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The Standard Oil Company: Enterprise, Monopoly, and Regulation

The oil industry of today is characterised by massive multinational corporations, sprawling across the earth and oceans, trafficking highly valuable cargoes through multi-million-dollar infrastructure to service stations and businesses. Names such as Exxon, Mobil, BP, and Chevron, oil corporations with wealth and influence, seem to operate seamlessly as international conglomerate entities, with a presence seemingly everywhere, yet remain strangely mysterious. Controversial at times, and at others deemed essential, the tension between private power and public necessity that surround these oil corporations is as old as their parent company: Standard Oil.

Formally incorporated in 1870 by its equally controversial founder, John D. Rockefeller, in the emerging oil refinery industry of Ohio, few may have foreseen the industrial magnate that Rockefeller and his company were to become.

The Early Life of John D. Rockefeller

John Davison Rockefeller was born on 8 July 1839 in Richford, in upstate New York. He was the second child of William and Eliza, an unlikely marriage between an English-German travelling salesman and a devout Scottish Baptist. Rockefeller's early life was a far cry from the wealth of his later years. His father's business was of the borderline-crooked type, as a travelling salesman of questionable integrity. Known as 'Devil Bill', William Avery Rockefeller Sr had a shrewd and elastic business sense, a cunning and charismatic salesman of various pseudo-medical botanical remedies and elixirs for everyday ailments. Described as 'unshackled by conventional morality', Devil Bill's various business rackets were as ethically questionable as his personal life. His marriage to Eliza and the family they had notwithstanding, Bill indulged in a double life, keeping a mistress with whom he also had children, and eventually marrying another, bigamously, across the Canadian border without

divorcing Eliza. Despite bragging about 'making his sons sharp' by deliberately deceiving them, Devil Bill's itinerant lifestyle had often left his pious wife Eliza alone to raise John and his four siblings as they moved from town to town. It is to her efforts in teaching her children the value of hard work, thrift, and charity that Rockefeller attributed much of his success. Young John often pitched in at home, earning money selling turkeys and potatoes to makes ends meet in his father's absence. By 1853, the Rockefellers had moved to Strongsville, Ohio, where Rockefeller attended school in Cleveland. Once it became clear by around 1855 that Devil Bill had abandoned the family, he obtained employment as an assistant bookkeeper to a small grocery commission at just sixteen years old. Always motivated to grow and improve, Rockefeller used his apprenticeship years to familiarise with astute business strategies, particularly the importance and nuances of transportation costs. In 1859, Rockefeller struck out on his own, forming a grocery and supplies business in partnership with Maurice B. Clark. Known as Clark & Rockefeller, this small business grew steadily, increasing profits each year until expanding greatly with the event of the American Civil War, and its high demand for food and supplies. At the conclusion of the Civil War, Clark & Rockefeller needed to find a way to match their wartime profits. They turned their attention to the rising oil industry.

Oil prospecting in Ohio experienced a boom in the 1860s, and one that looked attractive to Clark & Rockefeller in the wake of their wartime profits. Federal subsidies created massive price increases for oil, which attracted thousands to speculate in the oil-rich region around Cleveland. The onslaught of hopeful men and their families upon the crowded oil frontier saw a few strike lucky, and many others lose everything. Those who did strike oil often had to let much of it go to waste through inadequate infrastructure, unable to catch and store it all. Others found nothing. It was a hard and uncertain life, that often left one with little to show for it. For Rockefeller, the risk of prospecting itself was too great. In a prudent decision, he decided not to prospect for oil himself, but to provide an essential service to those who did procure crude oil from their plots: he entered the refining industry. In particular, a lucrative gap existed for refining kerosene from crude oil. Kerosene, if it could be refined from oil rather than through the cumbersome process of extracting it from coal, was a cheap and efficient alternative fuel for lighting to the then-current source: expensive whale oil. So, Clark & Rockefeller regrouped in 1863 with Samuel Andrews an innovative chemist, and Clark's two brothers, to form Andrews, Clark & Co., and together they owned an oil refinery in the industrial area known as The Flats. Attention_to detail and a robust drive to maximise profits showed Rockefeller to be an astute businessman in the early but thriving oil industry. Throughout the 1860s, Rockefeller tailored his business to streamlined success, reconfiguring its ownership, and integrating critical elements of the industry to reduce costs, maximise productivity, and gain control over every aspect of production. His early lessons in thrift became the key to utilising the by-products of kerosene refining toward further moneymaking, such as gasoline and lower-grade oil that were usually dumped by refineries. Rockefeller used the gasoline to power machinery at the refinery, and sold the rest as lubricating oil, paraffin wax, and petroleum jelly. He even used the resulting tar for paving. By 1865, it was clear the Rockefeller was in charge, and in perhaps one of his most

consequential moves, he bought out his partners, the Clark brothers, and took the helm of the new company Rockefeller & Andrews. He didn't stop there. As the company grew, he hired his own plumbers to lay pipelines at a fraction of the cost of external labour, and even purchased his own supplies of wood, from which to build the barrels for transporting the finished products at significantly lower cost. Adopting what we would later know as vertical integration strategies_was a hallmark of Rockefeller's managerial style. Most refineries limited their operations to refining, outsourcing the ancillary aspects. Bringing as much as possible under the control of the company, however, set Rockefeller apart, streamlining costs and making use of every possible byproduct. The Cleveland refinery became the largest and most productive in the region. The second half of the 1860s was characterised by growth and expansion for Rockefeller & Andrews. In 1866, Rockefeller joined forces in partnership with his younger brother, William Rockefeller Jr. An office in New York was established to handle their increasingly lucrative foreign trade, to which William was sent to oversee the business. After all, the United States provided the majority of the world's oil until the mid-1880s, and Rockefeller's Cleveland refinery, the largest in the region and potentially in the world at the time, was at the very spearhead of this international trade. In the second half of the 1860s, the Cleveland refinery expanded from 500 barrels a day to 1500. It produced a tenth of the entire nation's refined petroleum, and its annual gross revenue was said to be larger than the next three competitors combined. Rockefeller was quick to take advantage of size and scale. Further integration of other aspects of business became more possible, including critical elements of transportation and storage such as investing in lake shipping, storage depots, wharfage and warehouses.

There was massive potential for further growth and expansion, but what Rockefeller needed was capital to invest into this. In the early days of the oil industry in the Cleveland region, most operations were devised as partnerships; smaller in scale and investment. The increasing size of Rockefeller's operations was an attractive investment to someone looking to enter the thriving young oil industry. In 1867, Henry Flagler, an important addition to the Rockefeller alliance, joined them. Flagler, who Rockefeller had known since his earlier produce commission days, was a well-connected grain merchant looking for a new, lucrative business venture. Alongside established relations with key figures in the transportation industry gained from his time in the grain business, Flagler had access to considerable amounts of capital through his extended family. For establishing his oil refining venture, Flagler's relative Stephen V. Harkness forwarded the equivalent of $1.85million on the condition that Flagler be made a partner. Consequently, Rockefeller, Andrews & Flagler was formed. A new phase of ruthless enterprise was set to begin as this company was the foundation of Standard Oil.

The Cleveland Massacre and the Southern Improvement Company

On 10 January 1870, The Standard Oil Company (Ohio) was incorporated. The shares were issued to Rockefeller, Andrews, Harkness, Flagler, William Rockefeller, and the former partnership of Rockefeller, Andrews, and Flagler. The scale of the business and its capital requirements had outgrown the partnership model. Rockefeller was nominated as President.

The former partners were poised as owner-managers of the largest and most influential oil refinery in Cleveland, and possibly the world at the time, to expand their business to new levels of industrial control in what has become known interchangeably as 'The Conquest of Cleveland' and 'The Cleveland Massacre'. Towards the end of the 1860s, new phase for Rockefeller and his business interests was becoming established. Until this point, the various smaller partnerships that Rockefeller founded and managed had been engaging in business on relatively level, if successful, terms with their competitors. Rockefeller was effectively winning the capitalist game as it was understood at the time. During this decade and the following, however, the exponential growth and consolidation of Rockefeller's control and influence over the oil refining industry ran unparalleled, and the manner in which business was conducted shifted from maximising the profits of their own company, and vertically integrating in the industry, to absorbing and destroying their competition, in an intimidating horizontal integration pattern. While effective in building a regional then national monopoly, some of the tactics were later exposed as illegal, and widely considered unethical.

The first two years of 1870 witnessed a profound and rapid consolidation of the oil refineries in Cleveland. Standard Oil engaged in a concentrated effort to either absorb or eliminate competition and their first task was securing an intimidating deal with the railroad. A central feature of the power of Rockefeller's operations derived from the sheer scale of production, lay in the leverage he could wield in negotiations with transportation providers, particularly railroads. Railways were the primary means of transporting oil from refineries to points of sale, but these railroads existed in stiff competition with one another. In the period following the Civil War, facing high operational costs and uneven patterns of supply, railroads competed fiercely for commissions and contracts. Standard Oil's ability to guarantee larger consignments combined with Rockefeller and Flagler's familiarity with railway operations and significant figures gave the company a considerable advantage. Rockefeller knew that transport rates were a decisive factor in the costs of a refinery, and lowering these could undermine competition in a way that would make it nearly impossible for them to survive, much less compete. In 1870, the first year of Standard Oil's incorporation, Flagler approached the Lake Shore Railroad, managed by James Devereaux, to make a very attractive offer. In exchange for a discounted rate, Flagler guaranteed the struggling railroad sixty carloads of oil per day, every day. Devereaux knew this was financially wise, as such guaranteed business could save the railroad a lot of money in reducing the costs of uncertainty, but also aware that any railroad would gladly accept such an offer. He accepted, though when news of the discounted rate became known amongst the other refiners, they were justifiably upset, but little could be done, for as Devereux defended himself, if any other company could offer such a deal, it would have been equally well received. Which of course they couldn't, for they were not operating at the scale of Standard Oil. Competitive advantage seemed to be working in Standard Oil's favour, and now with this deal in hand, and their operating costs almost impossible to match, Rockefeller could pressure smaller and rival refineries to concede, and sell to Standard Oil. Which many did, beginning with their two biggest Cleveland rivals, Clark, Payne & Co. and Westlake, Hutchins & Co., who agreed to merge with little reluctance. Payne went on to become a senior executive in Standard Oil,

demonstrating Rockefeller's eagerness to enlist the skills and expertise of his former competitors, a strategy he embraced on number of occasions. By the end of the following year, nearly all of the Cleveland refineries – large and small – had capitulated to Standard Oil's demand to sell or merge, usually without the need for excessive intimidation. Just the threat of Standard Oil's contract with the railroad and its sheer size was often enough to convince a smaller refinery that they were better off selling to Rockefeller than trying to stay afloat. For those not so easily convinced, however, stronger words were needed, usually from Rockefeller himself, including hostile reminders of how futile trying to compete would be. One of Standard Oil's most vocal critics was John Dustin Archbold, who had been refining oil in the area for around ten years when Rockefeller began squeezing out competitors. Archbold held his ground through the 'conquest' but would cross paths again with Rockefeller. The great 'conquest' of Cleveland was nearly complete, with all but two refineries absorbed into Standard Oil. At this time, Rockefeller showed his proficiency for the underhanded secrecy of acquisition tactics too. He acquired the important New York company Jabez A. Bostwick & Co., who had a refinery on Long Island and a strong reputation as an export company. This greatly strengthened Standard Oil's overseas interests, but nothing was altered in the day-to-day operation of Jabez A. Bostwick & Co., and nobody knew of the secret change in ownership.

While this was all happening primarily 'behind closed doors', at least for the time being, a public scandal associated with preferential railroad dealings was brewing that would expose some of the unfair advantages exploited by Rockefeller, and significantly alter how Standard Oil would be perceived. Three major railroads ran through the industrially significant Cleveland area: the Pennsylvania Railroad, the Erie Railroad, and the New York Central railroad, with whose subsidiary, Lake Shore Railroad, Standard Oil already had a favourable deal. Competition between these carriers was vicious and by the early 1870s, it was reaching a peak that coincided with the need to limit refined oil production which had blown out to 40 000 barrels per day, far above the daily market for 16 000 barrels. The solution, envisioned by Pennsylvania Railroad vice president Thomas A. Scott, was to collaborate, and form a corporation between the three railroads and major businesses to end the price war and further their mutual interests. Standard Oil had, through Rockefeller and Flagler, important connections and familiarity with the railroads industry and the details of price setting. So, in November 1871, Rockefeller met with Scott, the other heads of the railroads, representatives of other oil refining regions such as Pittsburgh, Philadelphia, and New York, and other significant businessmen including Henry William Vanderbilt, in New York to discuss the formation of the Southern Improvement Company. This was a potentially extremely lucrative deal, done in secret, that promised to ensure preferential transportation rates and handsome rebates to the large oil suppliers in exchange for regular and reliable business. Furthermore, the suppliers involved in the Southern Improvement Company would receive attractive rebates per barrel shipped from non-affiliated suppliers. The result for these non-affiliated companies would be an enormous increase in transport rates of 100%. Despite its advantageous terms for both railroads and oil refiners, Rockefeller held some cards close to his chest. In another level of secrecy, he was allied with two key figures in the proposed

Southern Improvement Company – it's president Peter H. Watson, and the New York regional representative Jabez A. Bostwick – unbeknown to the others. Effectively, even with his modestly fair allocation of shares, Rockefeller controlled the would-be company.

Although it never materialised, and no shipment of oil ever transpired, the Southern Improvement Company plan made between the railroads and large oil refiners was an example of the informal, secretive collaboration between big businesses that prevented smaller or independent firms from competing, barred others from entering the industry, concentrated power within a small industry group, and ultimately cultivated fear and suspicion of the inner workings of large corporations, particularly once news leaked of this back-room deal. The protest from other refiners was intense, and featured prominent independent refiners Henry Huttleson Rogers and Charles Pratt, who had refused to join the Southern Improvement Company. A boycott of railroads was organised, and tensions increased, eventually resulting in outbreaks of violence in early 1872 known as 'the oil wars'. In the face of these protests, the railroads backed out the deal and on 25 March 1872 the Southern Improvement Company contracts were ended, followed by the suspension of the company charter by the state of Pennsylvania in April. The consequence of these collective actions however proved to be mixed outcome. Recognising the need for collaboration and regulation, the National Refiners Association was formed in April 1872. Its membership featured key representatives Charles Lockhart from Pittsburgh, William G. Warden from Philadelphia, along with the Southern Improvement Company's critic Charles Pratt of New York and Rockefeller's loud critic John Dustin Archbold. from This was an attempt to openly and transparently regulate crude oil allotments buy allotment and to represent the members of the Association in negotiations with railroads, not to regulate oil prices, and was welcomed as a positive development. It was administered by an elected board, of which Rockefeller was nominated as the head. Nobody feared any kind of takeover or misuse of the position, but the Association didn't last long enough for anything to transpire. In the economic depression of the 'Panic of 1873', the Association collapsed. This left Rockefeller, who could ride out the 'panic', with the opportunity buy up the interests of the Association members, including those of his critics, and be promptly established them as Standard Oil's administrators of their respective regions. Again, the fact that Charles Pratt's business, Astral Oil, was now a New York office of Standard Oil was kept a secret, not revealed until 1892. Part of the purpose of this was for Rockefeller to purchase other refineries in the Brooklyn region under the Pratt name, in a similar process to the 'conquest of Cleveland' while giving the illusion of competition. Pratt proved to be a difficult former competitor for Rockefeller to integrate into Standard Oil. While he was on the Board of Directors and proficient at busting unions, developing methods for this that were widely adopted throughout the company, he always remained stubbornly independent and a critic of Rockefeller until his death in 1891. It may have been a case of keeping friends close, and enemies closer.

The Standard Oil Trust

Though the tactics may have been 'strong-arm' and collusive, the monopolistic nature of Standard Oil's business did have one important positive outcome: it lowered the price of kerosene to be affordable by the middle and working classes. Rockefeller himself maintained that his monopoly was a good thing for the industry: it stabilised prices, provided employment, which he considered to be under excellent conditions despite his opposition to unions. For proponents of Rockefeller's rise to power, Standard Oil provided the benefits of centralised management, reduced risk and increased ability to ride out fluctuations across the industry, and fostered innovation.

Despite these positive aspects, the consolidation of monopolistic power saw Standard Oil fall foul of on old and highly cherished principle of English common law, on which that of the United States was founded, and a pillar of capitalistic freedom closely held by the general public: they were considered to be 'in restraint of trade'. Importantly, during the rise and consolidation of Standard Oil's monopoly, much of the conduct of business considered to be anticompetitive was not necessarily legislated against at the time, or even understood to be in restraint of trade until Rockefeller and the executives of Standard Oil engaged in these practices and the consequences for free enterprise manifested.

Perhaps most importantly and controversially, Standard Oil needed a solution to bypass the restrictive state laws that inhibited interstate trade and capped the size of companies. In one of its most enduring, if subtle, legacies, Standard Oil's general solicitor Samuel Calvin Tate Dodd devised the idea of the 'trust' in 1882 as the corporation's vast interests became increasingly in need of consolidation. Effectively a legal device designed to consolidate corporate power that had sprawled out across states, the Trust was an ownership scaffolding that allowed for interstate or interregional ownership of multiple incorporated individual businesses. Eventually, Rockefeller relocated the new Standard Oil Trust in New York in 1885, while the nine trustees re-domiciled Standard Oil Company (Ohio) in New Jersey, as the Standard Oil Company of New Jersey (SOCNJ) because this state had less restrictive corporate stock ownership laws. The transformation of Standard Oil into a multi-state and multi-national juggernaut was well underway.

This shadowy 'corporation of corporations' structure was incredibly successful. Before long, it had become widely imitated by other larger corporations seeking to expand beyond what the various state laws would accommodate. The Trust model held a number of advantages for corporate business. It concentrated a lot of wealth and power in the hands of a few owners, often rendering exactly who owns and profits from which companies unclear to the public and competitors. In the case of the Standard Oil Trust, the first trust of its kind, only nine people controlled over forty separate incorporated businesses, which in turn controlled further businesses. Rockefeller himself held 41% of ownership over the entire edifice. Some

familiar names did well out of the Trust too. Jabez A. Bostwick was its secretary-treasurer, a position later filled by Charles Pratt's son, Charles M. Pratt. This seemingly abstracted structure and the preferential treatment to personal acquaintances lead to the impression that these 'combinations' were inescapable, pervasive and controlled remotely by a select few.[1]

The development of the trust model had ongoing repercussions for how business was conducted that far outlived Rockefeller and Standard Oil. It inherently detached ownership from operational management, further alienated those who profited from who could be held accountable, obscuring chains of control and the origin of capital in corporate activity. While such a structure could facilitate far wider business operations, and allow investment into regions previously out of reach, the primary function of the Trust was to consolidate and centralise corporate power. It allowed for far easier buy-outs and takeovers, particularly of smaller companies in less industrialised areas, often able to exercise little leverage in the face of larger, well-connected interests, or ability to compete if they were noncompliant with being absorbed into larger corporations. Furthermore, strategically locating companies in different states or regions could reduce tax obligations and avoid stock ownership restrictions, features of trust organisation that aroused a lot of suspicion from the various states. Above all, concentrating corporate power into smaller and smaller groups had the effect of limiting entry to industries and markets that required capital investment, and the ability of individuals to invest smaller amounts of capital with any hope of competitive return. The benefits of trust organisation for corporate businesses however proved initially to outweigh the potential drawbacks, many of which were not yet to be seen. In the 1880s, the power of what was known as 'combination' was now the new benchmark. The age of individual enterprise was waning.

This was, however, perceived as an affront to the liberties of regular people. Anti-trust sentiment was growing amongst the public alongside the popularity of trust model amongst businesspeople. The rise of trusts and shady corporate activity aiming to dominate markets was seen as an attack not only on the freedom of enterprise so dearly held as part of the American Dream, but also on the principle of healthy competition and unrestrained trade, and on the integrity of commerce once held to embody good moral stature. The opaque disposition of trusts felt like an attack on freedom of information, fostering resentfulness at only a few profiteering from a natural resource essential to the majority of people. This was a feeling shared by government and lawmakers. Antitrust Law itself finds its origins in 1890, in the growing public discontent with trust-based corporations. The 'trust model' of corporate organisation eventually ran its course, but despite the increasingly antiquated nature of the 'trust model', the stigma associated with it remained. Fear and suspicion of 'trusts' became embedded in American terminology, giving its name to 'Antitrust Law', which is known as

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[1] Daniel Yergin, *The Prize: The Epic Quest of Oil, Money, and Power* (New York, Simon & Schuster, 1991), p. 910.

'Competition Law' elsewhere, that carries the sentiment of addressing anticompetitive corporate behaviour despite the 'trust model' itself being nearly obsolete. By the mid-1890s it had been largely phased out in favour of other creative legal solutions such as 'holding companies', a strategy utilised by Standard Oil, amongst many others, in which a company was established with the sole purpose of owning shares in other companies. The Standard Oil Company of New Jersey acted as a holding company from 1895. The 1890s was a period of rapid consolidation across most industries, with increasingly complex and underhanded forms of corporate 'combination' finding ways for increasingly larger companies to manipulate their environments to maximise profits and expand corporate interests. Only the most ruthless, underhanded, or well-connected companies could be competitive. The old idea of achieving success in business based on hard work, good ethics, and wise decision-making was long gone.

The greatest fear of all was that of monopoly. Monopolistic trade was understood to be squarely 'in restraint of trade' and potentially dangerous to the people who relied upon the operation of a healthy market in necessary industries. In the cut-throat new climate of insidious corporate activity of the 1890s, the traditional levelling forces of healthy competition and supply-and-demand could not be relied upon to regulate prices, ensure fair opportunity, or curb the power of individual companies to dictate their terms to the public. Companies holding monopolies were not seen to be accountable. It was perceived that the public were not protected from the power of monopolistic companies that operated across state and national borders. For a few to draw profits from a monopolistic business was seen as done so at the expense of the public, such businesses uncompelled to pass on the benefits of lower costs or more streamlined operations to consumers. With pressure from industries, independent producers, and the public, it was decided that Federal Law needed to intervene and legislate against the creation of monopolies gained through anticompetitive methods. In 1890, Congress passed the Sherman Antitrust Act (1890) that made illegal 'anticompetitive agreements', and 'unilateral conduct that monopolises or attempts to monopolise the relevant market'. The language of the Act was somewhat vague, and open to interpretation, but the spirit of the law clearly understood. Antitrust law suits became a confrontation between philosophies at the crossroads of changing times; between the longstanding 'survival of the fittest' laissez-faire approach to business, and the relatively novel concept of government regulation of business competition on behalf of the general public.

This proved to be more contentious stand-off than may have been initially perceived. In the thriving and hostile arena of corporate business in the 1890s, the Sherman Antitrust Act proved initially to have little real impact. Its wording was vague and too easily manipulated, and companies continued to combine and grow and consolidate. The government lost seven of the first eight cases, with only eighteen heard in total before 1902, during which period the consolidation trend saw over 5000 companies merge into 300 large 'combinations'. It was not until 1901, when Theodore Roosevelt came to office, that the Antitrust law was pursued with more vigour, or 'trustbusting' as it became known. The federal commissioner for

corporations studied Standard Oil's practices from 1904-1906, concluding that the company's monopolistic position was gained through unfair practices, particularly relating to undue control of pipelines and railroad concessions. The public forum saw intense scrutiny of large companies, or 'combinations', with cartoons and pieces in popular magazines laying out scathing critiques of trust-like behaviour. One of the most iconic pieces to emerge from this frenzy of public outrage was *The History of the Standard Oil Company*, widely considered to be a masterpiece of investigative journalism by Ida M. Tarbell, meticulously researched and critical of Standard Oil, its executives, and its agenda. Published in McClures Magazine from 1902 to 1904, it was an example of 'muckraking', a form of journalism with reform-based intentions, and it inspired further journalists to interrogate the impact of trusts and large companies. Critically, through her research and interviews, Tarbell uncovered crucial evidence that Standard Oil had engaged in railroad price rigging and targeted predatory action against competitors. In the public arena, Tarbell and others portrayed Standard Oil to be a horror story of how greed corrupts, preying upon the underdogs, depriving honest working men the opportunity to do business, through intimidation and deceit, in defiance of the law. In short, Standard Oil was presented to be the ultimate evil corporation.

Standard Oil Company of New Jersery v United States

In 1906, in the wake of public outcry over the expose of its practices, Standard Oil was summoned in violation of the Sherman Antitrust Act. It was more than a just lawsuit; it was a necessary display of the government's power and right to regulate trade. It was undoubtedly the biggest case heard under the Antitrust law at the time, and its outcome was to be significant for future cases. By this time, considerable changes had occurred within Standard Oil. Rockefeller was no longer in management, but had retired in 1896, remaining the primary shareholder. He had left the company under the management of his one-time competitor and critic from the early Cleveland days, John Dustin Archbold, who had been recruited by Rockefeller in the late 1880s and risen quickly through the company to become vice president of Standard Oil. While remaining an owner of Standard Oil, Rockefeller was devoting more of his time and wealth to philanthropy. Charitable giving had been part of Rockefeller's life since his childhood, and most of his philanthropy centred upon his religious convictions, associated with the Northern Baptist Convention and his lifelong abolitionism. His philanthropic involvement was vast and varied. Notably, Rockefeller supported education, donating a sizeable amount of $80million to the University of Chicago, and together with his wife Laura Spelman Rockefeller's commitment to civil rights and equality for women, largely financed the Atlanta Baptist Female Seminary, later Spelman College. In his later years, he became a primary benefactor of medical sciences, founding the Rockefeller Institute for Medical Research in 1901. In 1913, he founded the Rockefeller Foundation, committing $250million to public health, medical research, and the arts. By his death in 1837, Rockefeller had donated about $550million to charitable causes.

Meanwhile, the times and terrain were also changing for Standard Oil. In 1904 Standard Oil controlled 91% of production and 85% of final sales, but by 1906 when the Antitrust lawsuit was filed, this had dropped to 70% in the face of growing competition, down to 64% when the case concluded in 1911. At this time, at least 147 companies were competing with Standard Oil, including companies such as Shell and Texaco, and Standard Oil had not attempted to monopolise oil exploration and extraction. Nonetheless, Standard Oil remained an icon of corporate power and a major force in the industry, and the case proceeded in 1909 based largely on evidence from the early twentieth century.

The two sides of the case presented at the Supreme Court exemplified the ideological confrontation. The government held that Standard Oil had achieved its monopoly not through natural competition but through illegal and unethical practices such as rebate taking and local price-cutting, and engaging in conspiracy to restrict competition. The prosecution held that the benefits of the monopoly had not been passed down to the public but instead, those beneficiaries at the top had made themselves multi-millionaires, at the public's expense. Standard Oil's defence sought to demonstrate all the good works of the company: the technological and transport innovations, the provision of good quality products at reasonable prices, the efficiency of the company while downplaying the unethical conduct as symptomatic of the times, necessary for survival, and the 'overzealousness of some employees' rather than the intentions of the directors.

The matter was finally decided in 1911. The Supreme court found the Standard Oil Company of New Jersey 'guilty of monopolising the petroleum industry through a series of abusive and anticompetitive actions'. It was a complex outcome, with lengthy debate and careful definition of 'restraint of trade' and application of the Rule of Reason. Interestingly, the activity scrutinised for the case had been drawn from the period 1904-1908. Ultimately however, the remedy was to dissolve Standard Oil in to thirty four separate companies, the New Jersey holding company deemed to have been an illegal 'combination'. While this may have been devastating for Rockefeller, he emerged from the dissolution as a majority shareholder in the two most significant companies created by the break up: Standard Oil New Jersey, and Standard Oil New York. These companies went on to become the oil industry giants Exxon and Mobil, and their value almost doubled in the wake of dissolution, creating Rockefeller the wealthiest man in America, and potentially ever known to modern history.

Conclusion

The legacy of Standard Oil is complex, but highlights one of the most important developments in the history of natural resource industries: the interaction between enterprise and regulation. Indeed, the decades of Standard Oil's reign over the oil industry in the United States was the very twilight of the 'enterprise frontier' – the capitalist notion that an individual could change their fortune through hard work and wise investment by drawing

upon opportunity provided by an untapped natural resource to make money. While undoubtedly a beneficiary of this rustic vision of enterprise, Rockefeller reconfigured how business in oil was done, the scale it could be done at, and challenged the boundaries of ethical practices, while becoming the wealthiest American of all time, and the richest man in modern history. In a climate of brutal industrial survivalism, Standard Oil rose to control over 90% of the U.S. oil refining industry, and cultivated a savage monopoly over one of life's basic necessities, resulting in one of business history's most iconic lawsuits. His company, Standard Oil, remains one of the most powerful and controversial examples of a corporate monopoly of a natural resource in recent industrial history, and a key example of when government intervention in, and regulation of, private business and free enterprise was seen to be necessary, while raising important questions about how effective legal action against multifaceted corporations such as Standard Oil really are. Rockefeller's company had grown to be too powerful, exercised too much control, and cultivated too much fear through monopolising the oil industry that government action against anticompetitive business was considered in the public interest. Rockefeller, however, grew even richer for it, and the companies survived to become some of the most significant corporations in the industry. Perhaps the ultimate legacy of Rockefeller and Standard Oil lies in one final irony. Rockefeller had almost singlehandedly created his fortune from humble beginnings through wise and thrifty – if underhanded – work ethic, but by the time Standard Oil was forcibly dissolved by the U.S. Supreme Court, the days of individualism were gone, giving way to the new era of large-scale corporate business.