

ROCKEFELLER ON TRUSTS.

Argument in Favor of Combinations—
Reasons for Success—Disadvantages
to the Public.

Mr. Rockefeller, in his testimony before the industrial commission, stated that the leading object of the combination of the oil interests was to unite their skill and capital in order to carry on a business of some magnitude and importance in place of the small business that each separately had theretofore carried on.

Reasons for Success.

"I ascribe the success of the Standard to its consistent policy to make the volume of its business large through the merits and cheapness of its products. It has spared no expense in finding, securing and utilizing the best and cheapest methods of manufacture. It has sought for the best superintendents and workmen and paid the best wages. It has not hesitated to sacrifice old machinery and old plants for new and better ones. It has placed its manufactories at the points where they could supply markets at the least expense. It has not only sought markets for its principal products, but for all possible by-products, sparing no expense in introducing them to the public. It has not hesitated to invest millions of dollars in methods of cheapening the gathering and distribution of oils, by pipe lines, special cars, tank steamers and tank wagons. It has erected tank stations at every important railroad station to cheapen the storage and delivery of its products. It has spared no expense in forcing its products into the markets of the world, among people civilized and uncivilized.

Advantages of Combinations.

"Much that one man cannot do alone two can do together, and once admit the fact that coöperation, or what is the same thing, combination, is necessary on a small scale, the limit depends solely upon the necessities of business. Two persons in partnership may be a sufficiently large combination for a small business, but if the business grows, or can be made to grow, more persons and more capital must be taken in. The business may grow so large that a partnership ceases to be a proper instrumentality for its purposes, and then a corporation becomes a necessity.

"Our first combination was a partnership and afterward a corporation in Ohio. That was sufficient for a local refining business. But dependent solely upon local business we would have failed years ago. We were forced to extend our markets and to seek for export trade. This latter made the seaboard cities a necessary place of business, and we soon discovered that manufacturing for export could be more economically carried

on at the seaboard, hence the location of refineries there.

"We soon discovered as the business grew that the primary method of transporting oil in barrels could not last. The package often cost more than the contents, and the forests of the country were not sufficient to supply the necessary material for an extended length of time. Hence we devoted attention to other methods of transportation, adopted the pipe line system, and found capital for pipe line construction equal to the necessities of the business.

"To operate pipe lines required franchises from the states in which they were located, and consequently corporations in those states, just as railroads running through different states are forced to operate under separate state charters. To perfect the pipe line system of transportation required in the neighborhood of \$50,000,000 of capital. This could not be obtained or maintained without industrial combination. The entire oil business is dependent upon this pipe line system. Without it every well would shut down, every foreign market would be closed to us.

"Every step taken was necessary in the business if it was to be properly developed, and only through such successive steps and by such an industrial combination is America today enabled to utilize the bounty which its land pours forth and to furnish the world with the best and cheapest light ever known, receiving in return therefor from foreign lands nearly \$50,000,000 per year, most of which is distributed in payment of American labor.

Dangers to the Public.

"The dangers are that the power conferred by combination may be abused, that combinations may be formed for speculation, in stocks rather than for conducting business, and that for this purpose prices may be temporarily raised instead of being lowered. These abuses are possible to a greater or less extent in all combinations, large or small, but this fact is no more of an argument against combinations than the fact that steam may explode is an argument against steam. Steam is necessary and can be made comparatively safe. Combination is necessary and its abuses can be minimized, otherwise our legislators must acknowledge their incapacity to deal with the most important instrument of industry. Hitherto most legislative attempts have been an effort not to control but to destroy, hence their futility.

The Remedy.

"I would suggest as a remedy federal legislation, under which corporations may be created and regulated, if that be possible, or in lieu thereof, state legislation as nearly uniform as possible, encouraging combinations of persons and capital for the purpose of carrying on industries, by permitting state

supervision, not of a character to hamper industries, but sufficient to prevent frauds upon the public."

WHAT OTHERS SAY.

Opinions of prominent people and the press relative to the Puerto Rican bill:

Ex-President Harrison: "I regard the bill as a most serious departure from the right principles."

Governor Mount (rep.): "I am opposed to the Puerto Rican bill in its entirety, and I am uncompromisingly opposed to the ship-subsidy bill. If Puerto Rico is a part of the United States, why should we frame a tariff bill for that island any more than for any other territory of the United States? If we must have a separate tariff bill for Puerto Rico, why not for Hawaii, the Philippines, and other of our territory? This would result in complications, and is, I think, not in harmony with the constitution of the United States."

Ex-Attorney General Miller (rep.): "Puerto Rico is just as much a part of the United States as is New Mexico or the District of Columbia. There is no more right, under the constitution, to discriminate in the tariff against one than against the other. Having taken the people of Puerto Rico under our flag under the pretense of philanthropic interest in their welfare, the attempt to discriminate against them is the worst sort of politics and the worst sort of morality. It will fully justify what President Schurman has said—that it will make truthful the charge of imperialism made against the republican party by the democracy."

Boston Transcript (rep.): "As the question underlying the bill is to be carried up to the supreme court, there is ground for hope that through the agency of that tribunal this monstrous piece of legislation, with all its contradictions, its protection against imaginary competition, and its cant about relieving humanity by a duty of only 15 per cent will be consigned to the dust heap where repose so many of the works of statesmen who did not know their business."

Chicago Inter-Ocean (rep.): "Cuba and Puerto Rico were not redeemed from serfdom in the spirit of the cry, 'Help the Trusts.' Nor are they to be administered in such a spirit."

Hartford Courant (rep.): "What the purblind and blundering leadership in the house has done is grievously to disappoint the people of Puerto Rico, to chill and alienate them, and to put a new weapon in the hands of the republican party's enemies."

Pittsburg Dispatch (rep.): "As a compromise, this is the most absurd concession that could have been reached. The principle is wrong and no concessions in other directions should operate to allow it to prevail."