John D. Rockefeller, Sr. (cont.)













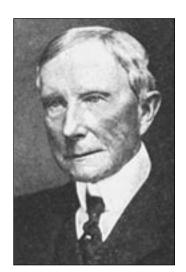






Historical Background Information

John Davidson Rockefeller made his fortune in the oil industry, and at the turn of the century was considered to be the richest man in the world. Rockefeller was born in Richford, New York, in 1839. His father was a traveling salesman and his religious mother was a firm believer in hard work and charity. When he was 14, his family moved to Cleveland, Ohio, where Rockefeller attended high school. He excelled in mathematics. At the age of 16, he started working as a clerk for a produce company, where his honesty and efficiency led to a respected reputation. Rockefeller had a natural business sense and a special knack for making money. He formed a partnership in a grain commission house that became very profitable. Rockefeller then used those profits to invest in a new



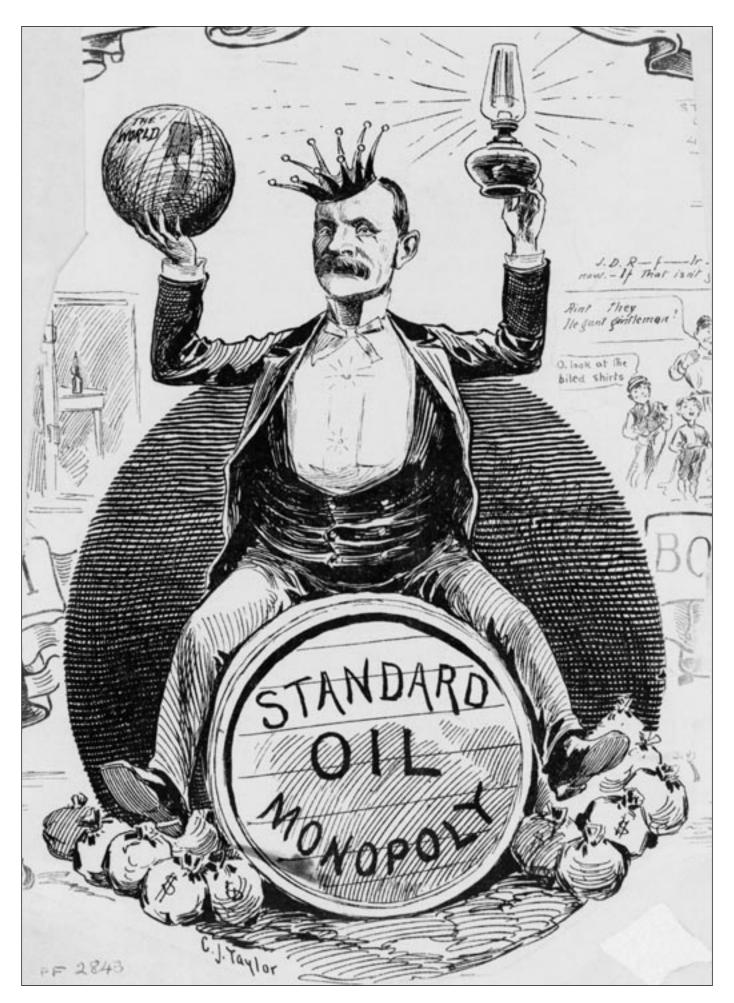
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product—oil. By 1866, Rockefeller had formed a partnership with his brother, William, and they became very busy expanding their oil business. In 1868, they added a new partner, Henry Flagler.

Rockefeller used his mathematical and organizational skills to improve the oil industry by cutting waste and poor management habits. He strongly believed that central control of the industry was essential to smoothly take the oil products from the producer to the consumer. He and his partners decided to seek control of all parts of the oil industry from making their own oil barrels, to manufacturing the sulfuric acid used in the refining process, to owning their warehouses, to building tank cars to carry the oil on the railways. The company bought other oil companies and forced the railroads into a tax system for hauling the oil. Within a few years, Rockefeller and his partners had developed an orderly refinery system called Standard Oil Company. Rockefeller had a reputation as a cunning businessman and financier.

By the end of 1872, Rockefeller owned all the main refineries in Cleveland, New York, Pittsburgh, and Philadelphia. In 1882, the Standard Oil Trust was formed and all properties were placed in the Trust. By 1888, they had an elaborate oil distribution system whereby almost every town felt compelled to buy Standard products. His oil monopoly controlled most of the world oil trade. A *monopoly* means that the person or company has complete control and there is no competition from other companies. People criticized his monopoly and forced the courts to close the Standard Oil Trust in 1892. Government laws called antitrust laws have since been set in place to keep one company from controlling the entire market or having a monopoly on that market.

In 1897 Rockefeller retired from active management of the business and began to focus his life on philanthropy. A *philanthropist* is someone who gives away money to help others. Rockefeller's fortune rose in 1912 to almost \$900 million. By that time he had already given away hundreds of millions of dollars.



Standard Oil Monopoly

Historical Background Information

This is a cartoon of John D. Rockefeller. It is called "King of the World" and was drawn by C. J. Taylor. The cartoon shows the control Standard Oil had over the entire world oil market. Rockefeller was a shrewd businessman who knew how to make money. For awhile, his company held the monopoly on oil. Antitrust laws broke up the company so that other companies could offer competition. Competition helped to bring the prices down for the public.











Analyzing History

Knowledge

How did Rockefeller become the richest man in the world by the turn of the century?

Comprehension

Explain the symbols in this cartoon and how they represent the Standard Oil monopoly.

Application

If Rockefeller were alive today, what advice would you ask him about his business dealings? Write a letter from Rockefeller to you in which he expresses his expert advice.

Analysis

A monopoly that is under criticism today is the Microsoft Corporation. This company supplies most of the software on our computers. Using a Venn diagram, compare this monopoly to the oil monopoly. How do both affect people and how can the antitrust laws prevent them from squelching the competition?

Synthesis

While there was resentment against Rockefeller for building a huge oil empire, he also provided jobs for millions of people and eventually a new way of life for everyone. Imagine what our lives would be like today if men like Rockefeller had not pushed to make the production of oil so efficient and profitable. Write a paragraph describing how you think life would be different.

Evaluation

People who work really hard have made our lives easier in many ways. Some have also made millions of dollars because they are great businessmen. Do you think monopolies are unfair to those who work really hard and become successful? Do the antitrust laws go against the "American Dream" that anyone can work hard and achieve success?

Historical Writing

Fiction

Write a short skit from the viewpoint of a small businessman who must deal with Standard Oil when buying the kerosene and gasoline he sells to his customers. Include conversations with Standard Oil distributors and with this man's customers.

Nonfiction

If you had 500 million dollars to donate to good causes, where would you contribute your money? Why?

History Challenge

Where did Rockefeller's money go? Research the names of several of the philanthropic causes and projects Rockefeller endorsed. Record what you discover in a paragraph or two.