## THE STANDARD OIL COMPANY.

PRICES AND PROFITS.

The American people have long suspected, says the *Outlook*, that they are compelled to pay too high a price for kerosene. It has been repeatedly asserted that the Standard Oil Company has used the practical monopoly which, by fair means or foul, it has established, to maintain the price of oil on an unnaturally and unreasonably high plane. The accusation has been as ardently denied by the Standard, with the claim that only a great combination like itself could have furnished oil at the prices that have prevailed. This aspect of the Standard's operations is the one which touches most closely the individual citizen. The leaders of the combination may indulge in "frenzied finance" to their hearts' content without directly affecting more than a comparatively small circle of other financiers and investors, frenzied or otherwise. They may destroy competition and ruin competitors, and only a small circle will suffer directly. But if the price of oil is raised, every user of oil feels the burden. For over two years the Bureau of Corporations of the Department of Commerce and Labour has been conducting an investigation of the affairs of the Standard Oil Company. Two reports, on the transportation of petroleum and the position of the Standard Oil Company in the petroleum industry, have already been made. Summaries of a third report, dealing with the question of prices and profits, have now been made public. The Commissioner, Mr. Herbert Knox Smith, reports that "the Standard has consistently used its power to raise the price of oil during the last ten years, not only absolutely, but also relatively to the cost of crude oil." He presents figures which show that the average margin between the price of Pennsylvania crude oil and the price of the illuminating oil sold by the Standard throughout the country, after deducting freight costs, increased, in the eight years preceding 1905, 1.3 cents per gallon. A good profit on the business is given by Mr. Smith as ranging from seven-tenths of a cent to one cent per gallon. It thus appears that in eight years the Standard more than doubled its rate of profit on illuminating oil. In the case of the other products of crude petroleum, the most important of which are gasoline, lubricating oil, and paraffin wax, the increase of the rate of profit has been considerably greater. Applying the average increase of profits to the Standard's entire sales of all kinds of petroleum products in the United States in 1904, the profits for that year would be about $21,000,000 more than they would have been on the basis of the prices and costs in 1898. The natural conclusion from these figures is that if the Standard in 1898 was making a fair profit on its products, six years later it was taking from the users of its products $21,000,000 a year more than a fair profit. This increase in the rate of profit is reflected in the increased profit on the capitalization. From 1882 to 1894 the net earnings averaged about 15 per cent. on the capital stock; while from 1903 to 1905 the net earnings were about 68 per cent. yearly. Mr. Smith closes the letter of submittal of this part of his summary with the statement:

> The following facts are proven: The Standard has not reduced margins during the period in which it has been responsible for the prices of oil. During the last eight years covered by this report (1898 to 1905) it has raised both prices and margins. Its domination has not been acquired or maintained by its superior efficiency, but rather by unfair competition and by methods economically and morally unjustifiable. The Standard has superior efficiency in running its own business; it has an equal efficiency in destroying the business of competitors. It keeps for itself the profits of the first and adds to these the monopoly profits secured by the second. Its profits are far above the highest possible standard of a reasonable commercial return, and have been steadily increasing. Finally, the history of this great industry is a history of the persistent use of the worst industrial methods, the exaction of exorbitant prices from the consumer, and the securing of excessive profits for the small group of men who over a long series of years have thus dominated the business.

The second half of Mr. Smith's report deals with price discriminations: between foreign and domestic trade, between different parts of the United States, and between different customers. He shows that in the two years from June, 1903, to August, 1905, the average price received by the Standard for oil sold in Europe was about two cents per gallon less than the average American price. This difference is about twenty per cent. of the American price. The difference in the margins of the respective prices above costs (as described in the preceding paragraph) was even greater. The American margins are from one and one-half to three times as high as the foreign margins. Mr. Smith takes up the explanations of these differences offered by apologists of the Standard, such as an oversupply of the product, and severe competition by Russian and other foreign oils. He shows that these arguments and excuses are based on false premises. In the United States there has been the widest inequality in price between different sections. In December, 1904, the average price of oil from a single group of refineries using the same crude oil, and having a substantial similarity of conditions of manufacture, varied from 7.7 cents per gallon in Delaware to 10 cents in New York, 11.4 cents in South Carolina, and 13 cents in Georgia—all the prices being computed with the cost of transportation deducted. In California the Standard carries oil, from its great refinery near San Francisco, several hundred miles by water and rail, and sells it in Southern California for several cents less than is charged for the same oil in San Francisco. Mr. Smith's comment on the many cases of this sort which he reports is that "the evidence is absolutely conclusive [that it is the policy of the Standard Oil Company to take full advantage of all non-competitive conditions to impose the highest prices possible and to extend such non-competitive conditions by aggressive price-cutting calculated to drive out rivals. The enormous profits secured over most of the country enable the Standard to carry out this plan very effectively in those localities where price-cutting is demanded by this policy." In the sale of lubricating oils to railways discrimination is found, not between localities, but between customers. By the use of a peculiar form of contract widely different prices have been made to railway companies for the same oil. For instance, the Pennsylvania system paid, for a certain grade of oil, 23.5 cents per gallon, eight other roads averaged for the same grade 27.7 cents, twelve roads averaged 35.7 cents, fifteen roads 41 cents, seventeen roads 45.9 cents, and forty-one roads 48 cents. It was found that the price paid by the Pennsylvania was about the reasonable price for that grade of oil, and independent companies were glad to supply the oil at a similar or even lower rate. The only possible explanation which Mr. Smith could find for the excessive prices paid by nearly all railways was that the Standard "is powerful enough, either by reason of its enormous shipments of petroleum or by its influence in financial circles," to induce the railways to pay those prices.





## ROYAL OPERA HOUSE.

This evening, beginning at 7.30, ending after 10

**The Women of Fogaras.**
Comic opera in 3 acts by Victor Léon.
Music by Alfred Grünfeld.

**Cast:**

| | |
|---|---|
| King Matthias | Herr Sembach. |
| Michael of Orszagh, peer of the realm | Herr Puttlitz. |
| Magdala, Countess Honay | Frau Nast. |
| Paul Rosto, Gespan of Fogaras | Herr Nebuschka. |
| Augustin Paradeyser, a student | Herr Rüdiger. |
| Marjunka, maid to the Countess | Fräul. v. d. Osten. |
| Verona, goose-herd | Frau Wedekind. |
| Boriska, Mariska, Gisza, Sari, Anuska, Juliska — peasant girls of Fogaras | Fräul. v. Chavanne. Frau Lehmann I. Fräul. Olbrich. Frau Wenzel. Frau Scheer. Fräul. Reinel. |
| Bathory, Koszta, Roszgonyi, Kaniszay — Noblemen, friends of the young King | Herr Büssel. Herr Lindner. Herr Engelhardt. Herr Piehler. |
| Mujko, the King's cook | Herr Scheidemantel. |
| Szobor, gipsy leader | Herr Erl. |
| A Warder | Herr Seiter. |
| A Notary | Herr Hahn. |
| A Captain | Herr Ernst. |

PLOT. The women of Fogaras lament the absence of their fathers, brothers and husbands, who have been either captured or slain in war in the service of King Matthias of Hungary. They have asked Paul Rosto, Gespan (Governor) of Fogaras, to apply to the King for men, and he has done so, as Augustin Paradeyser, the schoolmaster, assures them. The King has promised to send men, but wants first to see three samples of Fogaras women:—one with black hair, one with brown hair, and one a blonde. The Governor finds great difficulty in selecting good samples, when Countess Magdala Honay, the possessor of black hair, with her maid Marjunka, a brunette, arrives, and both offer their services, the blonde being found in a little goose-herd girl named Verona. The young King is in love with the Countess. On arrival at his Court the representatives of Fogaras find the King impersonated by the cook, and the cook by the King. The real King and the Countess recognise each other and are united, not a day too soon to comply with the law of the country that, unless married at the age of 25, the King must abdicate.

Composer: Alfred Grünfeld, born 1852.

Tomorrow, Saturday, at 7.30 p.m.
**La Traviata. (Violetta.)**

## OPERA HOUSE.

Sunday, September 15th: Fra Diavolo. 7.30 p.m.
Monday, September 16th: Oberon. 7 p.m.

## ROYAL THEATRE.
**NEUSTADT.**

Closed till September 14.

Sunday, September 15: Die versunkene Glocke.
Monday, September 16: Othello.
Tuesday, September 17: Geographie und Liebe. (For the first time.)



## RESIDENZ THEATRE.

Today closed.

Tomorrow, Saturday, at 7.30 p.m.
**Künstlerblut.**

## NEW BOOKS.

Tauchnitz Edition, to appear September 20:
**The Grim Smile of the Five Towns**, 1 vol., by *Arnold Bennett*, author of "The Great Babylon Hotel", &c.
At Carl Tittmann's bookshop, Prager Strasse 19.



SALE OF THE PHILIPPINES ADVOCATED.

Once more the sale of the Philippines is under discussion, the *New York Herald* leading the propaganda for this project. The American Government makes no secret that it has encumbered itself with a white elephant by the acquisition of the Philippines, which will yet cause them a good deal of anxiety. For the present the feeling still prevails that the United States are morally bound either to hold the archipelago for all time or to give the Filipinos political autonomy as soon as they show themselves capable of self-government. Imperialism in the United States has long since disappeared, the sad experiences with Cuba and the Philippines having had a sobering effect. The idea of selling the Philippines would doubtless be more fully appreciated if it were not feared that the United States, by the sale of the islands, would be showing evidence of weakness before all the world. Japan would be the only country that could really make use of the Philippines. But so far Japan denies that she has any intention of taking steps at Washington towards the purchase of the archipelago. Notwithstanding the fact that the Americans would gladly be rid of the Philippines, their spirit rebels against the thought of trading with a whole people.