

Probe the Sugar Scandal

New York American: But the stern, immediate duty rests now upon congress to investigate—and expose—to find the guilty men higher up and to make an example of those men to history. But beyond exposure and beyond dismissals and beyond punishment, there rests upon the next congress the larger duty so to reorganize and reform the treasury department of the government that such abuses can never again develop and prosper in our country!

New York Press: Nobody in his senses could believe that Theodore Roosevelt would deliberately encourage or condone corruption in the public service of which he was the head. Yet the revelations in the sugar trust robbery of the treasury have gone far enough to show that Mr. Roosevelt's administration was tarred with the blackest pitch. That he blinded his eyes to conditions which he could not have failed to see had he looked at them is patent, for they were laid before him by one of his subordinates. But a temperamental defect of Mr. Roosevelt dragged his administration into one of the foulest scandals that have disgraced government. This temperamental defect consists in Mr. Roosevelt's inability to stand anything but praise of himself and of anything for which he is accountable. No man could differ from Mr. Roosevelt's views without offending him. No man could tell Mr. Roosevelt that anything was wrong about what he had done, or what one of his creatures had done, without being held by Mr. Roosevelt to be his personal enemy. Agree with President Roosevelt and you were his loyal friend. Applaud what he was doing with his administration and you were a patriot. But question any part of it, or any man who had won his confidence in the manner we have described, and you were guilty of the basest treason.

Milwaukee News: The sugar trust swindles are a challenge to American democracy. If they can not be probed to the bottom and the really guilty men punished it will be tantamount to a confession that the law is powerless in face of a criminal plutocracy and that in its true sense government of the people, by the people and for the people has ceased to be.

Cleveland Leader: Nothing less is possible now than a thorough probing, public exposure and punishment so far as it can be brought about. None of the presidents of the past twenty years is suspected of having had an inkling of what was going on, but it is believed that men who stood high in both democratic and republican administrations will be held up for public scorn before the investigation has ended. And that congress will order a thorough investigation can not be doubted. * * * The public demands the facts and is entitled to them.

Philadelphia Ledger: It is because the systematic practice of frauds upon the revenue has been more than suspected for so long that the recent exposures are at once accepted as evidence of universal crookedness. No such summary conclusion is justified from even the worst interpretation of the facts in possession of the public. But clearly the one way to combat such a general condemnation is by an uncompromising exposure of all the facts that can be reached by a searching official investigation. This is the tax of the administration at Washington, not for political effect of any kind, but for truth and justice and the public honor.

Utica, N. Y., Press: The public demands a thorough and searching inquiry and investigation and will be satisfied with nothing short of it. The administration does well to take notice of this situation, and it will be expected not only to issue orders for prosecutions but to prosecute vigorously.

"THE NATION'S BIGGEST THIEF"

In an editorial entitled "The Nation's Biggest Thief," the Chicago Inter-Ocean says:

There is talk of a congressional investigation of the New York customs house and its relations with the American Sugar Refining company, popularly known as the sugar trust.

There is need. It has been proved in open court and confessed by the restitution of \$2,000,000 that the sugar trust has systematically and for years defrauded the revenue. The exact extent of the frauds is unknown. It was stated in court that the government could claim,

in unpaid duties and penalties, as much as \$65,000,000. Counsel for the defense are said privately to have admitted that the liability might be \$9,000,000 or \$10,000,000. Men who have gone into the case most fully estimate the thefts at from \$25,000,000 to \$30,000,000.

Here is a sample of the way it was done: In 1902 the trust paid duty on 1,500,000 less pounds of sugar than it paid the sellers for and the freight on. In 1903 the difference was 2,000,000 pounds, in 1904 it was 2,250,000 pounds, in 1905 it was 2,000,000 pounds, in 1906 it was 2,250,000 pounds, and in 1907 it was 2,250,000 pounds.

The total of these weights of smuggled sugar—for that is what it was—smuggled right under the eyes of customs officials and with their necessary knowledge—is 12,250,000 pounds. The average duty was 1.74 cents per pound. The product of these figures is \$983,150. These cases were proved and the trust compelled to make restitution.

Without going back of the "free sugar" period of the early '90's under the McKinley tariff act—though the sugar trust was stealing before that—we have fifteen years in which there has been a sugar duty to evade. And as early as 1894 the attention of Collector J. T. Kilbreth was called to the trust's great and manifest frauds on the revenue.

This came about through an attempt of the trust to rob the carriers as well as the government. It claimed to have received in twelve cargoes about 4,000,000 pounds less than the invoices showed, pointing to the customs house weights as proof. The vessel owners didn't believe there had been such shrinkage and prepared to fight for their freight money. They called Collector Kilbreth's attention to the fact of the smuggling and the government's loss of about \$68,000 on these twelve cargoes.

The trust compromised with the carriers. It agreed to claim no more than 1 per cent shrinkage. That is about double the average, but the carriers submitted. The trust could tie up cargoes in bond and thus delay settlement of freight bills. But the trust continued to shrink sugar cargoes from 5 to 10 per cent in paying duty.

Collector Kilbreth did nothing so far as known. H. O. Havemeyer was said to have given \$500,000 to the democratic campaign fund. A cabinet officer was quoted as saying that the democratic party could not ignore its "honorable obligation"—to let the sugar trust steal!

It may be here remarked that the name of the party in power has made no difference in the ability of the sugar trust to smuggle and steal, with the evident connivance of the New York customs officials and of some of their superiors in Washington. Since the duty was restored to sugar by the Wilson act the trust has stolen continuously up to the recent disclosures. No one can say that it is not defrauding the revenue now under Collector Loeb as in the past.

Various methods of short-weighting the government on sugar landed have been pursued. The most efficient seems to have been that of fixing the scales so that the trust's checker, sitting at one end, could make them show lower weights than the actual to the customs weigher at the other. And at the same time the trust was openly paying the carriers and planters on the true weights while paying the government on the false. But it costs a weigher his job to see these things. Sometimes weighers reported them to their superiors. Cases are known of weighers who were removed within a day after they had tried to stop the sugar trust's smuggling and theft.

But the most amazing part of this infamous tale is that the thefts of the sugar trust were called to the attention of the heads of the government nearly three years ago—called to the attention of Mr. Roosevelt himself and of Mr. Roosevelt's attorney general, Mr. Bonaparte, at the very time when Mr. Roosevelt was declaiming daily against "malefactors," and Mr. Bonaparte was issuing daily proclamations about what he was going to do to "corrupt corporations."

This came about through the conspiracy of sugar trust officials to get control of a big new refinery that was building in Philadelphia, promoted by one Adolph Segal. The conspiracy succeeded and Segal was ruined. With him went down the Resl Estate Trust company of Philadelphia, and the president of that bank killed himself. George H. Earle, Jr., receiver of the bank, ferreted out the conspiracy and made

things so hot for the sugar trust that it settled civil suits against it out of court by the payment of about \$900,000.

In the course of his investigations Mr. Earle came upon evidence that the trust officials were defrauding the revenue as well as wrecking possible competitors. He took this evidence to Washington. He could not get either Mr. Roosevelt or Mr. Bonaparte to listen to him. Mr. Bonaparte insisted on assuming that all Mr. Earle wanted was to have the American Sugar Refining company prosecuted under the anti-trust act, and held that under the decision in the Knight case a successful prosecution would be impossible. He simply ignored the evidence of fraud upon the revenue.

And about the same time Mr. Roosevelt made Congressman Herbert Parsons, son of John E. Parsons, a principal figure in the sugar trust and since indicted on the charge of complicity in its frauds, his personal representative in the New York republican organization. The New York Sun and other responsible newspapers openly charge that the main functions of Herbert Parsons are to use the power of the party organization, of which the customs house is a part, to protect the Sugar trust.

Abundant documentary evidence of the frauds and thefts of the sugar trust is—or was—in the archives of the customs house. But the position is taken there that these documents and their damnatory figures can not be shown to anybody without the permission of—the sugar trust! That was Collector Stranahan's position in 1904 taken in writing, and that is apparently Collector Loeb's position today.

In view of these facts—in view of the fact that men who have stolen \$25,000,000 or \$30,000,000 from the national treasury are still at large, and have been aided to get under the cover of the statute of limitations by an Attorney General of the United States—it is plain that a prompt and drastic congressional investigation is demanded.

A PLAIN DUTY

Cleveland Plain Dealer: The administration, through the department of justice, has a clear duty to perform. Yesterday's meeting of the cabinet showed conclusively that there is no intention of shirking the responsibility. There has been too much temporizing in the past. It is time now to strike and to strike hard. Unless the situation changes materially within the next three weeks nothing could justify a refusal on the part of congress to undertake an exhaustive investigation into the past history of the sugar trust and particularly into any corrupt relations it may have had with representatives of the government.

FAILURE?

When a South Carolina official embezzled a few thousand dollars the liquor papers declared that the dispensary system was a failure; will they declare private ownership of railroads a failure because a railroad official at Cincinnati has embezzled somewhere from \$600,000 to \$2,000,000?

THE QUESTION

I called the boy to my knee one day,
And I said, "You're just past four;
Will you laugh in that same light hearted way
When you've turned, say, thirty-four?"
Then I thought of a past I'd fain erase—
More clouded skies than blue—
And I anxiously peered in his upturned face,
For it seemed to say:
"Did you?"

I touched my lips to his tiny own
And I said to the boy, "Heigh, ho!
Those lips are as sweet as the hay, new mown—
Will you keep them, always so?"
Then back from those years came a rakish song,
With a ribald jest or two—
And I gazed at the child who knew no wrong,
And I thought he asked:
"Did you?"

I looked in his eyes, big, brown and clear,
And I cried, "Oh, boy of mine!
Will you keep them true in the afteryear?
Will you leave no heart to pine?"
Then out of the past came another's eyes—
Sad eyes of tear dimmed blue—
Did he know they were not his mother's eyes?
For he answered me:
"Did you?"

—Carl Werner in Scribner's Magazine.