

## TALKS OF MERGER

### Frank L. Brown Discusses Its Benefits.

### MEANS MUCH TO PORTLAND

### Declares That It Shows the Confidence of Eastern Capitalists in the Prosperity and Growth of the City.

That the investment of \$30,000,000 of Eastern capital in the merger of the electric power, traction and lighting plants of Portland and the Lower Willamette Valley is one of the most important steps that has ever been taken for Portland's advantage and growth is the belief of Frank L. Brown, head of the firm of Brown, Wilson & Co., of San Francisco and New York financial agents, who were largely instrumental in interesting the capitalists in the Portland properties. Mr. Brown took an active part in swinging the deal, and he regards the fact that Eastern capital has overcome its prejudice against Western securities as the strongest proof of a splendid future for Portland. It was only a few years ago that the General Electric and the Portland Railway would not consider properties west of the Mississippi River that were offered to them.

### New Owners of Properties.

The interests merged by the big transaction in New York will probably be managed practically as they have been heretofore, with the addition of an Eastern executive committee. The new owners of the properties are E. W. Clark & Co., of Philadelphia; J. W. Schuman, of New York; D. O. Mills, of New York and San Francisco; and Charles M. Pratt & Co., of New York. The four interests hold about equal shares of the allied properties.

### Will Assist Portland.

"The interests which have taken over Portland's street railways already successfully operate over 14 traction properties in as many cities. Among them are the street railway systems of St. Joseph, Mo.; Rochester, N. Y.; Scranton, Pa.; Bangor, Me.; Grand Rapids, Mich.; Omaha, Neb., and others. The roads are all perfectly operated and give splendid service. The equipment and facilities intended for Portland will undoubtedly assist largely in the rapid growth and development of the city.

### Reply of Standard Oil

fair competitive methods, but beyond this mere assertion does not go into a history or explanation of these alleged unfair methods at all.

### Answers in Own Words.

"Respecting the use of private cars, of which Mr. Garfield makes much, it is only necessary to make answer in his own words. He says that, owing to the relatively slow movement of tank cars in the petroleum oil trade, the mileage allowance of rental does not appear to result in an excessive profit to the private tank-car owner.

### Denies Railroad Favoritism.

"Passing from this point, Commissioner Garfield takes up the question of favoritism, which he alleges has been shown by various railroad corporations to the Standard Oil Company. The first specific case of alleged discrimination to which he directs attention is in the New England territory. It is charged that we enjoy a monopoly in certain parts of that section, because some of the railroads there refused to pro-rate. The man who could be deceived by such a statement must be pretty dense. First, if the New England roads ought to pro-rate, but refuse to do so, it must occur to someone somewhere that perhaps the New England roads and not the Standard Oil Company are blameable. Second, a very casual inquiry would show that the New England roads are simply doing what they are forced to do by natural conditions and that Mr. Garfield's attack, to be effective, should be directed at Long Island Sound as a means of freight communication.

### Advantage of Pipe Lines.

"Obviously we have an advantage by the use of our own pipelines from the Western oil fields to the coast and by use of water transportation to New England over any one who uses all-rail transportation from Western points. But this advantage is one which it is not possible to correct by any rate legislation, unless it is proposed to bankrupt the railroads in order to meet water competition. Yet we are not alone in this method of transportation. Some of our competitors do the same thing and deliver oil at the points in New England that we do by the same process.

### Not Garfield's Business.

"In dealing with the discriminations which are alleged to be violations of the interstate commerce law, the plain answer is that, if Mr. Garfield's statement is correct, it was the duty of the Interstate Commerce Commission to have taken action and brought not alone the Standard Oil Company, but the railroad companies involved, to book, and this they have never done. Violations of the law in this respect do not fall within the jurisdiction of the Bureau of Corporations and any statement on the part of Mr. Garfield respecting this subject is gratuitous and valueless.

### No Rebates or Secret Rates.

"But all of this aside, there have been no secret rates or unlawful discriminations in the interest of the Standard Oil Company. Take the case of the rate from Whiting to East St. Louis, upon which he lays so much stress. While discussing it at great length as an important 'find,' he qualifies and explains it all by the statement that Whiting was a suburb of Chicago, within the 'switching district' of that city, and all freight rates from Whiting had for many years been the same as those from Chicago. This practice had obtained for 30 years, and had applied to all kinds of merchandise, and to say that a rate that had been used thus freely and openly for that period by every one was a 'secret' rate is manifestly unfair. Moreover, our oil refinery is the only one at Whiting or within 100 miles of it, so that the so-called discrimination clearly could not have worked any harm to any competitor shipping oil from Whiting or its vicinity.

### Methods of Discrimination

"Mr. Garfield's claim that by the use of low interstate rates the Standard Oil Company gained an unfair advantage is equally unfortunate. At great expense we constructed pipe-lines from the Pennsylvania and Ohio oil fields and from the Kansas and Indian Territory fields to Whiting. If our competitors did not do the same thing, shall it be said that any one is unfair who does not give them the advantage of this enterprise of ours? It is quite true that, having our oil at Whiting and desiring to transport it to points in the interior of Illinois, we used the state rates. To say that a man in Ohio who had never expended a dollar for a pipe-line to Whiting should be able to transport his oil to an inland town in Illinois over an all-rail line at the same rate that we enjoyed by reason of our pipe-lines must appear absurd to any one. Are we to have no advantage because we constructed these pipe-lines? Is the amount invested and the interest on that investment to count for nothing? Take two men going to Boston; one uses an \$800 automobile to go to New London, and then takes the train. Is he to have no advantage on the rates from the man who leaves New York and travels all the way by rail? The case of a shipment from New York to Vermont, of which mention is made, is susceptible of like explanation.

### Form of Discrimination.

"Discriminations in the transportation of oil embrace a variety of forms, the more important of which may be classed under the following heads: "Secret and semi-secret rates. "Discriminations in the open arrangement of rates. "Discriminations in classification and rules of shipment. "Discriminations in treatment of private tank cars. "Many of the secret rates discovered by the Bureau of Corporations have applied only on shipments of oil wholly within single States. The Standard Oil Company, which controls refineries in 20 States, is obviously in a position to make extensive use of such intra-state rates, or as they are ordinarily designated, State rates. "For the purpose of more effectively concealing the secret rates given to the Standard Oil Company, railroads in several important cases have used peculiar methods of billing and accounting. "In some cases oil has been 'blind billed,' that is to say, the waybills have been made out showing the kind of product transported, and its weight, but without showing, as is the usual custom, any freight rate or the amount of the freight charges. "In such instances the collection of freight is ordinarily made, not by the local agent of the railroad, but through the central office, by the presentation to the Standard Oil of a summary bill showing the amount of freight charges at the secret rate. "Local agents often do not know what the actual rates used on blind bills are. "Worst Cases in California. "An especially large number of secret rates and rebates in the transportation of oil was found in California. "In all, more than 80 distinct violations of tariffs on oil were discovered in this State. "The total concessions to shippers and consignees under these rates as compared with the published tariffs may be safely estimated at about \$200,000 per year, of which amount about \$100,000 went to the Standard."

### Many Secrets Not Discovered.

"The Commissioner, under the head of possibility of further discriminations, said: "It seems wholly possible that there may exist a multitude of other discriminations, effected by secret rates or even by rebates, of great aggregate importance involved in the local distribution of oil, especially in less than carload lots. "The Standard Oil Company ships enormous quantities of oil in less than car loads, and although the distances involved in such cases are usually comparatively short, the amount of freight

## SINS OF STANDARD

(Continued From Page 1.)

continued, so secret, so ingeniously applied to new conditions of trade and so large in amount as to make it certain that they were due to concerted action by the Standard Oil and the railroads." He says further that the Standard Oil Company is receiving unjust discriminations in the matter of open rates, the published rates from the leading Standard Oil shipping points being relatively much more than rates from the shipping points of its competitors.

### Railroads Reform When Found Out.

Mr. Garfield then refers to seven instances of important discriminations in favor of the Standard Oil Company in various parts of the country, and says that most of the secret rates and some of the open discriminations discovered by the bureau were abolished by the railroads shortly after such discovery.

After calling attention to the good which already has resulted from the investigation, Mr. Garfield says changes effected have put the independents upon a fair footing and make competition possible in territories heretofore inaccessible. The report concludes as follows:

"Nevertheless the widespread discriminations in open rates still in force leave the independents at serious disadvantage. The investigation only incidentally touched state shipments from distributing centers, particularly in less than carloads.

"The few instances examined suggest probability of discriminations on such shipments which, taken in connection with through traffic, may result in discriminations on interstate business.

"I have cited these particular instances to show the various methods by which discriminations are obtained and to call particular attention to methods which, if legal, are mere devices to obtain exactly the same result as would be obtained by rebates paid on interstate business.

"Any freight discrimination, whether it be state or interstate, tends to give control of markets to the preferred shipper, and makes monopoly possible.

### Law Shields Lawbreakers.

"If existing law merely prohibits a special rate device for obtaining discrimination, and permits the same result to be accomplished in a different way, then the legislation is to that effect a sham.

"This investigation has shown very clearly one glaring defect in the interstate commerce law, viz: the method of filing and publishing the tariff.

"Although a tariff or a rate has been filed with the Commission in compliance with the terms of the law, none but the favored shipper may know of its existence.

"Tariffs may be made and rates may be combined in such manner as to make it practically impossible for the ordinary shipper to find them.

"As long as the state rates are not required to be made public, and shippers use such rates in combination with interstate rates, all manner of devices to evade the purpose of the law are possible.

"All state rates used in connection with interstate shipments should be filed with the Interstate Commerce Commission and a radical change should be made in the method of simplifying tariffs and in methods of posting and filing them."

### Garfield Shows Many Devices of Railroads to Favor Standard.

WASHINGTON, May 4.—The following is a summary of the report made to President Roosevelt by Commissioner Garfield upon his investigation of the Standard Oil Company and its relations with the railroad systems of the country in rebates and discriminations.

"With comparatively few exceptions, mainly of other large concerns in California, the Standard Oil has been the sole beneficiary of such discriminations. In almost every section of the country that company has been found to enjoy some unfair advantages over its competitors, and some of these discriminations affect enormous areas.

### Forms of Discrimination.

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## IF YOU WANT TO KNOW WHAT SMARTLY-DRESSED MEN WILL WEAR THIS SEASON ASK BEN SELLING



charges under the high rates which prevail on such business under regular tariffs would be very great, and the possibilities of departure from these charges extensive.

"It is perfectly clear that the distinction between the rebates and the secret rate is merely one of accounting."

Regarding discrimination in the open arrangement of rates, Mr. Garfield declares:

"Different methods are used in different places and under different conditions, but the net result is that from Maine to California the general arrangement of open rates on petroleum oil is such as to give the Standard an unreasonable advantage over its competitors.

"The conclusion is unavoidable that the Standard Oil Company has had an important voice in the construction of such rates, and this conclusion is supported by specific evidence developed by the investigation."

"In many cases," he says, "there are unreasonable differences between rates on oil in car loads and less than car loads."

Higher Mileage on Tank Cars. He charges that discrimination is practiced in some instances in the treatment of private tank cars. On this point he says:

"In most sections of the country all refineries operating tank cars of their own receive equal treatment in respect to the mileage allowances.

"On the Pacific Coast, however, most independent refineries receive 6-10 cents per mile, and this on loaded movements only. The exception is made where the haul exceeds 800 miles, in which case three-fourths cents per mile is allowed on the excess mileage over that distance, but again on the loaded movement only.

"The Union Tank Line and the Waters-Pierce Company—also a Standard concern—are the only oil companies operating tank cars on the lines of the Southern Pacific Company and the Santa Fe on the Pacific Coast, which receive three-fourths cents per mile on both loaded and empty cars.

"Similar discriminations are practiced by some of the transcontinental systems traversing the Northwestern States.

"The advantages of the Standard Oil Company would alone give it a highly favorable position in the oil industry.

Natural Policy Reversed. "To a certain extent the policy of railroad rates would be to neutralize these advantages by giving favorable rates to the smaller refiner. The Standard Oil Company, through its pipe lines and its fleets of oil-carrying vessels, is an active and powerful competitor of railroads.

"Except in the Texas and California fields, it has already taken the transportation of crude oil almost wholly away from railroads.

"The general policy of the railroads with regard to other freight traffic has been to equalize conditions of competition in competitive markets by the use of commodity rates relatively more favorable to distant producing points than to the nearer producing points. But it appears that in the case of the oil industry the policy has been generally reversed, and natural disadvantages of the independents have been enormously increased."

### ANOTHER INQUIRY TO BEGIN

Interstate Commission Will Probe Standard Oil Crimes.

CHICAGO, May 4.—One of the most thorough inquiries into the relationship between the railroads and the Standard Oil Company that has ever been conducted by the Government will commence in this city on May 10, before the Interstate Commerce Commission.

Special Counsel J. T. Marchand, of the Commission, arrived here today to make preliminary arrangements for the inquiry. Mr. Marchand authorized the issuance of four subpoenas for local railroad officials for their attendance before the commission.

The names of those summoned are kept secret. Hundreds of subpoenas have been issued. It is said, for independent oil refiners in Ohio, Kansas and Pennsylvania.

### NONE OF GARFIELD'S BUSINESS

New York Central's Attitude on State Rates—No Rebates Given.

NEW YORK, May 4.—Replying to the statement by Commissioner Garfield that the New York Central Railroad refused to disclose its rates within New York State, President Newman of that company said today:

"We refused to furnish our state rate to the Bureau of Corporations of the Department of Commerce and Labor because the department has jurisdiction only over interstate commerce. We cheerfully gave the department access to our interstate commerce books, just as we would give the proper state authorities information as to our state rate, if it was called for."

"As to the New York Central being the only company which refused to supply Commissioner Garfield with the state rate, attention should be called to the fact that the New York Central is the only large state railroad in the country.

"I do not think that the Standard Oil Company received rebates from any railroad. Naturally, it is always on the lookout for the most favorable rates and by reason of its compact organization is instantly ready to take advantage of changes in the tariff.

"Any other shipper could do the same thing, only the Standard Oil Company, by being alert, has been enabled to get the best possible rates by unceasing scrutiny of the tariffs. If it had failed to take advantage of any rate changes favorable to itself the Standard Oil Company would have been foolish."

### No Effect on Standard Stock.

NEW YORK, May 4.—The President's message regarding freight rates in connection with the country's oil industry, which was transmitted to Congress today, had no noticeable effect on the price of oil stock in the stock market. Soon after the publication of the message, Standard was sold at 605, an advance of 7 points over last night's close.

### CUTS HIS OWN THROAT

Captain Webster, of Vancouver Regiment, Attempts Suicide.

SAN FRANCISCO, May 4.—Captain F. B. Webster, of the Twentieth Infantry, attempted to end his life here today by cutting his throat. He entered a room in the appraisers' building and, taking a bayonet from a rifle, succeeded in half severing his windpipe. The attention of the guards surrounding the building was attracted by the man's groans and he was placed in an ambulance and taken to the Presidio General Hospital. The physicians in attendance say the officer may recover, but that he has not as yet regained consciousness.

Captain Webster, who originally came from Missouri, is 28 years old and has seen 20 years of service. The physicians say his attempt at suicide was the result of an unbalanced mind. Captain Webster's command was rushed to this city from Vancouver Barracks, Wash., immediately after the catastrophe overtook this city.

### Serious Fire at Knoxville.

KNOXVILLE, Tenn., May 5.—Fire broke out at midnight in the Commerce building on Gay street, just north of Vine avenue, and caused loss estimated at \$50,000. Flames were first discovered in the basement of the Littlefield & Steers Company store and soon gutted the building and the whole store of the McMillan Hazen Company adjoining.

WHETHER FOR BUSINESS OR FOR OUTING—Our stock at all times includes the choicest fabrics from foreign and domestic looms—designed by Artist-Tailors—built by New York's Foremost Wholesale Manufacturers specially to our order and carrying our fullest guarantee—everything equal to the custom tailor except price—ours is about one-half his

**\$15 to \$35**

**BEN SELLING**

LEADING CLOTHIER