

"Be thou as chaste as ice and as pure as snow thou shalt not escape calumny."

ANSWER OF THE AMERICAN BOOK CO. TO ITS DEFAMERS.

A STATEMENT OF FACTS BY THE AMERICAN BOOK COMPANY TO THE PEOPLE OF OREGON.

A public attack upon the methods, motives, and business interests of the American Book Company, by a small sub-committee of the "Committee of One Hundred," of Portland, Oregon, has recently been published in the "Oregonian," a newspaper of that city.

The "report" embodying this attack is made up of a mass of misinformation, unsupported charges, baseless rumors, and unjustifiable suspicions.

Upon this *ex-parte* showing, with no solid basis of fact or proof whatever, upon mere assertions and insinuations, our character and our business are assailed. Under such circumstances it is but just to ourselves, and to our many friends and patrons in Oregon and on the Pacific Coast, to make a full and explicit answer to these slanderous misrepresentations.

THE SUB-COMMITTEE'S CHARGES AGAINST US.

1. That our corporation was fraudulently and deceitfully organized.
2. That we constitute a trust and a monopoly.
3. That this alleged trust and monopoly had existed, as such a "combination," for many years before the incorporation of our company.
4. That we have been guilty of bribery, and that we systematically pursue our business through a policy of bribery and corruption.
5. That our elementary publications are without merit.
6. That we palm off inferior books on what the self-constituted censors style "backwoods states."
7. That our profits in Oregon are \$30,000 a year.
8. That the effect of this alleged monopoly is "disastrous to the public school system," and thereby "the public are cheated of the right to independent teachers, good schools, and good books."

Having in mind the full force of our words, we most seriously and emphatically declare that each and every one of the above charges is absolutely false, and that they are unsupported by any proof or evidence whatever; and we hereby invite an examination of them in detail.

THESE CHARGES WHOLLY LIBELOUS.

Although advised by eminent counsel that the charges made against our company are clearly libelous, and would form the basis of successful suits, both criminal and civil, if they were made against us as individuals, we shall not hide behind our corporate organization or wait for the customary slow motion of the courts. We do not shrink from the broader trial of this issue by that public before whom we have been accused, as we have complete confidence in its sense of fairness and justice, and therefore make this public answer.

THE SOURCE OF THESE SLANDEROUS REPORTS.

There is but one reasonable explanation as to the source of these attacks. They emanate from some competitor in business who has the skill to make use of venal or gullible persons to publish and circulate his own attacks and calumnies for him, expecting in this way to build himself up by defaming the character of his competitors. These reports, which are copied as news by the various country journals, illustrate the fine art of procuring free advertising.

A "HIDDEN MONOPOLY."

It is charged that the American Book Company was incorporated in New Jersey, with a capital of \$5,000, and that "under this modest organization was hidden one of the greatest monopolies ever known in this country." It is true that the American Book Company was legally incorporated January 9, 1890, and with the amount of capital named. But for what reason was this state chosen and this small amount of capital made use of, and what were the subsequent steps of its corporate development?

New Jersey was chosen because its laws are more favorable to manufacturing interests like ours than the laws of some other states, and because several of our large stockholders, who became directors, reside there. As is required and customary, "a principal place of business" was designated in that state. The New Jersey laws, however, are so strict that they require the money which represents stock issued to be all actually paid in; or, when the money is not so paid in, that actual property at a cash valuation shall be purchased as the basis for stock issued. In this latter case the stock certificates issued for property must bear stamped on their face, "Issued for property purchased." It was therefore on simple grounds of convenience and economy that a company was at first formed with this small capital, with a view of afterwards purchasing the required properties and issuing property stock therefor, according to the statute law of that state. To have done otherwise would have necessitated the locking up, on the first incorporation of the company, of a very large sum of money in cash, to lie idle until ready to be turned over for the several publishing plants acquired, a very clumsy and expensive proceeding which no sensible man would advise.

Within four months after the original incorporation all the subsequent steps of purchasing property and increasing the capital of the company to five million dollars, the actual cost of its publishing plants, were taken and every one of these steps was official and public, and made matter of record both at the capitol of the state in Trenton, and at Jersey City, in Hudson County, the corporate seat of the company. Thus, if the whole record were quoted and published, instead of being garbled for purposes of deceiving, by publishing only the preliminary step of incorporation, we should be truthfully and fairly represented. As to the amount of our capital and the size and importance of our business we have nothing to conceal; indeed, we regard the great aggregate of our sales, spread over the whole country, as the measure of confidence of the school public in our company, and as an unimpeachable indorsement of the superior merit of our publications.

In order to make this statement complete and clear, it should be said that the purchase of all school-book properties made by this company, from whatever source was upon a uniform basis of cash valuation, and according to the established rules of valuing publishing rights, plates and plants. The price paid for the Harper school-book interests was no exception to this rule. No bonus or extra inducement of any kind was offered or given to anybody, much less was there any undue influence or duress exercised, forming any alleged "dark chapter," as basely insinuated in this so-called "report."

A PUBLISHING COMPANY.

The statement in the "report" that "this combination had practically been in existence for over ten years prior to its legal incorporation" is wholly false. There had been no community of interests, no consolidation of business—nothing interfering with the entire independence of each firm, nothing that had the slightest effect upon prices of school books, nothing that influenced or interfered with their publication and regular sale in any particular. There had been a "Publishers' Association," which attempted to restrain the evils and extravagances of agency work for the introduction of school books, but nothing that attempted any restriction of the regular business as between publishers, or as between the several publishers and the public. The traffic was absolutely open and free, and it has never been otherwise. Nearly every reputable publishing house in the country was represented in this Publishers' Association or co-operated with it directly or indirectly.

Why was the American Book Company formed? The answer is the simplest thing in the world—for economy and efficiency in conducting the school-book business. It was thought that the combined skill of the most experienced and sagacious publishers, the combined judgment of the most accomplished editors, and judicious use of large capital in stimulating the best authorship, would bring the greatest measure of success; that the bringing together of these forces would tend to utilize the highest educational thought and crystallize it into the best text-books. Besides all this, there were the very obvious economies in consolidating the agency operations for placing the books, and the merchandizing operations of distributing them to consumers. All these economies enable the Company to furnish the best possible text-books at the lowest possible prices. The American Book Company, by at once increasing its discount and inaugurating methods for regulating the retail prices of middlemen, greatly cheapened the cost of school books to the people; and by establishing its own depots in different sections of the country, enabled the public everywhere to readily obtain its publications at the reduced prices.

HAS A TRUST BEEN CREATED AND A MONOPOLY ESTABLISHED?

A trust or monopoly, as defined by all authorities and by the United States and State statute laws, must possess these two essentials, namely:

- Power to control production, and
- Power to establish arbitrary prices for all such production.

Without these elements there can be no monopoly, coercion, or oppression. In the publication and sale of school books the exercise of neither of these

powers is possible. Authors, and would-be authors, are as numberless as "the sands of the sea," and capital and presses are everywhere available to print a book. There are at the present time in the United States, according to the official trade organ, The Publishers' Weekly, more than a hundred corporations, firms, and houses issuing school publications, and there are nearly ten thousand different volumes in current publication. It is a matter of notoriety, among all teachers and school officers, that competition between different houses publishing school text-books has never been more active than since the formation of the American Book Company, or than exists at the present moment. Competition is even strong enough to stimulate the wildest and basest slanders against a large and successful house like the American Book Company, wherever and whenever an important adoption is being considered, as is at present the case in the state of Oregon; with the evident purpose of shifting the issue from the merits of the books to a discussion of personalities.

Stimulated by the charges of such ever-present and sometimes virulent competition, there were brought about two legislative inquiries as to the status of the American Book Company, respectively in the states of Pennsylvania and Illinois. In these investigations and hearings the testimony of everybody was publicly invited—publishers, booksellers, educators, politicians, and public cranks. Each of the two reports, to their respective legislatures, resulting from these investigations, completely exonerated the American Book Company from being, in any sense or form, a trust or monopoly, as had been falsely alleged. At the Harrisburg hearing, all the leading publishers of New York, Philadelphia, and other cities were present, and, testifying under oath, each one declared that he knew of no case where any competitor had been "crushed out" or oppressed by this company. And we hereby offer this challenge to any respectable school-book publisher in this whole country today to come forward and declare under oath that he has suffered any oppression in his business from the American Book Company, or that it is within his experience or personal knowledge that this company has ever, at any time, attempted in the least degree "to crush competing houses and destroy all legitimate competition," as charged in this "report."

WHAT OF THE POLICY OF BRIBERY AND CORRUPTION?

In this report the old stories are rehearsed that the agents of this company, in one instance in the state of Washington and in another in the state of West Virginia, attempted bribery. Where is the proof that these agents attempted it in either case? Observe, it is not charged

that bribery was committed, but "attempted." The Washington case, after dragging along in the courts for some time, with three of the accused agents and detectives in their jurisdiction and under bail, was decided in favor of the agents. It was then appealed to a higher court, sent back for re-trial, and finally dismissed for lack of evidence to maintain it. This "report" also states that in the West Virginia case the agent "was publicly reprimanded and compelled to take back his money." Is this the usual