Oil Tycoon

**Grade Level:** High School

**Essential Question:** Can trusts serve a helpful role in regulating an unregulated marketplace?

**Student Objectives:**
- Students will know the terms John D. Rockefeller, Ida Tarbell, Standard Oil Company, Trust, Monopoly, Kerosene, Supply, and Demand.
- Students will actively participate in a simulation of oil speculation.
- Students will consider John D. Rockefeller’s argument that his trust served a necessary and helpful purpose during the Age of Industrialization.
- Students will gain a better understanding of the different points of view towards John D. Rockefeller and Standard Oil’s business practices.

**New York State Core Curriculum:**

**UNIT THREE: INDUSTRIALIZATION OF THE UNITED STATES**

**UNIT III: THE RISE OF AMERICAN BUSINESS, INDUSTRY, AND LABOR, 1865 – 1920**

A. Economic transformation and the "search for order"
   1. Business response to change: organize and rationalize
   2. Organizational responses
      a. From proprietorships and partnerships to the rise of monopolies
      b. Incorporation
      c. Capital concentration; consolidation
      d. Expanding markets: national and international

B. Major areas of growth in business and industry
   3. Energy sources: coal, oil, electricity

C. Representative entrepreneurs: Case studies in concentrated wealth and effort (other personalities may be substituted; local examples of enterprise should also be used)
   1. John D. Rockefeller: oil

D. Conflict between public good and private gain, e.g., use of resources

**UNIT FOUR: THE PROGRESSIVE MOVEMENT: RESPONSES TO THE CHALLENGES BROUGHT ABOUT BY INDUSTRIALIZATION AND URBANIZATION**

I. REFORM IN AMERICA

B. Progress: Social and economic reform and consumer protection
   1. The "Muckrakers" and reform
      a. Magazine writers (Tarbell)

**Time Frame:**
- Two 45 minute Class Periods

**Rationale of Placement within the Curriculum:**
- This lesson fits best immediately after students are presented with the standard narrative of trusts and John D. Rockefeller. Students should read their textbook's interpretation of history that Standard Oil was a monopoly using its power unfairly to create a tremendous amount of wealth for John D. Rockefeller. This lesson will provide a counterpoint to that argument so it is necessary for students to be presented with it first.
Resources
• Oil Tycoon PowerPoint Presentation
• Oil Tycoon Handout
• Company Ledgers
• Oil Barrels
• Comparing Perspectives Handout

Preparation
• Make copies of the Oil Tycoon Handout for each student
• Print out each of the Company Ledgers (you will only need one per group)
• Copy 8 pages of each of the Oil Barrels (1 and 10) and cut out each individual barrel
• Make copies of the Oil Tycoon: Comparing Perspectives for each student
• Make copies of the section from Ida Tarbell’s History of Standard Oil for each student
• Make copies of the section from John D. Rockefeller’s Random Reminiscences for each student
• Make copies of the Oil Tycoon R.A.F.T. for each student

Procedure:
DAY 1
I. Begin the lesson with the “Discussion Questions” located on slide 1 of the Oil Tycoon Power Point.
   a. The discussion will hopefully allow students to present information that relates to the idea that having competing cell phone companies is not always best for the consumer and that a trust or monopoly might be beneficial to the consumer.
II. Advance to slide 2 and distribute a copy of the Student Handout to each student
   i. Review the handout with the students
   ii. Note: Kerosene is included under key terms because although the game is about trading oil, oil was not originally used for gasoline, but rather for replacing whale oil as a way to light homes.
III. Divide your class into six groups (it must be six groups for the game to work) and give each group a different Company Ledger
   a. You may want to select a specific group to be Standard Oil because they will play a key role later in the simulation
IV. Have students select roles for the game and place their names on the Company Ledger
V. Advance from slide 3 to slide 4 and read through slide 4 with the students
   a. Announce to students that you will be going over how to complete the ledger in a moment
VI. Once all groups have purchased their oil from you, use slides 5 through 8 to review how to complete the ledger
VII. Advance from slide 9 to slide 10 and read over slide 10
VIII. Use slides 11 and 12 to explain how the law of demand works.
IX. Advance to slide 13 and read the slide with the class.
X. Collect the barrels of oil from students who wish to sell them. Count the barrels and use slide 12 to determine the price of oil for Round 2.
XI. Use slides 14 through 17 to explain the ledger.
   a. Announce the price of oil for this round during the presentation of slide 15
b. **Record the price each time it is determined on the board.** This will be used later for a discussion of the impact of a fluctuating market on the consumer

XII. Continue for 4 more rounds of trading following a similar procedure using *slides 18 - 32*
   a. Rounds 3 and 4 will have a rise in oil prices
      i. Do not announce this to students
   b. Rounds 5 and 6 will have a drop in oil prices
      i. Do not announce this to students
   c. *Slide 20* introduces a primary document of correspondences between business partner Paul Babcock and John D. Rockefeller in the 1880s

XIII. *Slide 33* refocuses the lesson to the aim and introduces the idea of a trust to the game. Discuss the two questions with the class until proceeding on to Round 7

XIV. Advance through *slides 34 – 36* reading *slides 35 and 36* with the class. Distribute oil to the companies.
   a. Students should understand that they are no longer working as competing companies but as one large trust under the orders of Standard Oil
   b. The hope is that Standard Oil will have each group purchase 5 barrels although the lesson does not rely upon that decision

XV. Advance through *slides 37 - 40.*

XVI. After reading *slide 40* with the class, discuss how many oil barrels should be out on the market

XVII. Collect oil based upon Standard Oil’s decision and have students finish ledger

XVIII. Advance to *slide 41* and have students tally their total earnings

XIX. **Summary:** Advance to *slide 42* and discuss the outcomes of the game, the impacts of a trust and the impact of the simulation on the consumer.

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**Day 2**

I. Have students explain what happened in class the previous day. Ask the following discussion question:
   a. Are trusts a positive or negative influence on the economy?

II. Distribute Oil Tycoon: Comparing Perspectives Handout, Ida Tarbell’s *History of Standard Oil* and the section from John D. Rockefeller’s *Random Reminiscences*

III. Options:
   a. Have students complete chart individually
   b. Read through one of the primary documents modeling and completing half the chart as a class and then have students complete the other half individually
   c. Think, Pare, Share: Put students into pairs and have each focus on one of the articles. Once they have completed half the chart, then they share the information with their partner completing the chart

IV. **Final Assessment:** R.A.F.T.
Oil Tycoon

**Essential Question:** Can trusts serve a helpful role in regulating an unregulated marketplace?

**Background:** In 1858, Colonel Edwin Drake was credited with the discovery of oil in the United States. By the year 1870, Western Pennsylvania was exploding with new oil towns such as Oil Creek and Titusville. With this new discovery came a new way to make money: Oil speculation. Start-up companies throughout the Northeast, such as Seneca Oil and Clark, Payne & Company, were all looking to make their fortunes buying crude oil and selling refined oil on the open market.

**Task:** Your task today is to play the role of an oil company seeking to make as much profit as possible buying and selling oil in 1870.

**Group Roles**
- **The Partners** are responsible for making the decision of when and how much oil to purchase and when and how much to sell
- **The Clerk** will keep meticulous and detailed track of the company ledger
- **The Manager** will manage the supply of oil your company controls

**Competing Oil Companies**
Seneca Oil Company
Standard Oil Company
J.A. Bostwick & Company
Clark, Payne & Company
Alexander, Scofield & Company
Hanna, Baslington & Company

**Rules of the Game:**
- All group members must play an active role in the decision making process and in keeping an accurate, organized ledger
- You may not spy or steal from other companies
- Be as ruthless as possible in trying to gain your oil fortune

**Key Terms:**
Trust
Monopoly
Standard Oil Company
Kerosene
Supply and Demand
Consumer
J.A. Bostwick and Company

Partners: ________________________________________________________________

Bookkeeper/Clerk: ________________________________________________________

Manager: __________________________________________________________________

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**Bookkeeper/Clerk:**

**Manager:**

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Total Profit: ____________

Seneca Oil Company

Partners: ____________________________________________________________

Bookkeeper/Clerk: ____________________________________________________

Manager: ____________________________________________________________

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Total Profit: ______________

Clark, Payne & Company

Partners: ____________________________________________

Bookkeeper/Clerk: ____________________________________

Manager: ____________________________________________

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Hanna, Baslinton & Company

Total Profit: _______________

Partners: ________________________________________________

Bookkeeper/Clerk: __________________________________________

Manager: _________________________________________________

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Total Profit: _______________
## Alexander, Scofield & Company

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### Bookkeeper/Clerk:

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### Manager:

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1 Barrel of Oil
1 Barrel of Oil
1 Barrel of Oil
1 Barrel of Oil
10 Barrels of Oil
10 Barrels of Oil
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10 Barrels of Oil
10 Barrels of Oil
10 Barrels of Oil
10 Barrels of Oil
10 Barrels of Oil
10 Barrels of Oil
**Oil Tycoon: Comparing Perspectives**

**Task:** read through John D. Rockefeller’s *Random Reminiscences* and Ida Tarbell’s *History of Standard Oil* to complete the chart below.

<table>
<thead>
<tr>
<th>Support of Standard Oil’s Trust</th>
<th>Criticism of Standard Oil’s Trust</th>
</tr>
</thead>
</table>

**Follow up Question:** Who makes a more persuasive argument? Why?
**Oil Tycoon**  
**R.A.F.T**

**Task:** Select one subject from each of the four columns and create the document. The role is the point of view from which you will be creating the document and the audience is who you are creating it for. You may select any combination.

<table>
<thead>
<tr>
<th>Role</th>
<th>Audience</th>
<th>Format</th>
<th>Topic</th>
</tr>
</thead>
<tbody>
<tr>
<td>John D. Rockefeller</td>
<td>Congress</td>
<td>Letter</td>
<td>Sherman Anti-Trust Law</td>
</tr>
<tr>
<td>Ida Tarbell</td>
<td>John D. Rockefeller</td>
<td>Speech</td>
<td>Monopoly/Trusts</td>
</tr>
<tr>
<td>Frederick T. Gates</td>
<td>Ida Tarbell</td>
<td>Political Cartoon</td>
<td>Standard Oil Company</td>
</tr>
<tr>
<td>(man behind Rockefeller’s philanthropy)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>James Clark</td>
<td>Backus Oil Company</td>
<td>Song</td>
<td>Philanthropy</td>
</tr>
<tr>
<td>(former partner then competitor of Rockefeller who was forced to sell his company to Rockefeller)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Rubric:**

**Accuracy**  
How correct is your information? Is it fully supported by the text and/or history?

**Perspective**  
Do you stay in role? How effective are you at performing your role and convincing audience?

**Focus**  
Do you stay to assigned format? Do you fully satisfy the chosen topic with numerous details and examples?

**Mechanics**  
Does your writing contain a minimal of mechanical errors? Does your writing contain no errors as identified in your grammar goals?

**Benchmark**  
How is the overall quality of your work compared with both past work and ever increasing expectations of better work?

**Comments:**

**Total Score:**

**Due Date:**
Discussion Question:

- What problems do you have with the different cell phone carriers?
- How would you feel if all the major cell phone carriers joined together offering you every model phone and superior service for a reasonable rate?
Can you survive on the open market?

Oil Tycoon
Round 1
Getting into the Business
Right now, drilling companies are offering oil for $6 a barrel. Banks will lend you up to $60 to purchase crude oil.

With your company, decide how many barrels of oil you would like to buy.

Once you have made your decision, you may send your manager up to collect your oil barrels.

Helpful Hint: Crude Oil has sold between $4 and $12 in the last year.
<table>
<thead>
<tr>
<th>Quantity Purchased</th>
<th>Cost per Item</th>
<th>Money Paid</th>
<th>Date and Description of Transaction</th>
<th>Quantity Sold</th>
<th>Value per Item</th>
<th>Money Earned</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Place the number of barrels of oil you purchased in the Quantity Purchased column.
### Filling out your ledger...

<table>
<thead>
<tr>
<th>Quantity Purchased</th>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>$6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For this round, the cost per item was $6
Filling out your ledger...

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>5</td>
<td>$6</td>
<td>$30</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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</table>

The money paid is calculated by multiplying the quantity purchased by the cost per item.
Filling out your ledger...

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<tbody>
<tr>
<td>5</td>
<td>$6</td>
<td>$30</td>
<td>Crude oil Purchased in the January of 1870</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Describe your purchase including the date.
Round 2
Selling your Oil
Selling Oil

- In deciding how much oil to sell, you will see the demand curve for the refined oil market, but you will not know how much a barrel of oil will actually sell for.
- Refined oil prices will be decided by how much oil you and your fellow companies decide to put on the open market.
Demand Curve for February 1870
If the market has 1-10 barrels available, the going price will be $12 a barrel
If the market has 11-20 barrels available, the going price will be $10 a barrel
If the market has 21-30 barrels available, the going price will be $8 a barrel
If the market has 31-40 barrels available, the going price will be $6 a barrel
If the market has 40 or more barrels available, the going price will be $4 a barrel
With your company, decide how many barrels of oil you would like to sell.

Once you have made your decision, you may send your manager up to sell your oil barrels.

**Helpful Hint:** If you think your competitors are flooding the market, you may want to conserve. If you think your competitors are conserving oil, you may want to be aggressive.
## Filling out your ledger...

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<td></td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Record the number of barrels you sold.
Filling out your ledger...

<table>
<thead>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>4 X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The value per Item will be announced by the teacher based upon market demand.
## Filling out your ledger...

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<tbody>
<tr>
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<td>$6</td>
<td>$30</td>
<td>Crude oil Purchased in the January of 1870</td>
<td>4 X</td>
<td>4X</td>
<td></td>
</tr>
</tbody>
</table>

Multiply the quantity sold by the value established by the market to find out how much you earned.
## Filling out your ledger...

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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Refined oil sold in the February of 1870</td>
<td>4</td>
<td>X</td>
<td>4X</td>
</tr>
</tbody>
</table>

Don’t forget to describe your transaction
Round 3
Going back for more
Fires in Titusville have caused the price of Crude Oil to skyrocket. The cost is $11 a barrel. However, you have earned the banks trust and will lend you up to $300.

With your company, decide how many barrels of oil you would like to buy.

Once you have made your decision, you may send your manager up to collect your oil barrels.
Helpful Hint

- You may want to pass notes within your company or to other companies to keep your business quiet.
- That’s what Rockefeller did...
### Fill out your ledger...

<table>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Refined oil sold in the February of 1870</td>
<td>4</td>
<td>X</td>
<td>4X</td>
</tr>
<tr>
<td>?</td>
<td>$11</td>
<td>?</td>
<td>Crude Oil purchased in the April of 1870</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Round 4
Back to the market
Demand Curve for May 1870
In other words

- If the market has 1-20 barrels available, the going price will be $12 a barrel
- If the market has 21-30 barrels available, the going price will be $10 a barrel
- If the market has 31-40 barrels available, the going price will be $8 a barrel
- If the market has 41-50 barrels available, the going price will be $6 a barrel
- If the market has 50 or more barrels available, the going price will be $4 a barrel
As you can see, refined oil is in more of a demand.
With your company, decide how many barrels of oil you would like to sell.
Once you have made your decision, you may send your manager up to sell your oil barrels.
Fill out your ledger...

<table>
<thead>
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<th>Quantity Purchased</th>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Refined oil sold in the February of 1870</td>
<td>4</td>
<td>$X</td>
<td>4$X</td>
</tr>
<tr>
<td>?</td>
<td>$11</td>
<td>?</td>
<td>Crude Oil purchased in the April of 1870</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Refined Oil purchased in the May of 1870</td>
<td>?</td>
<td>$X</td>
<td>?X</td>
</tr>
</tbody>
</table>
Round 5
Round 5: July 1870

- It seems as if everyday new oil is being discovered dropping the price of crude.
- Crude Oil: $4 a barrel
- Banks still offer you $300 in loans
- With your company, decide how many barrels of oil you would like to buy.
- Once you have made your decision, you may send your manager up to collect your oil barrels
Round 6
Demand Curve for August 1870
If the market has 1-10 barrels available, the going price will be $9 a barrel.

If the market has 11-20 barrels available, the going price will be $7 a barrel.

If the market has 21-30 barrels available, the going price will be $5 a barrel.

If the market has 31 or more barrels available, the going price will be $3 a barrel.
Round 6: August 1870

- Summertime Sun bringing more light has caused a drop in the demand for oil.
- With your company, decide how many barrels of oil you would like to sell.
- Once you have made your decision, you may send your manager up to sell your oil barrels
Stop... Let’s Process

- What problems have you faced so far?
- What might a solution be?
Round 7
Forming a Trust
Standard Oil has offered to buy your company with shares of Standard Oil.
By incorporating your company into Standard Oil, profits should be guaranteed.
Let's see if you can work together under the guidance of Standard Oil.
Round 7: October 1870

- Crude oil is once again selling for $6 a barrel.
- Standard Oil will guide you in how many barrels you will purchase.
- Once Standard Oil has given you your orders, purchase your oil and complete your ledger.
  - Remember that John D. Rockefeller is a stickler for ledgers and can find errors in a heartbeat.
Round 8
Controlling the Market Together
Demand Curve for November 1870
If the market has 1-10 barrels available, the going price will be $12 a barrel.

If the market has 11-20 barrels available, the going price will be $10 a barrel.

If the market has 21-30 barrels available, the going price will be $8 a barrel.

If the market has 31-40 barrels available, the going price will be $6 a barrel.

If the market has 40 or more barrels available, the going price will be $4 a barrel.
Round 8: November 1870

- Standard Oil will study the demand for oil and decide how many barrels each company will sell to keep prices fair for the customers while guaranteeing profit.
- Once Standard Oil has given you orders, sell your oil and fill out your ledger.
Final Tally

- Total your Money Earned and Money Paid
- Subtract the Money Paid from the Money Earned
- Record your Total Profit
Follow Up Questions

- Which was better, working as competing companies or working as a trust?
- How could the trust have abused their power?
- Why is it not in the interest of a trust to abuse the market?
- If you owned a restaurant that could only spend $8 on oil each month, how would you have felt during 1870?
Equally well does both the history and the present condition of the oil business show that it has not needed any such aggregation to give us cheap oil. The margin between crude and refined was made low by competition. It has rarely been as low as it would have been had there been free competition. For five years even the small independent refineries outside of the Pure Oil Company have been able to make a profit on the prices set by the Standard, and this in spite of the higher transportation they have paid on both crude and refined, and the wall of seclusion the railroads build around domestic markets.

Very often people who admit the facts, who are willing to see that Mr. Rockefeller has employed force and fraud to secure his ends, justify him by declaring, “It's business.” That is, “it's business” has to come to be a legitimate excuse for hard dealing, sly tricks, special privileges. It is a common enough thing to hear men arguing that the ordinary laws of morality do not apply in business. Now, if the Standard Oil Company were the only concern in the country guilty of the practices which have given it monopolistic power, this story never would have been written. Were it alone in these methods, public scorn would long ago have made short work of the Standard Oil Company. But it is simply the most conspicuous type of what can be done by these practices. The methods it employs with such acumen, persistency, and secrecy are employed by all sorts of business men, from corner grocers up to bankers. If exposed, they are excused on the ground that this is business. If the point is pushed, frequently the defender of the practice falls back on the Christian doctrine of charity, and points that we are erring mortals and

THE HISTORY OF THE STANDARD OIL COMPANY

must allow for each other's weaknesses!—an excuse which, if carried to its legitimate conclusion, would leave our business men weeping on one another's shoulders over human frailty, while they picked one another's pockets.

One of the most depressing features of the ethical side of the matter is that instead of such methods arousing contempt, they are more or less openly admired. And this is logical. Canonise “business success,” and men who make a success like that of the Standard Oil Trust become national heroes! The history of its organisation is studied as a practical lesson in money-making. It is the most startling feature of the case to one who would like to feel that it is possible to be a commercial people and yet a race of gentlemen. Of course such practices exclude men by all the codes from the rank of gentlemen, just as such practices would exclude men from the sporting world or athletic field. There is no gaming table in the world where loaded dice are tolerated, no athletic field where men must not start fair. Yet Mr. Rockefeller has systematically played with loaded dice, and it is doubtful if there has ever been a time since 1872 when he has run a race with a competitor and started fair. Business played in this way loses all its sportsmanlike qualities. It is fit only for tricksters.

The effects on the very men who fight these methods on the ground that they are ethically wrong are deplorable. Brought into competition with the trust, badgered, foiled, spied upon, they come to feel as if anything is fair when the Standard is the opponent. The bitterness against the Standard Oil Company in many parts of Pennsylvania and Ohio is such that a verdict from a jury on the merits of the evidence is almost impossible! A case in point occurred a few years ago in the Bradford field. An oil producer was discovered stealing oil from the National Transit Company. He had tapped the main line and for at least two years had run a small but steady stream of Standard oil into his private tank. Finally the thieving
CONCLUSION

pipe was discovered, and the owner of it, after acknowledging his guilt, was brought to trial. The jury gave a verdict of Not guilty! They seemed to feel that though the guilt was acknowledged, there probably was a Standard trick concealed somewhere. Anyway it was the Standard Oil Company and it deserved to be stolen from! The writer has frequently heard men, whose own business was conducted with scrupulous fairness, say in cases of similar stealing that they would never condemn a man who stole from the Standard! Of course such a state of feeling undermines the whole moral nature of a community.

The blackmailing cases of which the Standard Oil Company complain are a natural result of its own practices. Men going into an independent refining business have for years been accustomed to say: “Well, if they won’t let us alone, we’ll make them pay a good price.” The Standard complains that such men build simply to sell out. There may be cases of this. Probably there are, though the writer has no absolute proof of any such. Certainly there is no satisfactory proof that the refinery in the famous Buffalo case was built to sell, though it was offered for sale when the opposition of the Everests, the managers of the Standard concern, had become so serious as later to be stamped as criminal by judge and jury, there is no doubt. Certainly nothing was shown to have been done or said by Mr. Matthews, the owner of the concern which the Standard was fighting, which might not have been expected from a man who had met the kind of opposition he had from the time he went into business.

The truth is, blackmail and every other business vice is the natural result of the peculiar business practices of the Standard. If business is to be treated as warfare and not as a peaceful pursuit, as they have persisted in treating it, they cannot expect the men they are fighting to lie down and die without a struggle. If they get special privileges they must expect their competitors to struggle to get them. If they will find it more profitable to buy out a refinery than to let it live, they must expect the owner to get an extortionate price if he can. And when they complain of these practices and call them blackmail, they show thin sporting blood. They must not expect to monopolise hard dealings, if they do oil.

These are considerations of the ethical effect of such business practices on those outside and in competition. As for those within the organisation there is one obvious effect worth noting. The Standard men as a body have nothing to do with public affairs, except as it is necessary to manipulate them for the “good of the oil business.” The notion that the business man must not appear in politics and religion save as a “stand-patter”—not even as a thinking, aggressive force—is demoralising, intellectually and morally. Ever since 1872 the organisation has appeared in politics only to oppose legislation obviously for the public good. At that time the oil industry was young, only twelve years old, and it was suffering from too rapid growth, from speculation, from rapacity of railroads, but it was struggling manfully with all these questions. The question of railroad discriminations and extortions was one of the “live questions” of the country. The oil men as a mass were allied against it. The theory that the railroad was a public servant bound by the spirit of its charter to treat all shippers alike, that fair play demanded open equal rates to all, was generally held in the oil country at the time Mr. Rockefeller and his friends sprung the South Improvement Company. One has only to read the oil journals at the time of the Oil War of 1872 to see how seriously all phases of the transportation question were considered. The country was a unit against the rebate system. Agreements were signed with the railroads that all rates henceforth should be equal. The signatures were not on before Mr. Rockefeller had a rebate, and gradually others got them until the Standard had won the advantages
it expected the South Improvement Company to give it. From that time to this Mr. Rockefeller has had to fight the best sentiment of the oil country and of the country at large as to what is for the public good. He and his colleagues kept a strong alliance in Washington fighting the Interstate Commerce Bill from the time the first one was introduced in 1876 until the final passage in 1887. Every measure looking to the freedom and equalisation of transportation has met his opposition, as have bills for giving greater publicity to the operations of corporations. In many of the great state Legislatures one of the first persons to be pointed out to a visitor is the Standard Oil lobbyist. Now, no one can dispute the right of the Standard Oil Company to express its opinion on proposed legislation. It has the same right to do this as all the rest of the world. It is only the character of its opposition which is open to criticism, the fact that it is always fighting measures which equalise privileges and which make it more necessary for men to start fair and play fair in doing business.

Of course the effect of directly practising many of their methods is obvious. For example, take the whole system of keeping track of independent business. There are practices required which corrupt every man who has a hand in them. One of the most deplorable things about it is that most of the work is done by youngsters. The freight clerk who reports the independent oil shipments for a fee of five or ten dollars a month is probably a young man, learning his first lessons in corporate morality. If he happens to sit in Mr. Rockefeller's church on Sundays, through what sort of a haze will he receive the teachings? There is something alarming to those who believe that commerce should be a peaceful pursuit, and who believe that the moral law holds good throughout the entire range of human relations, in knowing that so large a body of young men in this country are consciously or uncon-

THE HISTORY OF THE STANDARD OIL COMPANY

sciously growing up with the idea that business is war and that morals have nothing to do with its practice.

And what are we going to do about it? For it is our business. We, the people of the United States, and nobody else, must cure whatever is wrong in the industrial situation, typified by this narrative of the growth of the Standard Oil Company. That our first task is to secure free and equal transportation privileges by rail, pipe and waterway is evident. It is not an easy matter. It is one which may require operations which will seem severe; but the whole system of discrimination has been nothing but violence, and those who have profited by it cannot complain if the curing of the evils they have wrought bring hardship in turn on them. At all events, until the transportation matter is settled, and settled right, the monopolistic trust will be with us, a leech on our pockets, a barrier to our free efforts.

As for the ethical side, there is no cure but in an increasing scorn of unfair play—an increasing sense that a thing won by breaking the rules of the game is not worth the winning. When the business man who fights to secure special privileges, to crowd his competitor off the track by other than fair competitive methods, receives the same summary disdainful ostracism by his fellows that the doctor or lawyer who is "unprofessional," the athlete who abuses the rules, receives, we shall have gone a long way toward making commerce a fit pursuit for our young men.

THE END
OF MEN AND EVENTS

THE MODERN CORPORATION

Beyond question there is a suspicion of corporations. There may be reason for such suspicion very often; for a corporation may be moral or immoral, just as a man may be moral or the reverse; but it is folly to condemn all corporations because some are bad, or even to be unduly suspicious of all, because some are bad. But the corporation in form and character has come to stay—that is a thing that may be depended upon. Even small firms are becoming corporations, because it is a convenient form of partnership.

It is equally true that combinations of capital are bound to continue and to grow, and this need not alarm even the most timid if the corporation, or the series of corporations, is properly conducted with due regard for the rights of others. The day of individual competition in large affairs is past and gone—you might just as well argue that we should go back to hand labour and throw away our efficient machines—and the sober good sense of the people will accept this fact when they have studied and tried it out. Just see how
OF MEN AND EVENTS

instrumentality for its purposes, and then a corporation becomes a necessity. In most countries, as in England, this form of industrial combination is sufficient for a business co-extensive with the parent country, but it is not so in America. Our Federal form of government making every corporation created by a state foreign to every other state, renders it necessary for persons doing business through corporate agency to organize corporations in some or many of the different states in which their business is located. Instead of doing business through the agency of one corporation they must do business through the agencies of several corporations. If the business is extended to foreign countries, and Americans are not to-day satisfied with home markets alone, it will be found helpful and possibly necessary to organize corporations in such countries, for Europeans are prejudiced against foreign corporations, as are the people of many of our states. These different corporations thus become cooperating agencies in the same business and are held together by common ownership of their stocks.

It is too late to argue about advantages of industrial combinations. They are a necessity. And if Americans are to have the privilege of extending their business in all the states of the Union, and into foreign countries as well, they are a necessity on a large scale, and require the agency of more than one corporation.

The dangers are that the power conferred by combination may be abused, that combinations may be formed for speculation in stocks rather than for conducting business, and that for this purpose prices may be temporarily raised instead of being lowered. These abuses are possible to a greater or less extent in all combinations, large or small, but this fact is no more of an argument against combinations than the fact that steam may explode is an argument against steam. Steam is necessary and can be made comparatively safe. Combination is necessary and its abuses can be minimized; otherwise our legislators must acknowledge their incapacity to deal with the most important instrument of industry.

In the hearing of the Industrial Commission in 1899, I then said that if I were to suggest any legislation regarding industrial combinations it would be: First, Federal legislation under which corporations may be created and regulated, if that be possible. Second, in lieu thereof, state legislation as nearly uniform as possible, encouraging combinations of persons.
and capital for the purpose of carrying on industries, but permitting state supervision, not of a character to hamper industries, but sufficient to prevent frauds upon the public. I still feel as I did in 1899.

THE NEW OPPORTUNITIES

I am far from believing that this will adversely affect the individual. The great economic era we are entering will give splendid opportunity to the young man of the future. One often hears the men of this new generation say that they do not have the chances that their fathers and grandfathers had. How little they know of the disadvantages from which we suffered! In my young manhood we had everything to do and nothing to do it with; we had to hew our own paths along new lines; we had little experience to go on. Capital was most difficult to get, credits were mysterious things. Whereas now we have a system of commercial ratings, everything was then haphazard and we suffered from a stupendous war and all the disasters which followed.

Compare this day with that. Our comforts and opportunities are multiplied a thousand fold. The resources of our great land are now actually opening up and are scarcely

touched; our home markets are vast, and we have just begun to think of the foreign peoples we can serve — the people who are years behind us in civilization. In the East a quarter of the human race is just awakening: The men of this generation are entering into a heritage which makes their fathers’ lives look poverty-stricken by comparison. I am naturally an optimist, and when it comes to a statement of what our people will accomplish in the future, I am unable to express myself with sufficient enthusiasm.

There are many things we must do to attain the highest benefit from all these great blessings; and not the least of these is to build up our reputation throughout the whole world.

The great business interests will, I hope, so comport themselves that foreign capital will consider it a desirable thing to hold shares in American companies. It is for Americans to see that foreign investors are well and honestly treated, so that they will never regret purchases of our securities.

I may speak thus frankly, because I am an investor in many American enterprises, but a controller of none (with one exception, and that a company which has not been much of a dividend payer), and I, like all the rest, am dependent upon the honest and capable adminis-