

JOHN D. ROCKEFELLER

The present generation has almost forgotten the storm of controversy which raged round John D. Rockefeller and the Standard Oil Trust. His enormous benefactions amounting to some £200,000,000 have tended to obliterate the memory of the means by which his fortune was made. He himself is said to have attributed it to "industry, energy, and the Divine favour."

His entry into the oil industry appears to have been in the unobjectionable capacity of an oil refiner at Cleveland, Ohio, where he devised a means of freeing the crude oil from its offensive smell. Very soon, however, his activities were devoted to securing a monopoly and crushing out his competitors. The means adopted for this purpose was to obtain from the railway companies preferential rates. The *Manchester Guardian* says: "It is significant that whereas in 1870, before this policy was adopted, the Standard (Oil Company) produced only about 4 per cent of the refined oil in the country and was not notably in advance of its rivals either in size or equipment, by seven years later its production had reached 95 per cent." "In the 'tainted money' discussion of 1905 it was argued by Mr H. H. Rogers, the Standard Oil vice-president, that at that period railway rebates were perfectly legal, just as 'slavery in certain sections of the United States was legal until President Lincoln's emancipation proclamation.' The analogy is appropriate.

After taking 3,700 pages of evidence and sitting for months the committee of 1879 of the New York legislature reported: "The history of this corporation (the Standard Oil Trust) is a unique illustration of the possible outgrowth of the present system of railroad management in giving preferential rates, and also showing the colossal proportions to which monopoly can grow under the laws of this country. . . . The parties whom they have driven to the wall have had ample capital and equal ability in the prosecution of their business in all things save their ability to acquire facilities for transportation."

The practice apparently continued after the granting of preferential rates was made illegal. In the year 1904 the Standard saved about three-quarters of a million dollars in secret rates. The monopoly was soon fortified by other means. The use of pipe lines gave a new monopoly of transportation, and the Standard Oil group acquired direct interests and control of railways, telegraph and telephone companies, mining companies, gas, electric light and power companies, traction and transportation companies, real estate and others. Thus

Standard Oil escaped from the odium of its earlier methods by buttressing itself behind the legality of land and monopoly ownership. Its critics were not prepared to pursue the argument to its bitter end of the abolition of land and other monopolies, for that would have meant a fight against monopoly in general in which the vested interests would all be lined up on the same side. Mr Rockefeller's enormous donations to charity and his lack of personal vices tended in the same direction. Thus Standard Oil became a reputable and almost venerable institution.

The rapidity with which the Rockefeller fortune grew after monopolistic means were adopted is illustrated by some figures quoted in the *Manchester Guardian* from a 1905 estimate of the *Chicago Chronicle* :—

				\$
1865	...	...	...	5,000
1870	...	...	...	50,000
1875	...	...	...	5,000,000
1885	...	...	...	100,000,000
1890	...	...	...	200,000,000
1900	...	...	...	400,000,000
1905	...	...	...	600,000,000

The story is worth telling for the benefit of those who regard such fortunes as the result of "capitalism." If Rockefeller had confined himself to the business of oil refining it may well be doubted whether in spite of his "energy and industry" he would even have entered the millionaire class. It was not by ownership of productive capital in the shape of machinery and other tangible labour products that his fortune was made, but by securing whether legally or illegally the right to levy toll upon his fellow men, and his fortune consisted mainly of the value of the power to do so.

The same could be said of other large fortunes. In the words of Professor John R. Commons, "if size of fortunes is taken into account, it will be found that perhaps 95 per cent of the total values represented by these millionaire fortunes is due to those investments classed as land values and natural monopolies, and to competitive industries aided by such monopolies."

The Post, official organ of the Post Office Workers' Union, gives the latest figures of wages in the Post Office, showing that 93,000 adult workers receive less than £3 10s. and 22,700 less than £2 10s. a week out of a total manipulative staff of 158,000.

There are 100,000 railway employees in this country receiving less than 50s. a week. Hundreds of shopmen work five days for 36s. 10d. and there are men who have not worked a full week for 10 years. These revelations were made on 23rd May by Mr J. H. Potts, President of the Manchester and District Council of the N.U.R., addressing a mass meeting at Blackburn.

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