Manuscript: Trust Conflict

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There is a new force afield in the trust conflict. Spurred into action at last by the repeated attacks in the public prints the trust has at last come out of the shadows and invaded the field of literature, evidently proposing to try the effect of a little publicity of its own making.

This at least is the conclusion which must be drawn from the study of a new phenomenon in the publishing world. About a year ago a book appeared bearing the title "The Rise and Progress of the Standard Oil Company" by Gilbert Holland Montague. It was published by Harper Brothers and that house with unique generosity for publishers has undertaken to give the little volume a wide circulation. During all last summer and fall the libraries of the country, north, south, east and west, began to receive free copies. A slip was inserted in each volume on which was printed, "With the compliments of Harper Brothers". Recently the free distribution by Messrs. Harper Brothers has taken a fresh spurt. College professors and clergymen all over the country have been receiving the copies with the compliments of Harper Brothers. Why Messrs Harper Brothers have suddenly become so liberal is the question raised by many recipients.

On reading the volume there seems to be no doubt in the mind of most of the gentlemen who have been favored that Harper Brothers have represented and are acting for the Standard Oil Company in this literary propaganda. The book, as one critic of note has very well said, is simply a brief for the Standard Oil Company. It might indeed very well have been written by their eminent attorney, S. C. T. Dodd. In fact the information comes directly from no less authority than that of Mr. John D. Rockefeller himself, that Mr. Dodd did have something to do with this book.

A few months ago an old friend of Mr. Rockefeller's was talking with him about the articles on the Standard Oil Company which are appearing in one of the popular magazines. Mr. Rockefeller said pathetically, "They are not true. If you want a true history of the Standard Oil Company you should read Montague's." Dodd helped Montague
Anybody who has read Mr. Dodd's many published defenses of the Standard Oil Company and compares them with what Mr. Montague says in this little volume which is being so completely circulated, can easily believe that Dodd did help Montague.

Considering the character of the book the situation presents one rather amusing phase when the fact is recalled that it was the Harpers who some fifteen years ago brought out that vivid and violent attack on the Standard, "Wealth vs. Commonwealth" by Henry D. Lloyd. This book which made a tremendous sensation in its time, intemperate and one-sided as it unquestionably was, was yet so thoroughly documented that the Standard Oil Company was never able to attack it or answer it. They are said to have been very indignant at the Harpers for publishing it, and when four or five years ago the Harpers failed, to have quietly rejoiced no little. It will be remembered that the Harpers came into the hands of Colonel George Harvey after the failure. Now Mr. Harvey has always been more or less associated with corporate interests. It could not be expected that with his associations he would look with any sympathy on such work as that of Lloyd, and no doubt he was glad to make peace with the Standard Oil men by publishing Mr. Montague's "brief for the Standard Oil Company."

It was reported that the book was bought outright by Mr. Harvey. Then began this free distribution.

It seems hardly likely that Mr. Harvey would be so generous as to be giving all the libraries, clergymen and professors in the United States free copies of a dollar book. All things considered it seems very fair to conclude that the real distributor of the book is Mr. Rockefeller or the Standard Oil Company in whose interests it is so apparently written and published.

To any student of trust conditions, in fact to anyone at all familiar with trust history and methods Mr. Montague's book offers interesting if somewhat irritating reading. The argument of the book is based on the assumption that when Mr. Rockefeller began to wipe up
early refiners he was by far the strongest refiner in the United States. This is an inexcusable mistake. There were at least ten refiners in the United States, when Mr. Rockefeller started out whose daily capacity was as large and whose factories united all the economies of his. Mr. Rockefeller got his whip hand in the oil business through a scheme known as the South Improvement Company. Mr. Montague slides over this scheme in a beautifully general way, representing it as very similar to the railroad pools then in progress. He says that this South Improvement Company when it attempted to get control of the oil business was the strongest group of refiners in the country whose combined capacity and factories could far exceed unorganized refiners. This is a fundamental mistake, another perversion of well known facts. The South Improvement Company when it sprung its great scheme controlled according to its published statements; just 4500 barrels a day and there were 45,000 in the United States. Mr. Montague says that this scheme was very like that made by the grain elevator owners in the far west and the cattle shippers of Chicago. None of these schemes had any of the secret rights attending them which belonged to the South Improvement Company, nor did they provide for drawback on other people’s shipments.

Mr. Montague overlooks entirely the fact that the way Mr. Rockefeller got his extraordinary lead in the oil business was that he used the contracts of this secret scheme to scare out the early independent trade of Cleveland. In three months Mr. Rockefeller literally bluffed twenty refiners in that town to sell to him. Where he had had a daily capacity of 1500 barrels he raised it to 10,000. It was this that made him the biggest refiner in the country, not as Mr. Montague says, the superior efficiency of his methods.

According to Mr. Montague the rebates which Mr. Rockefeller secured were the regular thing in the business, the biggest shipper always got them. He overlooks entirely the fact that from the beginning of Mr. Rockefeller’s career the whole oil industry was united a-
against the rebate system. The people fought in Congress, in the legislatures, in the courts and in the press almost unanimously against it. It never at any time after Mr. Rockefeller began to use the power which he had gained so unjustly was consented to by the oil industry. The Standard Oil Company throughout all these years was secretly practising a system which the whole country was to combine against and which the courts again and again declared to be contrary to public policy.

One of the most outrageous features of the rebate system as it was practised by the Standard Oil Company was obtaining drawbacks on other people’s shipments. The fact that the Standard Oil Company did this is perfectly established by documentary proof. And yet Mr. Montague from start to finish of his book scarcely alludes to this practice! One would suppose from this book that everything that the Standard Oil Company has done was in accordance with accepted business practices, that everybody did the same; while as a matter of fact there was always an organized opposition which both press and courts supported against the things which Mr. Rockefeller was doing.

All the way through the book, wherever an unjust practice by the Standard is alluded to it is charged to the railroads. This is an old dodge of the Standard’s. It is always somebody else that forced them to do these wicked things.

As an instance of the way the terrible raids of the Standard on other people’s business were treated, it is interesting to note what Mr. Montague says about the union of the Tide Water Pipe Line with the Standard Oil Company in 1883. The lowering of freight rates which followed the success of the first seaboard pipe line is all charged to the railroads. As a matter of fact this was done in response to contracts which the Standard Oil Company had with the railroads not to allow any competition. When finally the Tide Water by a series of business manoeuvres which it is only fair to call piratical, was forced into an alliance with the Standard, this is the way Mr. Montague speaks of it: “Finally, the Tide Water was forced to cease its opposition!”
There are many curious errors in this book. They are of
a nature to gloss over the specific criticisms, which have been gener-
ally filed against the Standard Oil Company. Nobody denies that that
company has conducted its business with remarkable ability. Nobody
denies that Mr. Rockefeller and many of the gentlemen who have com-
bined with him were leaders in the oil business from the start. But
that they could have built up their great monopoly without the use of
special privileges and without persistent attacks on everybody
who tried to enter any branch of the oil business for the past thirty
years, nobody who studies their career can believe.

The facts are clearly established that by persistent secret
besieging they got special rates from the railroads. By direct at-
tacks they forced the various pipe line systems to sell to them. By a
system of criminal underselling practiced persistently all over the
country they have driven rival refiners out of business and kept up
the price of refined oil. These are the actual facts which can be
proved by documents. But these specific things which they have
done Mr. Montague glides over without as much as a glance and repre-
sents the great combination as the inevitable result of superior methods
and of the operation of natural law.

Especially ingenious is Mr. Montague's closing paragraph
in which he says, "The power of the Standard Oil Company is tremendous,
but it is only such power as naturally accrues to so large an ag-
gregation of capital; and in the persistence with which competition
against it has continued, in the quickness with which that competi-
tion increases when opportunity for profit under existing prices appears
and in the ever-present possibility of competition which meets the
Standard Oil Company in the direction of every part of its policy,
lie the safeguards against the abuse of this great power."

A most casual investigation would convince the unprejudiced
that the opportunities for profit in the oil business have not been
restricted for the Standard Oil Company, as the hundreds of millions
made by their methods prove; that such safeguards against abuse of
the great power of the trust as Mr. Montague indicates have not been
operative, as the long record of lawlessness and destruction proves.

It seems a very clever trick for Mr. Rockefeller to circulate this consoling book for public edification. It serves a double
purpose as balm to his injured feelings and as dust in the public's
eyes. However, it appears to be still up to Mr. Rockefeller to prove
that a great variety of acts which have been described in detail in
the public prints are not true before he can expect the public to
accept Mr. Montague's book, even as a gift.