

information, for the purpose of prosecuting that case, and that these very things—this very thing that your honor is now asking about, this very question—and, indeed, for that matter, the other questions as to the amount of the capital stock and the earnings and dividends of the Standard Oil of New Jersey—are questions and issues that are involved in the case upon which the averments have been made by the government for the purpose of establishing its case—And it has been widely published—

The Court—What has?

Mr. Miller—What I am about to state. In the press within the last week and since this investigation has started, that the government has a purpose in this investigation to seek and develop evidence for the purpose of this case in Missouri.

The Court—What do you mean by the government?

Mr. Miller—Well, I use the words that I have seen published in the newspapers.

The Court—What do you mean to convey by your use of the words "the government?"

Mr. Miller—I had not any particular meaning. I merely quoted them as taking place in the newspapers.

The Court—I wish to state to counsel that "the government" has nothing to do with this inquiry.

Mr. Miller—Well, I am merely quoting there, and I am not insinuating—I am not suggesting that your honor has any purpose of that kind in this inquiry. I am suggesting what I have seen in newspapers, and I have an idea that what is meant by "the government" is the department of justice that is in control of the prosecution of that case and has been certainly active enough in getting around these facts for the purpose of this investigation. But aside from all that, that is a reason I submit to your honor why whatever inquiry you think is important and proper in order to determine the amount of a penalty should be limited with some strictness, or at any rate, if not with strictness, that it should not cover all creation and invade a case where this same government is prosecuting these same parties, and in there, too, these individuals are defendants for the violation of a criminal law and where it does not assist the court in enlightening its discretion for the purposes of the present matter in hand.

The Court—In the view of the court—the court may be right and the court may be wrong, in the view of the court it is very pertinent for the court to ascertain the occupation of the Standard Oil company of New Jersey who holds, if it does hold the shares of the Standard Oil company of Indiana, what its business is generally speaking; if it is in the oil business. Now an answer to that inquiry—

Mr. Miller—May I ask what pertinency the inquiry has upon what is before the court? Is it to enlighten the court? Am I right in understanding that it is for the purpose of enlightening the court in the exercise of this discretion in fixing the amount of a fine?

The Court—Entirely.

Mr. Rosenthal—And what the court seeks to ascertain is the wealth of the alleged holding company for that purpose?

The Court—Why, certainly. What the occupation of the holding company is.

Mr. Rosenthal—No. Not only what the occupation is, but what the wealth of the holding company is so that your honor may determine the amount of this fine in the light of the wealth and financial standing of the real defendant, as you designate it.

The Court—As one circumstance to be considered.

Mr. Rosenthal—And that is the purpose of this inquiry?

The Court—Unquestionably.

Mr. Rosenthal—Certainly.

Mr. Miller—Your honor will permit us an exception to the overruling of our objection?

The Court—Certainly.

The court then resumed the examination of Mr. Rockefeller, as follows:

Q. Have you any recollection, Mr. Rockefeller, that the Standard Oil company of New Jersey is interested in the refinement of oil more than in the one refinery you have referred to?

A. I do not know what refineries there are. The refining business has grown up since my touch with the active relation to it.

Q. So that you don't know?

A. I could not tell.

Q. That there are any—whether there are any oil refineries in which the Standard Oil company of New Jersey has an interest?

A. I only know of the operation of refin-

eries that are in New Jersey by the Standard Oil company of New Jersey.

Q. Do you know of the Standard Oil company of New Jersey being interested in the operation of any other refineries through and in the name of the corporation whose stock is held by the Standard Oil company of New Jersey?

A. That I presume is so.

Q. Is the business of the Standard Oil company of New Jersey, generally speaking, the production and refining of oil?

A. The production, the refining and the sale of oil, that is an important feature of the business of the Standard Oil company of New Jersey.

Q. Beyond that what is its occupation?

A. I could not say—I do not think it would be proper to say that it has occupation in administering refineries—these refineries that are there. Those are rather technical points.

Q. Substitute the word business for occupation. Beyond the production and refinement of oil, has the Standard Oil company of New Jersey any other business?

A. I should say not, strictly speaking. I should say not, strictly speaking.

Q. Do you know what the dividends of the Standard Oil company of New Jersey were during the years of 1903, 1904 and 1905?

A. I don't know, your honor, exactly, but approximately about 40 per cent of the outstanding stock. I would not undertake to speak absolutely definite, but that is a close approximate.

Q. Do you know what the net earnings of the Standard Oil company were during those years?

A. I do not, no.

The Court—Have you any questions?

Mr. Miller—None.

Mr. Sims—I would like to ask a few.

Q. Are you familiar, Mr. Rockefeller, with the circumstances surrounding the organization of the Standard Oil company of Indiana?

Mr. Miller—That is objected to for the reasons—

The Court—I don't care for that.

Mr. Sims—I would like, if the court please, to call the court's attention at this particular time and tender to the court before this witness leaves what is known as the Standard Oil trust agreement of January 2, 1882, and I call the court's attention to the third, fourth and fifth paragraphs of that trust agreement, published in the report of the commissioner of corporations, part 1, under date of May 20, 1907, the three paragraphs to which I call the court's attention showing the Standard Oil company's rights to organize in any state in the union or territory subsidiary companies to be known as the Standard Oil company of that particular state or territory. Our information is that the Standard of Indiana was organized in pursuance of the clauses in that trust agreement.

Mr. Rosenthal—Suppose that is so?

The Court—Yes. That is all. Any other questions.

Mr. Miller—That is all of Mr. Rockefeller. That is all for the present.

Mr. Miller—Might I ask when Mr. Rockefeller or other witnesses are so excused they may regard themselves as excused from further attendance?

The Court—There is possibly one other question the court desires to ask him.

Q. (by the court). What officer of the Standard Oil company of New Jersey, Mr. Rockefeller, would be able to tell what the net earnings of the Standard Oil company of New Jersey were during the year 1903, 1904 and 1905?

A. I really do not think I could tell you. Undoubtedly one of the gentlemen subpoenaed is here present who could, but—

The Court—I see that Mr. Pratt, secretary; Mr. Howe, assistant secretary; Mr. White, assistant secretary, and Mr. Barstow, assistant secretary, are here.

Mr. Miller—Mr. Archbold, who is vice president.

Q. Would either one of those gentlemen be able to answer that question?

A. What was the question, if your honor please?

Q. As to what the net earnings of the Standard Oil company of New Jersey during the three years mentioned were.

A. I should think so, sir.

The Court—Mr. Pratt?

Mr. Rockefeller—One of these gentlemen or Mr. Archbold.

The Court—Mr. Pratt. That is all for the present, Mr. Rockefeller.

## Washington Letter

Washington, D. C., July 8.—Before the strike of the Commercial Telegraphers' Union shall be fought to a finish, it is very likely to become an issue of national political importance. It can not of course equal in importance the famous strike of the anthracite coal miners, but it not improbably will involve the national administration much as that labor contest did. The other day the Central Labor Union of Washington, upon motion of W. W. Beattie, the first vice president of the striking telegraphers, adopted a resolution asking the president to have steps taken to determine the physical value of the telegraph systems of the country. It further requested that the government should attempt to determine whether there exists a combination in restraint of trade between the telegraph companies in violation of the Sherman anti-trust law.

The second request has been answered to a moral certainty, though not, of course, by legal evidence by the companies themselves. When the Western Union raised its rates on commercial messages from forty to sixty per cent the Postal Telegraph followed in twenty-four hours with identical increases. For example, four months ago the rate over either system for the customary ten-word messages from Washington to New York was twenty-five cents, today it is forty cents. As a matter of fact the telegraph systems are owned by and their enormous revenues accrue to, three families—the Goulds, the Sages and the Mackays. No commercial business of such enormous proportions is held in so few hands.

Some years ago a senatorial committee was making the perfunctory investigation in vogue at that time into the telegraph monopoly. A witness long connected with the telegraph business stated in an offhand way that the telegraph companies were capitalized for more than eight times the value of their physical property. The late Senator Hoar, who was examining him, expressed both surprise and unbelief, but before leaving the stand the witness, merely with the aid of the stock market reports for the day and a Wall Street hand book giving the amount of the capitalization of the companies, was able to prove the essential truth of his statement.

The significance of the demand that the president shall ask congress to provide for a valuation of the telegraphs, as he has already asked for a valuation of the railroads, is apparent. If, as is probably true, these companies are paying dividends on a capitalization eight times what their property is worth, it is perfectly apparent that in order to do so they must be either robbing their patrons, or grinding down their employees. As a matter of fact they are doing both. Their recent increase in rates was utterly unjustifiable and was made possible only by the complete community of interest that exists between the two companies. As for their employees, the scale of wages has been so continually reduced that today \$75 a month for fourteen hours work daily is high pay, and the companies are gradually proceeding toward what they regard as a fair wage for skilled service, namely a dollar a day. They are, wherever it is possible, replacing men by women because the latter will work more cheaply. It is to the credit of the telegraphers' union that it does not protest against the employment of women, but insists that they be paid the same rate as men for the same class of work.

President Roosevelt has transmitted the request of the Central Union for a valuation of telegraph properties to Herbert Knox Smith, the chief of the bureau of corporations in the department of commerce and labor. Mr. Smith says the resolution was sent to him with no instructions from the president as to what should be done about it. It is perhaps an unfortunate feature of the case that the gentleman to whose care the resolution has been thus perfunctorily committed is the nephew of Senator Knox, the former attorney general, and a gentleman who has not wholly been free from litigation in behalf of the telegraph companies himself. Nevertheless the forces of labor do not intend to allow the matter to die, or even to sleep. The action of the Washington union is to be followed by similar resolutions adopted by central federated unions in all the great cities of the United States.

WILLIS J. ABBOTT.