

SINS OF STANDARD OIL ARE Laid Bare

President Tells What Garfield Found.

PAMPERED PET OF RAILROADS

Huge Monopoly Built Up on Violation of Law.

PROSECUTION TO FOLLOW

Garfield Tells Many Devices by Which Monopoly Crushed Competition—Defects in Law to Be Removed.

WASHINGTON, May 4.—President Roosevelt today transmitted to Congress the report of James R. Garfield, Commissioner of Corporations, giving the results of his investigation of the subject of transportation and freight rates in connection with the oil industry.

All Taken From People.

"This \$750,000 represents the profits that the Standard Oil Company obtains at the expense of the railroads, but, of course, the ultimate result is that it obtains a much larger profit at the expense of the public."

Prosecution Without Immunity.

"The statement is added that the Department of Justice will take up the question of instituting prosecutions in at least certain of the cases, and the law is expressed that Congress will enact into law the bill of Senator Knox to correct the interpretation of the immunity provision rendered in Judge Humphrey's decision. Continuing, the President says:

Combine to Crush Competition.

"This is a characteristic example of the numerous evils which are inevitable under a system in which the big shipper and the railroad are left free to crush out all individual initiative and all power of independent action, because of the absence of adequate and thorough general governmental control."

Evade Law in Making Rates.

The President calls attention to that feature of the report regarding the manner in which the law is evaded by treating as state commerce what in reality is merely a part of interstate commerce. He says it is clearly shown:

ing to the results of the investigation now in progress, rarely if ever pays the lawful rate for transportation.

He declares that in the effort to prevent the railroads from uniting for improper purposes, "we have very unwisely prohibited them from uniting for proper purposes; that is, for purposes of protecting themselves and the general public as against the power of the great corporations."

GARFIELD EXPOSES CRIMES

Standard and Railroads Combine to Crush Out Competition.

In summarizing his report to President Roosevelt, Commissioner Garfield speaks of his personal visit to the oil fields and of the great mass of data obtained by him either personally or through agents of the Bureau of Corporations.

Garfield Exposes Crimes

The preliminary study of this was transportation, which enters so largely into the cost of the finished product and hence a most important factor in competition.

Gained Advantage Unfairly.

"While in a measure this is true, it must not be forgotten that these advantages were in part obtained by means of unfair competitive methods after years of fierce industrial strife."

Exorbitant Price of Oil.

"An immediate result of this elimination of the competitive area is shown by the prices of ordinary illuminating oil throughout the country."

Facts Prove Discrimination.

At the beginning of the investigation, he says, the Standard Oil Company denied that it had obtained in recent years or was now obtaining any rebates or other transportation discriminations as against its competitors, and yet he says that a most careful review of the facts and the explanations lead up to the conclusion that the Standard Oil Company has habitually received from the railroads and is now receiving secret rates and other unjust and illegal discriminations.

Slaps at President.

"One does not care to bandy words with the President of the United States."

FACTS FOUND BY GARFIELD.

- Railroad discrimination in rates gives Standard Oil Company monopoly in greater part of country and limits extension of independent trade. Price of refined oil is 2 to 8 cents a gallon higher in non-competitive than competitive fields. Reasonable profit is half a cent a gallon. Discrimination takes these forms: Secret and semi-secret rates. In open arrangement of rates. In classification and loading of shipment. In treatment of private tank cars. Secret rates apply often on rates within single states. Secret rates are concealed by billed billing, whereby rates are not on freight bill, but are collected from central office and concealed from local agent. Largest number of secret rates and rebates in California, more than 30 being discovered there. Multitude of discriminations possible in local rates on less than car-load lots. Standard Oil has had important voice in construction of open rates to give it unfair advantage. On Pacific Coast all refineries receive 5-10 cent per mile on loaded movement under 300 miles, 4 cent per mile over that distance, but Standard Oil cars receive 4 cent on all loaded and empty cars. Similar discrimination is practiced on transcontinental railroads in Northwest. Interstate and state rates are so combined as to favor Standard. Some of the discriminations were no sooner discovered than the guilty railroads corrected them. Standard Oil, through pipe lines and oil steamers, is competitor of railroads, and natural policy of railroads would be to favor small refiners. This policy has been pursued regarding other freight, but reversed regarding oil. Yearly output of refined oil is 26,000,000 barrels, of which Standard Oil produces 23,000,000. Standard Oil denies receiving discrimination, but facts show it directly gained \$750,000 in 1904 by this means and vastly more indirectly. Defects in interstate law regarding filing and publication of tariffs enable railroads to make secret rates. State rates should be filed with Interstate Commission, tariffs simplified and method of posting and filing them changed. WHAT THE PRESIDENT PROPOSES. Department of Justice will take up prosecutions. That law be amended to deny immunity to guilty individuals. That alcohol used in arts and manufactures be put on free list. That title to oil and coal land of Indians and on public domain be kept in Government, and that such land be leased and kept under Government control.

VIGOROUS REPLY OF STANDARD OIL

Denies Garfield's Charges on All Points.

CALLED MAN WITH MUCKRAKE

Flings Sarcasm at Roosevelt's Many Opinions.

ALWAYS OBSERVES LAW

Rogers and Archbold Claim Natural Advantages and Good Judgment Built Up Business—No Rebates or Secret Rates.

NEW YORK, May 4.—In reply to President Roosevelt's message and the report of Commissioner Garfield, H. H. Rogers and John D. Archbold, of the Standard Oil Company, said that their examination of the message and report necessarily had been hurried, and that they should at a later date make a full answer to their shareholders. Meanwhile they made the following statement to the Associated Press:

Objects to Being Object Lesson.

When, however, he or Commissioner Garfield attacks the Standard Oil Company and uses its methods of doing business as an object-lesson for the purpose of teaching his views, we protest. It may be frankly stated at the outset that the Standard Oil Company has at all times within the limits of fairness and with due regard to the law sought to secure the most advantageous freight rates and routes possible. There will be no denial of this fact on our part. The question is whether we have at any point violated the law or the proprieties.

Slaps at President.

"One does not care to bandy words with the President of the United States."

It is not easy to differentiate between Mr. Roosevelt, the President and Mr. Roosevelt, the individual. He has given of his advice most generously on every subject from the size of our families to the mistakes of Federal Judges, and some error is inevitable now and then to the most conservative man under such circumstances.

"We say flatly that any statement that the Standard Oil Company has or is now knowingly engaged in practices which are unlawful is untruthful and unjust. "The Commissioner's report, upon which the President's message is based, opens with the statement that the manufacture of refined oil in this country is about 26,000,000 barrels annually. It is unimportant, but it would nevertheless have been fair for him to have stated that over 15,000,000 of barrels of this annual manufacture is exported, and with its manufacture or price the American public is not concerned."



James R. Garfield, Commissioner of Corporations.

Standard's Natural Advantages.

"He next calls attention to the fact that the Standard Oil refineries are located at centers of distribution, while the independent refineries are usually in the crude oilfields. This fact, if borne steadily in mind, will answer very many of the criticisms which he later indulges in. He charges that this location of refineries and the natural advantages following it were obtained by means of un-

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PARTY IS UNITED ON COURT REVIEW

Factions Agree on Allison Provision.

ACCEPTABLE TO ROOSEVELT

Recognizes Jurisdiction of the Courts Over Rates.

BOTH SIDES CLAIM VICTORY

Republicans Will Pass Bill, Though Democrats May Pour In Broad-Sides—President Discusses Agreement With Papers.

WASHINGTON, May 4.—(Special.)—The long fight over the railroad rate bill is ended and both extremes are claiming the victory tonight. Senator Allison, of Iowa, is credited with being the dove of peace. His court review amendment has solved the vexed problem. The President and the Republican friends of the Hepburn bill have accepted it and Senator Aldrich and the so-called "conservative" Senators have acquiesced. The Senate adjourned over until Monday night under a protocol, for the purpose of ratifying a full treaty and formally winding up the whole controversy.

Both Sides Have Won.

"President Roosevelt has won his fight," is the jubilant proclamation of the friends of the administration.

"President Roosevelt has surrendered to the conservatives and Aldrich has won his fight" is the declaration of the opponents of the administration. But it is all over at any rate—unless something entirely unforeseen occurs between now and the time when voting on the amendments more or less important has run its perfunctory course, and that of itself is cause for universal gratification.

Satisfactory to Roosevelt.

"President Roosevelt believes that the Allison amendment is perfectly straight, regards it simply as stating in specific terms just exactly what the framers of the Hepburn bill intended to have provided in that measure and, such being the case, he naturally feels elated over the triumph claimed by the supporters of the administration.

Democrats Will Open Fire.

There will be some lively 15-minute speeches when the court-review feature comes up in the Senate, some time next week, but the agreement reached by the Republican Senators is not likely to be shaken by the broadsides of Bailey and other big guns, or the rapid-fire batteries of Tillman.

President Quite Satisfied.

A brief review of the position President Roosevelt has taken on the rate question, since the Hepburn bill saw the light of day, and an analysis of the present situation as it is seen by the Administration, will give The Oregonian readers the

best means of judging of the soundness of the claim that the President has won a notable fight and added another feather to the many that adorn his official cap.

As stated, President Roosevelt regards the Allison amendment as thoroughly acceptable and one to which none of the objections attaching to other proposed court-review amendments can be raised. From the outset, he has been entirely satisfied with the Hepburn bill just as it stands and he would be willing to take it that way now. But he is willing also, for the sake of removing all chance of the possible unconstitutionality of the act, to let a provision declaring in specific terms that the courts shall have jurisdiction go into it.

PRESIDENT STATES POSITION

Satisfied With Allison's Amendment, Though He Prefers Long's.

WASHINGTON, May 4.—Thirty-six members of the corps of Washington correspondents, representing the leading daily newspapers and press associations in the United States, met President Roosevelt by invitation in the Cabinet room of the executive offices this afternoon to discuss with him the status of railroad rate legislation and to learn the President's views as to certain pending amendments to the Hepburn bill. The meeting lasted more than an hour. While the President made it clear at the outset that he desired not to be quoted directly as to the views he might express, he said that he was perfectly willing that his views should be known and stated in the language of the members of the press who were present.

The discussion dealt chiefly with the various propositions for a court review, from the broad amendment proposed by Senator Bailey, of Texas, to the restricted amendment offered by Senator Long, of Kansas. The President, in beginning, indicated clearly and positively that he would be satisfied with the enactment of the Hepburn bill as it was reported to the Senate from the committee on interstate commerce. He pointed out, however, that some advocates of railroad-rate legislation as sincere friends of the legislation as he himself was—believed it would be wise so to amend the measure as to provide specifically for a review of the decisions of the Interstate Commerce Commission by the courts.

To this end, the proposition evolved by Senator Allison, of Iowa, which now practically has been agreed upon by the Republicans of the Senate, was offered, and after consideration was accepted by the friends of the measure, including the President. The President expressed the opinion that the effect of the Allison proposition was embodied in the Hepburn bill, but it is also his opinion, as he stated it today, that, if there is the slightest doubt that the Hepburn bill, by implication, does not carry the effect of the Allison proposition, it ought to be incorporated explicitly in the measure before its enactment into law. Personally he favors the narrower restriction of the amendment of Senator Long, but some other advocates of the legislation do not favor that amendment.

He made it clear that the judgment of the friends of the measure was so evenly balanced on the question of the Long amendment that it was scarcely worth while to make a contest for it, as a year or two of the law's operation would demonstrate clearly whether it would be necessary further to amend the act in the way proposed by Senator Long.

HAS TWO SETS OF HEIRS

Oregon Women Claim Interest in Estate of Kentucky Millionaire.

LEXINGTON, Ky., May 4.—(Special.)—R. B. Metcalfe, millionaire, who formerly resided near Portland, Or., died here recently, leaving a large estate. Mrs. Winnie Heldman and Mrs. Ella Gilliam, of Wheeler County, Oregon, claimed the title of certain property in Fayette County, Ky., they claimed, inherited by their mother. The claim created a sensation, and heirs here have brought suit, asking the court to require the Oregon heirs to produce evidence of their interest in the estate.

REBATES GIVEN TO SUGAR TRUST

Grand Jury Finds Seven Indictments.

FIRST UNDER ELKINS LAW

Trust and Its Officials and Railroad Accused.

MANY OTHER INSTANCES

New York Grand Jury Finds Crime Skillfully Concealed—New York Central and Its Officials Among the Accused.

NEW YORK, May 4.—The April Federal grand jury, in concluding its labors today, handed down seven sealed indictments in the sugar-rebate cases. The indictments are against the following: The New York Central Railroad, the American Sugar Refining Company, the New York Central & Hudson River Railroad Company and Nathan Gullford, vice-president of the company; the American Sugar Refining Company, of New York, and C. C. Goodlee, Edgar and Edwin Earle, the latter two being wholesale sugar-dealers of Detroit, Mich.; the New York Central & Hudson River Railroad Company and Nathan C. Gullford and F. L. Pomeroy, general traffic manager; the American Sugar Refining Company and the American Sugar Refining Company of New York and C. C. Goodlee, Edgar and Edwin Earle, Nathan Gullford, F. L. Pomeroy; C. C. Goodlee, Edgar and Edwin Earle.

Liability to Fine and Prison.

The first six indictments were found under the Elkins anti-rebate law, which provides penalties of a fine not exceeding \$10,000 or imprisonment not exceeding two years for giving, granting, applying for or accepting any rebate or concession from the regular freight rates, as published by a railway company as a common carrier.

First Under Elkins Law.

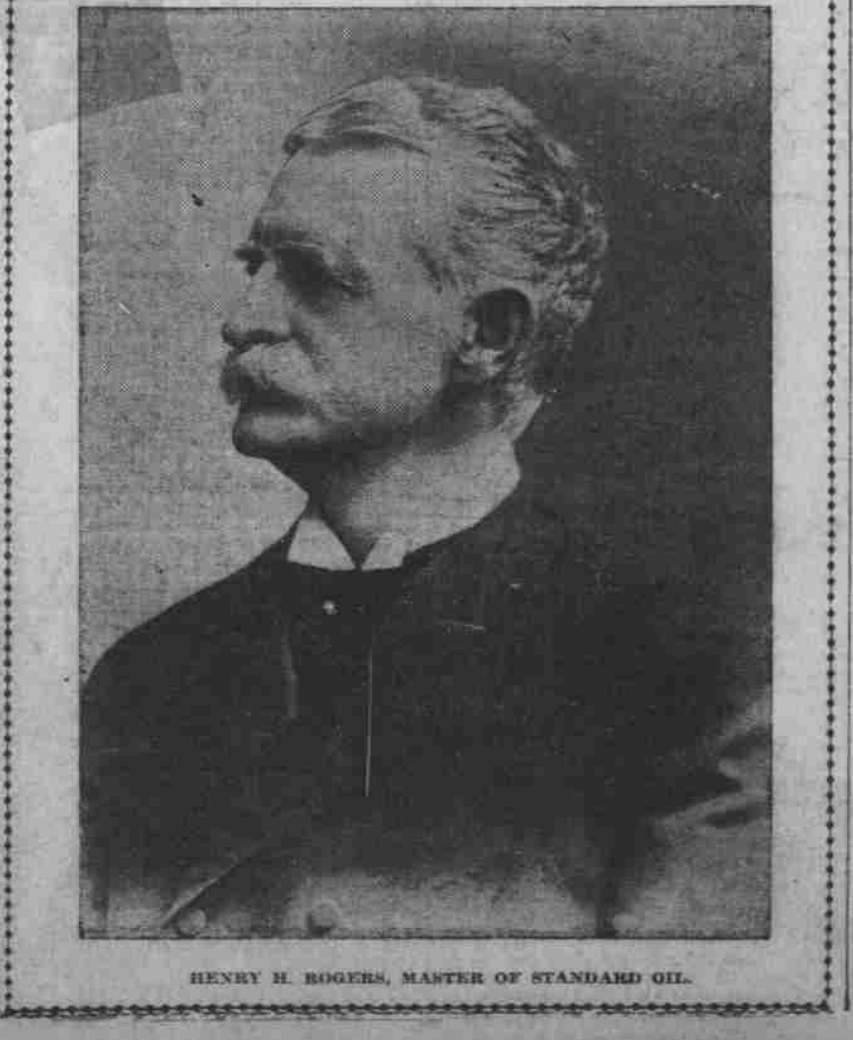
These are the first indictments for an alleged violation of the anti-rebate law found in this district. Sixteen sessions of the April grand jury were devoted exclusively to the consideration of these cases, but it is evident from the presentment which the jury handed in with the indictments that it deems the situation but hurriedly canvassed. It recommends that the investigation be continued by its successor, intimating that indications point to the possibility that other common carriers may be equally culpable with the indicted.

Many Other Offenses.

"But the evidence investigated by us bearing upon the indictments which we have found has incidentally revealed to us the probable existence of so many other instances of crime as offenses as to indicate a general and systematic policy, pursued by certain large shippers, of extorting from the different railroad companies. "The evidence which has been obtained mainly to shipments of sugar from various refineries in this locality to Western markets, in addition to cases in which indictments have been handed down the evidence has indicated that rebates have been regularly given to sugar refiners and their customers by several other interstate lines; that a regular allowance of 2 cents per 100 pounds has been made by various railroad companies to sugar refiners to cover alleged cartage, and allowances which, though usually issued in the tariffs, often represents no labor actually performed, and that other special favors of various kinds have been regularly made in regard to the sugar shipments, either to the refiners themselves or to their officers or agents engaged in subsidiary business like lightering. The evidence before us has shown clearly in several instances and has indicated to be a fact quite generally that the Elkins law as to the giving of rebates has been disregarded since the day of its enactment."

Skillful Devices of Concealment.

The presentment says the difficulties of investigating the offenses mentioned and the skillful devices under which discrimination is often veiled may render detection and proof of this class of crime difficult. "Nevertheless," it continues, "we deem it our duty to call the attention of this honorable court and the succeeding grand jury to the great public importance of a continuous investigation into the state of affairs upon which the indictments herewith submitted are based to the end that further indictments of a like nature may be found and other steps taken to mitigate the evils which we believe to be generally prevalent and which cause great injury and oppression to small shippers, thus denied equal access to markets in interstate commerce." "The 'sugar rebating cases' are the outgrowth of charges against the corporations and individuals now under indictment which were presented to the Department of Justice at Washington by Representative W. R. Hearst of this city. The hearings have been in progress for the last six weeks.



HENRY H. ROGERS, MANAGER OF STANDARD OIL.