Standard alliance, made it tangible to the public, and safe for its stockholders was signed on January 2, 1882. Just ten years before, on January 2, 1872, the organization of the South Improvement Company had been completed—an organization which had enabled Mr. Rockefeller, in three months, to wipe up almost the entire independent oil interests of Cleveland, Ohio, and increase his daily refining capacity from 1,500 to 10,000 barrels. It was on this good-sized foundation that Mr. Rockefeller had reared in ten years the Standard Oil Trust with a capitalization of \$70,000,000.

To the great public this creation was a mystery and a menace. And naturally so.

They knew that its corner-stone was the South Improvement Company; they knew from the revelations of State and federal investigations that Mr. Rockefeller had from the beginning steadily aimed at a monopoly of a pivotal element of the oil business—and they shared the good old English hatred of the word “monopoly.” They knew that he had had enormous transportation advantages, advantages illegal and iniquitous. It is unquestionably true that the mass of the American people looked on the growth as a work of deliberate brigandage.

Brute Strength and Brains

But something besides illegal advantages had gone into the making of the Standard Oil Trust. Had it possessed only the qualities which the public saw in it in 1882 its overthrow would have come before this. But this huge bulk, blackened by commercial sin, was strong in all great business qualities—in energy, in intelligence, in dauntlessness. It was rich in youth as well as greed, in brains as well as unscrupulousness. If it had played its great game with contemptuous indifference to fair play and to nice legal points of view, it had played it with consummate ability, daring, and address. The silent, patient, all-seeing man who had led it in its transportation raids had led it no less successfully in what may be called its legitimate work. Nobody had appreciated more fully than he those qualities which alone make for permanent stability and growth in commercial ventures. He had insisted on these qualities, and it was because of this insistence that the Standard Oil Trust of 1882 was something besides a fine piece of brigandage, with the fate of the brigand before it, that it was a thing with life and a future. And this leads us to consider what may be called the Legitimate Greatness of Mr. Rockefeller and his creation.

(To be continued.)

