The Pittsburgh Gazette

CITY AND SUBURBAN.

NATIONAL PETROLEUM CONVENTION.

Oil Dealers in Convention—Meeting of Refiners and Dealers—Delegates from Boston, Cleveland and Parkersburg—The Convention Addressed by Gen. J. K. Moorhead—Committees Appointed, &c., &c.

Pursuant to a resolution adopted at a meeting of the Pittsburgh Petroleum Association Feb. 22d, 1868, calling a National Convention of Refiners and Dealers in Petroleum to be held at the Board of Trade Rooms, Pittsburgh, Wednesday, March 4th, 1868, a number of delegates representing the oil interest in different portions of the United States assembled at 12 o'clock on the day and at the place designated.

TEMPORARY ORGANIZATION.

The Convention was called to order by H. M. Long, President of the Pittsburgh Petroleum Association, who stated the object of the meeting briefly. He said it was for the purpose of hearing the views of dealers in different localities, to take into consideration the best manner of making contracts, gauging oil, &c. The temporary organization was completed by electing A. P. Brooks, Secretary.

On motion of Mr. Lockhart, a committee of five on permanent organization was appointed by the Chair, consisting of Messrs. Chas. Lockhart, W. C. Scofield, T. W. Davis, E. Rankin and Benjamin Vaughn.

SPEAKERS.

Mr. Downer was called upon to address the meeting during the absence of the Committee. He said the great object of this Convention; if they wished to have power and weight, was unanimity. He had been connected with the interest of Petroleum for a long time, and hoped that this Convention would remain together until the members became thoroughly acquainted with each other, and perfectly familiar with each other's views.

Mr. Kirk said he could not say anything of interest at this stage of the Convention, but he was pleased to see so many delegates present. He thought the tax on Petroleum was an imposition on the dealers in it throughout the country, and he hoped the Convention would be a unit in endeavoring to have it removed.

Mr. Flagler said he could only reiterate the sentiments of the gentlemen who had preceded him. He had but little hopes of a repeal of the tax until lately, when he had met Gen. Schenck, Chairman of the Committee of Ways and Means in Congress, and he believed from what he learned from him that united action of delegates throughout the country would effect the object desired.

Mr. Sumner addressed the meeting briefly, reiterating the sentiments of the gentlemen who had preceded him.

PERMANENT ORGANIZATION.

The Committee on permanent organization after a short absence reported the following officers:

PRESIDENT—D. P. Eells, of Cleveland.

VICE PRESIDENTS—S. Downer, of Boston; W. M. Irish, of Oil City; M. B. Clark, of Cleveland; H. M. Warren, of New York; H. W. Haird, of Parkersburg, West Virginia; Henry H. Kibp, of Philadelphia; William Rew, of Pittsburgh.

SECRETARY—A. P. Brooks, of Pittsburgh.

The report was received and adopted.

Mr. Kirk moved that as the President elect—had not arrived the temporary Chairman continue to act until his arrival. Adopted.

COMMITTEE ON BUSINESS.

Mr. Kirk moved that a Committee of five be appointed by the hair to arrange business for the Convention. The motion was adopted and the following gentlemen appointed:—Messrs. Kirkpatrick, Sumner, Reynolds, Downer Flagler and M. H. Clark.

Mr. Kirk stated that as the delegates from a distance would like to visit the refineries in this locality, arrangements had been made with the Allegheny Valley Railroad to run a special train wherever required to enable them to do so.

Mr. Davis moved that a Committee of five be appointed to make arrangements for the proposed visit.

Mr. Kirk amended by referring the matter to the Committee of Arrangements of the Pittsburgh Petroleum Association.

The amendment was adopted. The following gentlemen constitute the Committee: Messrs. Kirk, Long, Brooks, Warren, Forsyth, Dilworth and Lockhart.

Mr. Kirk moved that the Convention adjourn to meet at three o'clock.

A delegate amended to 3:30.

Mr. Kirk stated that Gen. Moorhead, the Representative in Congress from this district, would attend the Convention at four o'clock, and as the tax on petroleum originated with him, he hoped the members of the Convention would be prepared to receive him and give him a handling.

Mr. Clark thought the dealers from his own district should handle him.

The Convention then adjourned.

LIST OF DELEGATES.

The following is a list of delegates and firms represented in the Convention.

CLEVELAND—W. C. Scofield; Jno. Alexander, H. M. Flager, M. B. Clark, Jno. W. Paucett, G. Westlake, F. H. Penfield, J. C. Haman, H. K. Reynolds, D. P. Eells and Richard Clark.

OIL CITY—Charles F. Thumm, Wm. Lo. Walker.

BOSTON—Samuel Downer and Benjamin Vaughn.

PARKERSBURG—J. R. Ham, Albert Brandt, Wm. H. Crawford, W. T. Poole, Wm. R. Thompson, Edward Braidon, H. W. Haird, A. B. McFarland, S. P. Wells, H. P. Longmoor, Richard Clark and A. R. Reed.

MCCLINTOCKSVILLE—W. M. Irish.

PETROLEUM CENTRE—E. Rankin.

FIRMS REPRESENTED.

Prescott—Lockhart & Pew, Forsyth Brothers, Emil Schalk, H. M. Long, Brooks, Ballentine & Co., Harden & Bachelder, Waring & Kihp, National Refining and Storing Company, Fawcett, Logan & Stockdale, Tack Brothers, Clark & Sumner, Wormser, Myers & Co., Pennsylvania Salt Manufacturing Company, Oliver B. Jones, John E. Barbour, O. S. McIlwaine, H. Koehler & Co., Montgomery, Koehler & Co., David Kirk, James Benney, Jr., P. Weissberger & Co., T. M. Prausnerman, McCurry & Beaumont, S. W. Holdship, Wm. Edgerton, Model Refining Company, R. T. Leech, W. P. Logan, J. T. Stockdale, H. W. Morgan & Co., E. C. Keys, O. S. Philips, R. S. Hamilton, D. M. Edgerton, Joseph Words, R. D. Cochrane Bros., Dwight Bro., Samuel Richardson, Braund & Wagoner, Lafferty & Waring, Duncan & Williams, Bly & Pinkerton, J. G. Kirkpatrick & Co., McKee, Hacker & Co., Fleming & Co., Buffum, Delany & Co., Kirkpatrick, Lyons & Co., Hutchesson Oil Refining Company, Thos. E. Petling, Wm. Mackeown & Bro., John Black, James Wilkins, Fisher Bro., M. Edwards, James Mewhinny, Jonathan Gallagher, L. Bushnall, John Benne, Joseph Kirkpatrick, A. W. D. Graff & Co., James Miller, Mankedick, Hann & Co., A. D. Miller, Brereton & Wilkins, T. G. Kirkpatrick, John R. Bell, Eyster, Jagerman & Co., Livingston Bros., W. P. Murray & Co., E. C. Fawcett.

PHILADELPHIA—Warring, King & Co., Warden, Frew & Co., Peter Wright & Co., Tack bros. & Co.; Emil Schalk, J. B. Allen & Co., D. L. Miller.

Afternoon Session.

The Convention re-assembled at half past three o'clock, P. M., pursuant to adjournment, and was called to order by Mr. Long, temporary Chairman, who, in consequence of the permanent Chairman not having arrived, presided during the session.

REPORT OF THE COMMITTEE ON BUSINESS.

The Chairman announced that the first business in order would be the reading of the report of the Committee on Business.

Mr. Kirk, Chairman of the Committee, reported the following:

Committee would respectfully suggest the following items of business for the consideration of the Convention:

First—To take steps for the removal of the United States government tax on products of petroleum.

Second—To protest against any tax or the direct use of stamps upon refined petroleum.

We would respectfully recommend the taking up of the foregoing topics for discussion, and the appointment of a committee of five to report on each branch of the subject, and ask further time to report names for the convention.

The report was received and the committee retained.

The Chairman stated that the object of the committee was to get an idea of the views of the Convention on the subject of taxation.

Mr. Downer said that as he understood the object of the meeting, it was for the purpose of an informal discussion on the subject of taxation on Petroleum, and he would like to make a few general remarks on the subject. The business was now a crisis. In a few years the business would become settled and the article become a staple. The time for extreme prices has passed away. Petroleum was not like corn, of which you could get but one crop a year; Petroleum yielded two or three.

The amount of speculation practiced by dishonest dealers and tax collectors made it necessary for honest dealers to take some measures for their own protection, or the trade must go down. During the war there was a disposition on the part of the peoples to submit to the tax without complaint, but since the war the people wished to know why the article of petroleum should not be released from special taxation. There was no reason why it should not be. It was an article that required labor in its production, and it had not been profitable to dealers within the last two years. We should now make an effort to have the tax reduced. If Congress would not repeal the tax of course the dealers would have to do the best they could; but it was their duty to have the tax removed. If we do not for the idea which had gone abroad that "Shoddy and Petroleum carried an immense wealth with them" there would not be a member of Congress in favor of a special tax. If the tax could not be repealed this session they might have it reduced and perhaps repealed the next year. The dealers of this country would always have to guard against the foreign trade, and should be at all times ready to meet it. The trade in Europe was still in good condition and was not crippled as had been represented.

The arrival of the delegates from Parkersburg was announced, and their names read.

The Chairman then read the second topic for the consideration of the Convention.

GEN. J. K MOORHEAD'S REMARKS.

On motion of Mr. Kirk, Gen. Moorhead was called upon to address the Convention.

Gen. Moorhead said that he was in favor and always had been of protecting the interest of the entire community, and although he fully appreciated the honor conferred on him by being called upon to address the Convention, he must decline to make a speech, as his position on the Committee of Ways and Means in Congress, would prevent him from so doing; I would place him in an awkward position. He hoped the Convention would argree on all points and go before the Committee a unit, and then he would do all he could to further their interest; But they must go as a unit, not one person representing one branch of the trade, and another a different branch. He would be glad to have the entire tax removed, but feared it could not be done. The expenses of the Government must be paid, and to do so there must be tax enough levied.

The Committee had endeavored to reduce the expenses of the government to the very lowest point, but there must be money raised to pay the expenses and pay the interest on the public debt. We did not wish to pay the public debt now, but merely pay the interest upon it. The Committee had not agreed to remove the tax from oil. They had, however, endeavored to remove it from all articles which were the production of labor and retain it on luxuries. He was one of the persons who had thought oil was one of the productions that would bear taxation, and thought it the duty of American statesmen to make the consumers of it pay a portion of the expenses of the government. He believed that all oil exported should be taxed, unless it would prevent exportation. If he was sure exported oil would not bear taxation, he would oppose taxing it to the very last. He had been informed that it was not the productions of Europe that interfered with our market, but it was the exportation of crude oil without tax which was refined in England and brought into competition with the exportation of refined here, which, under these circumstances, would not bear a tax.

It was for the purpose of having the dealer, understand the matter, and agree upon some system of taxation and present their views to the Committee of Ways and Means, that he had consented to address the Convention and he would then do all in his power to further the interests of dealers in this country.

Mr. Flager was called upon to address the Convention. He said the question was not one of ability to pay the tax. He had listened to General Moorhead with great pleasure and had been completely enlightened. He thought that if it was possible to make the article of Petroleum any cheaper to the consumer it was the duty of dealers to do so, but at the same time they must bear in mind their higher duty to pay the just demands of the Government. He was in favor of paying the interest on the public debt, and after he died wished some one else to pay the principal. The speaker read an article from the remarks of General Schenck, Chairman of the Committee of Ways and Means. He said it was not a question whether Petroleum would bear a tax or not, but whether it was a luxury. He compared the consumption of gas to that of petroleum. The cost of the former, he said, was 250,000,000, while that of Petroleum was but $10,000,000. The consumers of the former were the wealthy portion of community, and it was certainly a greater luxury than the latter. He thought that Petroleum was a product of labor, as much so as the production of salt. The European manufacturers had a decided advantage over American manufacturers on account of the cheapness of labor. He thought that the Convention should endeavor to show the Committee that Petroleum was not a luxury. After some further remarks the speaker closed, and Mr. Sumner was called upon.

On motion, a vote of thanks was returned to Gen. Moorhead for his kindness in addressing the Convention.

Mr. Sumner then took the floor. He said that the opinion generally prevailed that petroleum was an article which flowed from the ground without the necessity of labor.

Gen. Moorhead wished to correct the gentleman. He did not consider petroleum a spontaneous production; he had experience in the century.

Mr. Sumner resuming, said he did not intend to say that Gen. Moorhead had so considered the article, but that it was an opinion generally prevailing, with members of Congress and others. He thought he could prove conclusively that petroleum was a production of labor; and cost as much relative to its value as any other produce in the United States. He said that almost any refinery in the country could be purchased for fifty cents on the dollar, or one half its original cost. That the dealers could not stand any tax, even if it were but two cents per barrel, they were too much oppressed already.

General Moorhead asked permission to make a few remarks in explanation. He thanked the Convention for their expression of kindness toward him, and said that what this Convention should do was to unite upon some measure to be embodied in a bill. If they wanted a certain amount of tax, to say so; or if they wanted the tax repealed entirely, to ask for it. The proposition to tax exports at the rate of twenty-five cents per barrel was not for the purpose of creating a revenue, but for the purpose of protecting the honest dealers. If the fraudulent dealers could be stopped there would be more revenue and a less tax, and it would be a benefit to honest dealers, as their products would not be brought in competition with fraudulent oil. The Committee wanted the aid of dealers to enable them to fix a tax and have it collected. He wanted the dealers to go to Washington prepared to give the Committee such information as would enable them to prevent frauds. The Committee wanted the dealers to help to collect the tax, and then they would aid dealers in repealing or reducing the tax.

Mr. Flagler thought the Committee should endeavor to remove the tax on exported oil if it be shown that the twenty-five cents per barrel stood between a small profit and adirect loss. The Committee, he thought, should adopt the system of compelling the tax to be paid before the oil was removed for shipment or sale. The tax should be collected at the refineries before the oil was in transit. He thought the system adopted by the Committee to levy a tax relative to the crude of oil only opened an avenue for fraud.

Gen. Moorhead, in explanation, said that he remembered Mr. X as one of the gentlemen who had been before the Committee asking the repeal of the tax on refined oil, and he remembered, too, that his statement was able and logical. But that was only one side of the question, for shortly after he had been there another committee came, representing the crude oil interest, and made equally as fair a statement of their side of the question. What he now desired was for the two interests to unite upon some measure acceptable to both, and then lay the matter before the Committee.

Mr. Downer wished to say in compliment to General Moorhead that he had talked the same here as he had in committee at Washington. It was not always the custom of political men to talk the same way in different places. He considered it a credit to the General. He thought if the Convention would show the Committee of Ways and Means, as they should do, that petroleum would not bear a tax, there would be no difficulty in having it removed. He was opposed to the tax and thought it all wrong, and he believed that the traffic had in General Moorhead a firm and valuable friend.

Mr. Mountsbinger was called upon and read as follows:

Mr. President—In connection with the proposed export tax on Refined Petroleum, I beg leave to direct your attention to a point which is, in my opinion, one of vital importance.

When it was found *necessary* to meet the payment of the interest of our large public debt and *desirable* to create a sinking fund for the gradual payment of the debt itself, our Legislature wisely concluded to make Europe—which had gained so largely by our great national misfortune—bear a portion of our burden by increasing import duties, and thereby protecting our home industry. It could hardly be expected that among the many measures adopted there should not have been some that proved to be unfriendly, nay, even damaging to our best interests. The most fatal mistake made was the taxation of raw cotton in the unreconstructed States. You all know that by that measure the cultivation of cotton in India, Egypt and elsewhere, encouraged by the scanty supplies of the better American staple during the rebellion, was enforced to continue and flourish to the detriment of our own people. The essence of the argument of our legislators was the well-known phrase: Cotton is King; Europe must have it, and that dollar a bale will help largely to fill our coffers, while those trans-Atlantic pockets will hardly miss that small amount. The conclusion was correct, but the proposition was faulty; hence the failure of their logic. Europe waits our cotton, but if necessary it can do with less than we are anxious to ship.

I fear, gentlemen, that an equally gross mistake is about to be made in regard to Petroleum. Twenty-five cents per barrel seems indeed a trifling sum, but this seemingly small amount may be the tiny cloud which warns the sailor that there is danger of a storm. I am in possession of documents which prove that our friends in Europe are beginning to consider the propriety of not only starting their half-refined, idle, old refineries, but are even thinking seriously of putting up new ones. They do not intend to frighten us again with their antiquated whale oil; they propose to try conclusions with us by importing and refining our own Pennsylvania crude oil. Will it pay them to do so? Perhaps the following calculations, contained in a very late letter of a shrewd Antwerp business man, will satisfy the gentlemen on that point. Figures, honestly placed, are more convincing than wordy arguments. Here they are:

Antwerp—Cash calculation of about four hundred barrels refined oil:

100 bbls. equal 45,000 kilogrammes of crude oil at 25 francs.....	22,750
11 workmen, at 65 work days, per week at 2 francs.....	136
Interest on work at 5½ weeks per annum.....	100
Insurance at 150,000 francs for oil at ¾ per cent.....	113
Interest on 150,000 francs capital account at 5 per cent. 60 working weeks.....	213
Wear and tear per week.....	50
2,052 kilogrammes acid, 17 francs per 100 kilogrammes.....	350
25 tons coal.....	8
Freights on crude oil to works from Antwerp and refined oil, brokerage, etc., to the river, 1.80 at 25 cts.....	270
Cleaning and preparing of 476 bbls. at 1 franc.....	476
	France. 24,396
These 24,396 francs will yield 322 bbls refined oil, at the rate of 75 per cent., 43,500 kilogrammes at 44 francs.....	19,030
84 barrels at the rate of 15 per cent., 9,750 kilogrammes at 80 francs.....	7,800
4 residuum at the rate of 1 per cent., 2,300 kilogrammes at 54 francs.....	1,200
	France. 28,030
Less cash. Francs.	24,396
Leaves net profit. Francs.	3,610

(Or nearly 900 francs; equal to almost $3 in gold per barrel.)

This calculation is based on crude oil purchased in Antwerp, delivered at 35 fcs. By importing it himself the refiner realizes still perhaps gain another 25 fcs. per barrel, making 60 fcs. important advantages European refiners have over cheap labor and chemicals. You will at once perceive that the present demand for benzole has a great deal to do with the excellent result of the above calculation. The possible overvalue of benzole is the only "fancy" figure in the statement, otherwise the cost calculation is very liberal and will practically prove lower than stated. In regard to benzine it is not at all likely that the present demand will decrease, though prices may go down with larger shipments. In order to give you an idea how immense the consumption of that article has increased, and how much more it will increase with heavier shipments, I will state that in Paris alone three thousand benzole lamps of all styles and patterns are now used daily against only eighteen hundred three months ago. Benzine is, besides, used largely for washing wool. They are now erecting a new refinery with a weekly capacity of one thousand to twelve hundred barrels on the left bank of the Schelde—opposite Antwerp. Others follow. Our Antwerp correspondent asserts positively that within three years from now the export of crude oil from the United States will be much larger than the export of refined oil.

In the full consciousness of our strength it is perhaps not necessary to fear at present this threatening European competition; but would it be wise to legislate in the face of above facts, new buyers for a business that has not commenced with so many difficulties already? Every cent added to the cost of exportation of refined petroleum is an encouragement to European enterprise. The *gross* proceeds of the prospered 25 cent tax on petroleum will be about $400,000. I am disposed to doubt that the net yield of the tax will be so large as to prove to be large enough to defray the Government expenses for one day.

If our friends in Antwerp option are determined not to leave matters as they are, let them and you try to pay the expenses of the war by taxing the exportation of crude oil and not against us by trying to turn 25 honest pennies out of every barrel of refined petroleum that leaves our shores.

Mr. Moorhead said he would like to know whether it was the sense of the Convention to have a tax on crude oil.

Mr. Lay said he wished it understood that they did not want a tax on crude oil.

On motion of Mr. Kirk, General Moorhead was invited to attend the meetings of the Convention.

Mr. Long moved that the Committee be appointed to memorialize the interest before the Committee of Ways and Means be instructed to use their endeavors to have the tax removed from oil, both crude and refined.

Mr. Fagerjagerd stated that as he understood the object of the Convention, he thought he have all tax removed from every collon of oil. He did not think it was, although it seemed to be necessary, to pay the Committee of Ways and Means that oil was not a luxury.

Mr. Lay insisted upon having a vote upon his motion.

The Chairman decided it out of order.

A delegate proposed a night session.

Mr. Davis said it would be inconvenient to many of the delegates, and in addition to attend an evening session as most of them would be out of town.

Mr. Kirk moved the Convention to meet at ten o'clock Thursday, in order to give the Committee time to prepare their reports.

The Chair announced the following Committees appointed by his honors:

Committee on Bonded Oil—Messrs. Sumner, Flager, Tamum, Hurd and Warring.

Committee on Free Oil—Messrs. Downer, Scofield, M. B. Clark, Lay and Longmoor.

The Convention adjourned until ten o'clock this morning.

NEW CASTLE.

On the Wing—It New Castle—Improvement—About Pittsburgh Business—Notes of a Business Man.

NEW CASTLE, March 4, 1868.

MESSRS. HOTTON:—Having been called to this point on business, I desire to furnish your readers with a few scraps of news as I pass to and fro in this village. Taking Tuesday morning's train, conducted by that ablest of able conductors, Eli Torrence, (no cash for this) I left your city mid a cold and blustering morning and proceeded to New Castle. On the way I noticed a Pre-dom two series of modern style being constructed; also a new brick station to replace the dilapidated old structure which has stood at the above place since the opening of the Pittsburgh, Fort Wayne and Chicago Railroad; at Rose Brighton a new and commodious church, almost completed, for one of the denominations in that quiet spot; and a many other towns in Beaver evidence a marked improvement since my last trip in this direction. Reaching New Castle, I repaired to the Lawrence House and from there to the Commercial News Depot—a place one would natural-ly seek under similar circumstances (a full looking day and intensely cold out there)—where I found the quiet but jocose Ben comforting his customers with brilliant wit and good humor. Leaving this place of resort, I proceeded to the Lawrence