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AN OILY ROAD TO RICHES.

*John D. Rockefeller's Rise from a Poor Farmer's Boy
to the Wealthiest Man in the World*

"John D. Rockefeller gained his hundreds of millions by practices directly contrary to law, both ethical and statutory. Therefore, neither the Chicago University nor any other university should accept Mr. Rockefeller's money. He made his money by breaking the law, and hence to accept it is to accept the stigma of law-breaking. Wealth that is obtained at the expense of the people can never be used for the good of the people."

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THIS paragraph is a part of the arraignment of John D. Rockefeller, the head of the oil trust, that Dr. John Bascom recently made in a public address. Dr. Bascom is the ex-president of the University of Wisconsin, and a man of prominence in the west. His accusations against Mr. Rockefeller have been widely printed and widely commented upon, and have directed much public attention to the oil trust, to its unprecedented wealth, and to the manner of that wealth's acquisition.

Mr. Rockefeller is the oil trust; the history of the trust is the history of Mr. Rockefeller. Dr. Bascom has called Mr. Rockefeller a law-breaker and the public is now asking if this accusation is true—... for the story of Mr. Rockefeller's business life.

That story follows here. It was compiled from statements of men who have been engaged in the oil business, in Mr. Rockefeller's employ, for thirty years.

His First Venture.

John D. Rockefeller is now sixty-four years old. He was born on a farm in central New York, and at the age of eight he raised a flock of turkeys that excelled in condition those of all the country roundabout. He made \$117 out of his turkeys, and invested the money at 7%.

Mr. Rockefeller is now the richest man in the world. But this rich man lives more ascetically than an almshouse pauper. He rises early; he neither smokes, nor drinks, nor idles; he works all day; and his food is stale bread, dry toast, stewed prunes. Often, indeed, his food is nothing. Often he is starving, but may not eat. Often he glares at a juicy and sweet steak with eyes hungrier and more envious than those of a beggar, but of this steak he may

not partake. For Mr. Rockefeller is a dyspeptic of the worst type, and if he swerves an inch from his severe and anchorite-like life he suffers agonies of pain.

When John D. Rockefeller was 13, his father, a poor man, moved to Cleveland. Here John went to school for three years, and then he went into business as a clerk. He climbed from clerk to bookkeeper, was a good accountant, saved his money, lived cleanly and kept his eye open for a chance to start out in his own name. He had learned early that in working at a salary for others there was nothing.

In 1858, at the age of 19, he entered into partnership with an Englishman named Clark, in the produce commission trade. The two young men had marvelous success. They did a business of \$450,000 the first year.

A man named Andrews, in 1862, asked young Rockefeller to back him in an oil refinery. The refining of oil was at that time a new thing. Rockefeller saw its possibilities, and put \$4,000 in it. Soon his refinery grew into a big plant, and from \$4,000 his investment grew to \$100,000. He sold out his share in the commission business, and gave himself over wholly to the refining of oil.

The name of his firm was Rockefeller & Andrews. Andrews looked after the running of the plant. Rockefeller after the outside interests—the buying, selling, etc. There is an anecdote still told in Cleveland of young Rockefeller at this time. It is to the effect that he was quiet, soft of voice and tread, mild, meek. But on a certain afternoon he ran like a madman into the street, threw his hat in the air, threw his arms about everyone who passed, danced, sang and shouted. The reason of this ebullition lay in the fact that his agent in the oil fields had just telegraphed him that a carload of oil had been bought for the firm at a figure much below the market price.

Riches from Rebates.

The Rockefeller firm grew rich and big. It sold oil much cheaper than any other concern in Cleveland. This was because it was getting a tremendous rebate from the railroads.

Railroads are supposed to be common carriers. They are not like private business concerns, because the state has granted them franchises for nothing of immense value. In return for these franchises, they are servants, to a certain extent, of the state, and they are required by law to treat every man alike, to carry for John Smith ten barrels of oil at the same rate which they give John Jones for 1,000 barrels.

Mr. Rockefeller persuaded the railroads to break the law, to carry his oil cheaper than any other man's. He became a master in getting rebates. Rebates, in fact, made him his great fortune.

In 1870, Mr. Rockefeller's firm in Cleveland changed its name to the Standard Oil Co. Cleveland, in 1870, was the largest refining center in the United States; it took one-third of the oil fields' output. Yet of all the refineries in Cleveland only one, the Standard Oil Co., was making money. No one knew the cause of this, but now it is known that the cause was—rebates.

This pledge was always signed and witnessed before any business talk began. Business carried on so secretly would seem to have been shameful and nefarious. The government of

the United States decided that the South Improvement Company's business was most, shameful and nefarious, and put the concern out of existence. But that was not till afterwards.

An Iniquitous Contract.

The South Improvement Company represented a large part of the refining interests of the country, but It did not represent all these interests by any means. It went to the oil-carrying railroads, and secured from them a contract that is held up to this day as the most unjust, iniquitous and shameful contract ever made in America.

The contract was with the three railroads that controlled the carriage of oil—the New York Central, the Erie, and the Pennsylvania. Its terms were:

That freight rates were to be doubled on all oil shipped by dealers not in the South Improvement Company.

That all the extra income from oil freights thus gotten by the railroads was to be given, at the end of each month, to the South Improvement Company.

That the freight rates of the South Improvement Company were to be made less than half those of all other oil shippers.

That the South Improvement Company was to be kept fully informed of the business done over the railroads by all oil firms outside it.

That the railroads were to do all they could to wreck oil dealers not in the trust—were, as the contract put it delicately, "to co-operate as far as they legally might to maintain the business of the South Improvement Company against injury by competition and lower or raise the gross rates of transportation for such times and to such extent as might be necessary to overcome competition."

The reward the railroads got from the South Improvement Company was a promise of a regular and equal share of the hauling of the concern. "And our hauling," Mr. Rockefeller said, "will mean practically the entire hauling of the country, for what refiner can stay out of the South Improvement Company without being ruined?"

Crashing Competitors.

It was the truth. No refiner could stay out without being ruined. The refiners all recognized that. Mr. Rockefeller, or one of his agents, would go to a refiner, would show him the contract with the railroads, and would ask him to come into the South Improvement Company. He, perforce, would consent to come, but the South would not pay him the full value of his plant. It would never pay him more than one-half of its value.

Robert Hanna, an uncle of Mark Hanna, had a plant which cost him \$75,000, and on which he was making a profit of 30%. The South Improvement Company forced him to sell out for \$45,000—"truly and absolutely less than one-half what my place was worth," Mr. Hanna swore before a congressional investigating committee.

A woman in Cleveland was running a plant that her husband, dying, left to her. As she was making a profit of \$25,000 a year, she valued her property at \$200,000, and when Mr. Rockefeller showed her that she must sell or be ruined, she asked him if he would not give her that sum. He said, with tears in his eyes—for she had appealed to his heart—that he would do the best he could for her. His best, in this case, was \$71,000—for a \$200,000 plant.

But the South Improvement Company did not succeed. A freight agent of the Lake Shore Railroad, through an accident, made public its freight rates, which were to have been kept inviolably secret, and as a consequence all the oil producers boycotted it, congress investigated it; it was called the most nefarious and illegal monopoly that the world had ever seen; its charter was revoked; it was forbidden to do business.

And John D. Rockefeller, after the hubbub had died down a little, went quietly among the railroads and refiners again, and secured for the Standard Oil Company, into which he took all the old members of the South [Improvement Company]; precisely the same contracts as the [company] had had.

And the Standard's contracts held. The Standard crushed out all outside dealings in oil, just as the South [Improvement Company] had expected to do. It monopolizes the oil trade of the world to-day. Mr. Rockefeller is the richest man in the world to-day.

His Enormous Income.

Just how rich he is no man knows, but his income from the Standard Oil Co. last year was \$20,000,000, and his income from his other investments was \$10,000,000. An income of \$30,000,000 a year is one of \$57.87 a minute. Thus, Mr. Rockefeller, during the course of his dinner, supposing that the dinner lasts an hour, gains \$3,472.20. If he should smoke a cigar, he would be \$1,736.10 richer on laying down the butt than, when he lighted up.

Illegal rates laid the foundation of Mr. Rockefeller's immense fortune. What helped to increase this fortune were the economies that the man instituted in the oil business. Among his economies the following are noteworthy:

Barrels used to cost the refiners \$2.35 each. Mr. Rockefeller made his own barrels at a cost of \$1.25. The Standard [Oil Company] uses 5,000,000 barrels annually, saving \$5,500,000.

Tin cans used to be bought. Now they are made, 15 cents cheaper per can. Annually 50,000,000 cans are used. Saving, \$7,500,000.

There are a hundred other economies that Mr. Rockefeller introduced. He lowered the cost of refining [by] 88%. He lowered the cost of sulfuric acid from \$1.25 per 100 pounds to 8 cents per 100 pounds. Thus the tale might go on endlessly.

But the public has not benefited by all these economies of the Standard Oil trust. In the ten years previous to the inauguration of the oil trust the price of oil to the consumer declined 60%, but in the twenty years of the trust's reign the price has only declined 1%.

An acquaintance with all these facts was what caused Dr. John Bascom, of the University of Wisconsin, to say that no self-respecting university, or church, or asylum, could accept Mr. Rockefeller's money.