

EXPANSION of EMPIRE & th

An Analysis of John D. Rockefeller Sr.'s Rapacious Business Practices

Having taken control of all of the Cleveland refineries in 1872, John D. Rockefeller Sr. proceeded with the process of taking control of nearly the entire refining capacity of the nation in the mid-1870s. While Cleveland was the most important refining area for the kerosene used to "light the lamps of the world," Rockefeller's domination of the city was far from conclusive, as that place was not the only center of the refining trade. Other important refinery clusters were located in Philadelphia, Pittsburgh, Baltimore, New York-New Jersey, and in the "oil regions" of north-central and northwestern Pennsylvania. Rockefeller's methods in monopolizing these other centers coalesced around striking secret consolidation agreements with the largest refiners in each city, and then repeating the methods—through his new surrogates—which had proven so successful in Cleveland. Soon, the "Cleveland Massacre of 1872" was played out repeatedly in these other cities.

BY STEPHEN J. MARTIN

There were/are three main elements to control of the oil business—the drilling for, and pumping of crude; the transportation of crude to the refineries (and of refined oil to the end user); and the refining process itself. John D. Rockefeller initially sought to control only the refining capacity of the nation. Once accomplished, the plan was then to squeeze out all independent refiners and, simultaneously, to bring the producers of crude to his mercy by gradually grabbing full control of the transportation of their product.

The nefarious means employed by this "great Christian philanthropist" to accomplish these objectives is the major focus of this paper. The automobile (and massive employment of oil as a motive force in a multiplicity of environments) was still a distant dream by the time Rockefeller had accomplished his objective of a monopoly in the oil trade, as it then existed, by the end of the 1880s. The reader must thoroughly understand the immensity of the power and influence wielded by the oil industry even at this very early stage, in order to thoroughly appreciate the all-pervasive power politics of the oil barons as displayed in current geopolitical events. Rockefeller held the giant railroads at his mercy, thoroughly influenced the political process in Pennsylvania and Ohio and

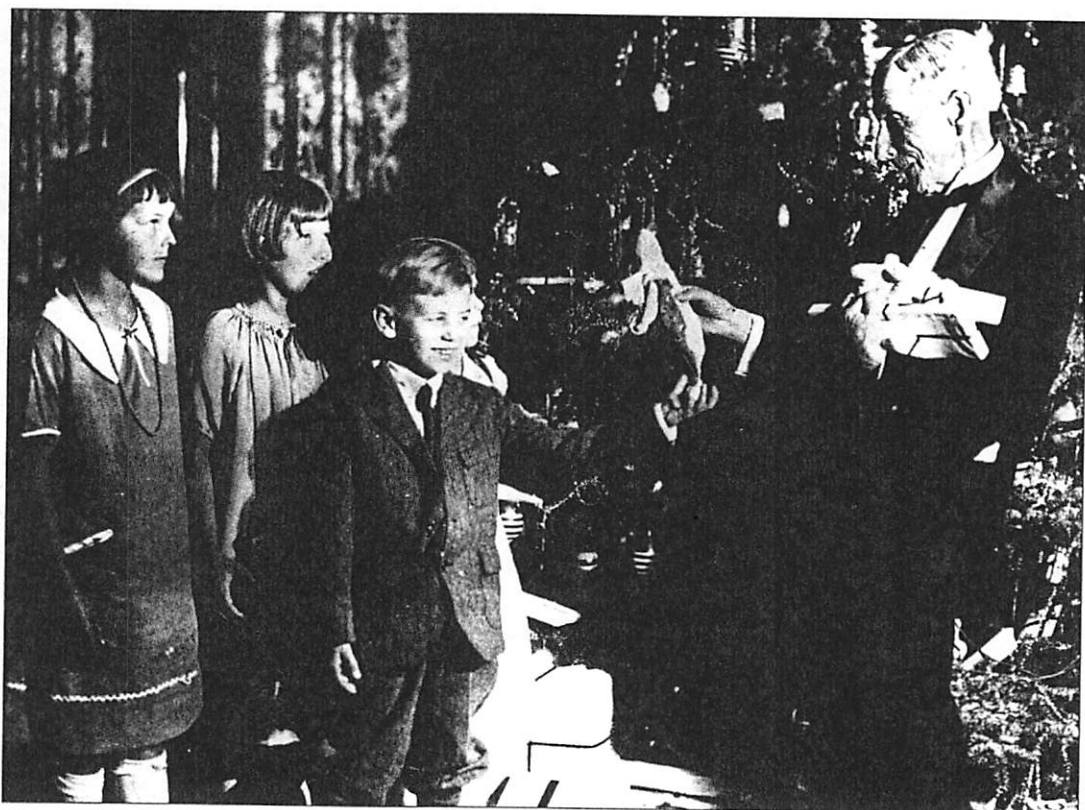
even scoffed at early attempts by Congress (e.g. the Interstate Commerce Commission and the Sherman antitrust legislation) to rein in his burgeoning power.

With a personal wealth counted at those times "only" in the hundreds of millions—and with the commensurate political power thus wielded—it is left to the reader to imagine the extent of such power in successive generations. As this wealth grew by many orders of magnitude following important innovations in heating, transportation, lubrication etc, so too did the political power of the Standard Oil combination. As illumination (by way of mineral—instead of whale—oil lamps) was nearly the sole early function of the oil trade, one must examine the extent of the political power employed at that time, with that comparatively miniscule market, and then extrapolate this knowledge forward in order to reach an understanding of the sad truth of the political situation in the nation and the globe today.

The power of the modern oil industry in influencing the politics of the world is a direct result of a progressive parallel increase in the uses and consumption of oil. If the Rockefeller family fortune has multiplied several times since the 1870s and 1880s, so too then, might it be reasonable to assume, has their political power.

So we return to the field of battle as it existed after the exposure of the "South Improvement Company" (SIC) scheme

DEATH of FREE ENTERPRISE



GENERAL PHOTOGRAPHIC AGENCY/GETTY IMAGES

John Davison Rockefeller began as a humble oil business bookkeeper in Cleveland, and in just seven years, using cunning, deceitful tactics, rose to control a tenth of the entire U.S. oil industry. (Upper left, in the prime of life.) How he managed to persuade the railroads to give him rebates and keep the deals secret is still not clear. Rockefeller saw that a little knowledge could be decisive in the business world, so he combined a good supply of information on his competitors with a total wall of silence he himself presented to the outside world. He set up his own private intelligence service. "No comment," was all that journalists came to expect from his offices. Old film of Rockefeller shows him moving in a curiously stiff and wooden fashion. He had a favorite maxim: "Don't let good fellowship get the least hold of you." Jerome Greene called him "the most unemotional man I have ever known." Rockefeller enjoyed an almost interminable life: he died in 1937, at the age of 97. Lower left: "Senior," as he was called, at an advanced age. Right, dispensing Christmas presents to some unidentified children.

and the consolidation of the Cleveland-area refineries. The independent oil producers of Titusville and Oil City had learned a great deal from the excitement created by the horrendously un-Christian character of the SIC. They realized that Rockefeller's intent was to control, gradually, all of the refineries, so as to dictate the price of their crude. So in October 1872 they came together to form the "Petroleum Producers Agency," the goal of which was a boycott of the Standard Oil Company refineries of Cleveland until such time as that company could be convinced to "play fair" with rates paid for their crude.¹ Through Rockefeller trickery, bribery and clever tactics, the independent coalition was gradually worn down. Rockefeller could afford to wait longer

for the crude than the suppliers could wait while their rigs sat silent and their oil sat accruing storage charges. This was only the first of many attempts by the independents at collusion for the sake of survival. But, as always, the Standard Oil Company had a waiting remedy, and often resorted to the same behavior repeatedly in spite of the legal system.

The court decision in the SIC case had, of course, outlawed the unfair practice of the secret rebate and the thoroughly unconscionable "drawback" scheme, which had given the Standard Oil Company a certain amount of money for each barrel shipped by a competitor. But, as Henry Demarest Lloyd so clearly points out in his 1893 masterpiece on the Rockefeller anaconda:

There has never been any break in the plans revealed, "partly born" and "partly buried" in 1872. From then until now, in 1893, every fact that has come to surface has shown them in full career. If they were buried [by the court decision, disallowing the SIC—Ed.] it was as a seed is—for a larger crop of the same thing. . . . In exact reproduction of the plan of 1872, the railroads, in October 1874, advanced rates to the general ruin, but to the pool of lines owned by their old friends of the South Improvement Company [the Standard Oil group of covertly owned refiners—Ed.] they paid back a large rebate. That those who had such a railroad, Lord Bountiful, to fill their pockets should grow rich was a matter of course.²

And so the field of independent refiners continually shrank, as the Standard Oil Company—shrugging their shoulders at the law—gobbled up competitor after competitor. The secret rebate continued, and so did the drawback. Apparently, breaking the law was justified in the tortured ethical system of Rockefeller; the Sunday school teacher turned robber baron on Monday morning. Together, these secret weapons, in the era before the oil pipeline, were fatal to competition. Those who were not forced into bankruptcy were forced eventually to "go to Rockefeller." The means employed were this:

In absorbing competitors, Rockefeller was equally secretive and asked them to continue operating under their original names and not divulge their Standard ownership. They were instructed to retain their original stationery, keep secret accounts and not allude on paper to their Cleveland connection.³

Often, a struggling independent would receive a visit from the largest company in their refining district with an offer to buy them out so as to "keep you out of the grasp of Standard," only to find later that the company with which they then concluded a buyout agreement had itself already secretly become part of the anaconda. This process was repeated over and over again throughout the various refining centers, until by the end of the 1870s, Rockefeller controlled 95 percent of the nation's refining capacity and stood poised to turn his attention to the second phase of his plan for total domination—the transportation of crude and refined oil.

When the first pipes were laid, they were often short, gravity-fed lines constructed primarily to move oil within the oil-producing regions to gathering points for storage or for shipment by rail. Standard Oil Co. and others built pipelines later to move oil intermediate distance for a variety of purposes. Many of the producers of Pennsylvania were beginning to look to the advent of the pipeline as their salvation from the Rockefeller stranglehold on the railways. But it was not until a German-born engineer named Herman Haupt met up with a trio of enterprising independent producers and suggested that oil might be pumped up hill, that the melodramatic story of the Tidewater Pipeline began to come to life. It had never been attempted before, but Haupt convinced these independ-

ent-minded men (each a bitter foe of Standard) that oil could indeed be made to flow uphill, over the Alleghenies from the derricks of western Pennsylvania to the few remaining independent refineries on the Atlantic seaboard.

By 1878, Standard had succeeded in putting together a formidable combination of small pipeline companies and extended their own lines so that it became obvious that they would soon control all of the nation's minor pipeline networks (under the name of Standard's "United Pipe Line" division) just as they had control of the rate policies of the railroads, and a majority of the nation's refining capacity. When the Tidewater project was put forward by the independent producers, it seemed like the best hope of averting total Rockefeller domination over the means of transporting oil. Standard immediately set about putting every obstacle in the path of success (and in this case scientific progress.) A "free pipeline bill" was soon proposed in the Pennsylvania legisla-

ture to permit pipeline construction the same right of passage that the railroads had already achieved under "eminent domain" philosophies for 40 years past. Standard and the Pennsylvania Railroad used their political power to squelch the bill.⁴

Standard's United Pipe Lines had reached a memorandum of understanding with the major railroads to make them the sole pipeline owners. This scheme was, in essence, the old SIC plan taken from rail to pipe: Now the United Pipe Lines proposed to the railroads a through rate from the

wells to the seaboard as low as they currently made from the receiving points on the railway. . . . The railroads were to agree not to receive oil from buyers except at as high a rate as the pipes charged, and to allow no pipeline outside the alliance through rate from the wells. The memorandum said squarely that the intent and purpose of this was to make the United pipes the sole feeder of the railroads. . . . The railroad men seemed not to have objected to the purpose. . . .⁵

But a trio of oil region independents by the names of Benson, McKelvy and Hopkins were at this very time teaming up with Haupt to rain on Rockefeller's parade. Initially, the Tidewater planners had conceived of a line reaching all the way from the oilfields to Baltimore, but J.N. Camden (a U.S. senator who was in the pocket of Standard) bought himself, and his Standard Oil compatriots, a guarantee in the Maryland legislature that no other pipeline charter would be given in that state. So Tidewater determined upon a shorter route that would connect with the non-Rockefeller aligned Reading Railroad 110 miles to the east at Williamsport, Penn.⁶ Herman Haupt and his associates put together a nearly fully contiguous series of right of ways from Bradford, Penn. to Williamsport, but the Rockefeller gang snickered at the prospect of the audacious upstarts pumping oil up 2,000 feet over the crest of the Alleghenies. Rockefeller himself was quoted as saying, "They are quite likely to have some disappointments yet, before consummating all of their plans in

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that direction.⁷ He then personally directed all efforts at making his statement accurate:

He sent his underlings to tank manufacturers, warning them not to deal with the Tidewater, and deluged tank-car manufacturers with orders that kept them busy, depriving the pipeline of rolling stock needed to transport construction materials.

Refiners who used Tidewater were lured away with concessionary rates on Standard Oil pipelines, and Rockefeller swiftly bought up any remaining independent refineries that might be prospective Tidewater customers. Standard Oil also embarked on a real estate spree of monumental proportions, buying up strips of land that ran from the northern to the southern border of Pennsylvania to block the Tidewater's advance. . . . Standard Oil placed stories in local papers, warning farmers who sold to Tidewater that their crops would be spoiled by pipeline leaks. And Standard Oil conspired with the railroads to withhold permission from any pipeline wishing to cross their tracks. . . . When Standard bought an entire valley at one point, the unstoppable Tidewater changed course and climbed up over the surrounding hills.⁸

For once, all of Rockefeller's chicanery was to no avail—at least temporarily. On May 28, 1879, "Byron D. Benson stepped up to a throbbing 45-horse-power Holly engine, and with a hand that his small son distinctly saw tremble, turned a valve. . . . Knots of excited men began walking eastward along the glistening surface pipes of a new line . . . by 10 o'clock on the morning of May 29 it reached Olmstead, where new engines thrust the oil on over wooded mountains toward Williamsport, across the Allegheny range!"⁹

Rockefeller's throttlehold on the transportation of crude looked like it had been loosened forever. But the Tidewater Pipeline—as it turned out—proved to be the last time that the Rockefeller family domination of the oil trade of the world was ever seriously challenged—and this was 125 years ago. John D. Rockefeller cloistered himself away with his associates to devise the plan that would eventually lead to the destruction of this new line as an effective means for keeping the independent producers in the game.

Nothing shows more clearly the ruthless nature of the Rockefeller enterprise than the attacks that were now launched against this independent pipeline. The methods utilized, while strictly speaking within the limits of the law, display Rockefeller's disdain for America's founding principles—especially the concept of free enterprise. On June 5, 1879, a meeting was held at Saratoga, New York between the Standard Oil Company and representatives of the major oil-carrying railroads. The meeting was called by Rockefeller specifically to determine how to destroy the Tidewater Pipe Line Company as an independent concern. The rates for carrying a barrel of oil over the railroads to the seaboard were dropped from \$1.15 to 15 cents (with the Standard companies



ARCHIVE PHOTOS

During the 1920s, Americans became giddy about money and inclined to worship those who had a lot of it. Rockefeller happily elaborated his own myth, portraying himself as a lovable coot dispensing shiny dimes and edifying sermonettes. The handing out of dimes (which, being silver, were actually worth something in those days) could explain to some extent why people seemed to follow the tycoon around, as in the picture above, in which he strolls with an unidentified businessman at left. After Standard Oil hired its first publicist, a jolly, cigar-smoking editor of The New York Herald named Joseph I.C. Clarke, articles began to appear with titles like "The Human Side of John D. Rockefeller." Before long, Clarke was lining up reporters for breezy, lighthearted interviews with Rockefeller, featuring a game of golf with the mogul, who obligingly delivered pithy observations on topical subjects. When the courts eventually joined muckrakers and progressives in attacking Standard Oil, Rockefeller knew how to slip across a state line to duck a subpoena or how to vanish behind the walls of his 3,000-acre estate. On the occasions when he was forced to take the stand in court, he would deliver an unforgettable performance of forgetfulness, dithering so abstractedly that he could hardly recall his own name.

paying just 10 cents). This pricing was at such a cutthroat level that it nearly bankrupted the railroads concerned. The customers of Tidewater in the Philadelphia market were charged, meanwhile, 15 cents per barrel to have their oil transshipped one mile from the terminus of the pipeline to their refineries. These independent refineries—the supplying of which was the sole purpose of the Tidewater construction project—then sold out to Standard one at a time.¹⁰

Tidewater responded by building their own refinery. Rockefeller next went after the officers and stockholders of Tidewater. He was able to turn one group of investors to his side, and this group forced their way into the offices of the company—after the date for a stockholders meeting had been changed without notice to the loyal faction. They begged the court to put Tidewater into receivership.

The courts disallowed this action, so Standard began to spread rumors of Tidewater's financial instability in the bond and equity markets—undercutting thoroughly the company's ability to raise badly needed capital. Standard, it is strongly suspected, even resorted to direct sabotage. Inexplicably, for a period of several weeks, the pipeline was only pumping a third of its normal capacity. The mystery was solved when an engineer discovered that a block of wood had been driven into the line.¹²

This type of pressure from the Standard Oil Company was constant and sustained during the first year of Tidewater's operation. With few customers left to serve, their credit destroyed, every move done under the threat of bogus lawsuits, and even direct sabotage, the choice left open became like that faced by so many independent refineries of the past—amalgamate or starve. Tidewater eventually chose the former. In 1882, Byron Benson, having nowhere else to turn, decided to accept Rockefeller's offer of a loan of \$2 million to enable the line to complete its run to the sea. A group of solid-

ly anti-Rockefeller stockholders objected vehemently—preferring even destruction to surrender. This group of shareholders was disgusted by Benson's loan to the point of selling their shares. The waiting buyers were, of course, Rockefeller stooges.¹¹

Using these new surrogates, Rockefeller was able to offer Benson a plan the following year that would enable the United Pipe Line Company and Tidewater to split the entire business of shipping oil from the oilfields of Pennsylvania to the sea between them.

Tidewater was guaranteed the right to carry 11.5 percent of the region's oil in perpetuity, with United carrying 88.5 percent. Tidewater was left nominally independent—but her usefulness as a deliverer from Rockefeller tyranny was completely ruined.¹²

There was one more belated attempt at forming an independent concern (to handle all of the three facets of the oil trade), which was briefly successful for a while in the 1890s. The producers raised capital to form a company known

as the Pure Oil Company, which pooled producers, built their own refineries and even laid two independent pipelines—one for crude and one for refined oil from the oil region refineries—to the sea. But Rockefeller's successful program of co-opting the competition when it could not be bought outright was put to good use once again. Never again would there be competition in any meaningful sense in the nation's oil trade.

So, long before the turn of the 20th century—and the swarm of coming inventions that made the nasty-smelling fluid hundreds of times more important to the industrial revolution than the kerosene lantern alone—the Standard Oil Company stood in perfect position to reap all of the benefits of such advances. It is beyond the scope of this paper to examine the extent to which Standard found it necessary to bribe

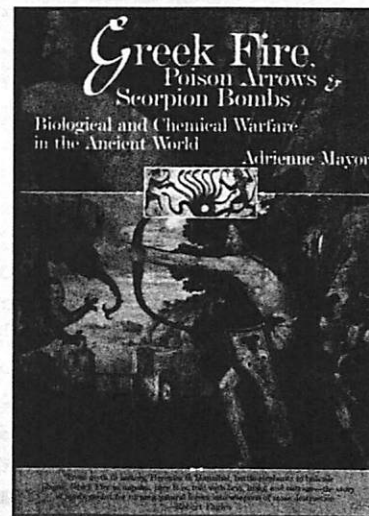
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politicians, control the political process and expend major efforts at whitewashing its own image in the public eye (a process that continues unabated down to the present day). It is also beyond the scope of this paper to examine the major new oil discoveries in Indiana, Texas and overseas that Standard quickly moved to monopolize as well. No room for an exposé of the false disbanding of the Standard Oil Company into the “Seven Sisters” oil companies in 1911, or Standard’s control of the process leading up to the establishment of the corrupt Federal Reserve System, which put the control of the nation’s wealth firmly in their hands. No time for the maneuverings that brought on the great wars of the 20th century or the establishment (through the Council on Foreign Relations and the Trilateral Commission) of the dynasty’s thoroughgoing control of the nation’s foreign policy. All of these topics will need to be addressed in the future.

Far from being a monopoly merely of the world’s oil business, the heirs of the dynasty—and their like-minded cohorts in Europe—have now established a monopoly of thought. “Political correctness,” “multiculturalism,” “celebrating diversity,” “think globally”—these are all slogans made up by their globalist minions in their tax-free trust-supported think tanks—all in the name of squelching dissent and amalgamating public opinion as thoroughly as they once amalgamated the nation’s oil business. All of these subjects remain fertile ground for future articles in these pages. All that awaits now is the final amalgamation—the golden ring of the dynasty’s long-laid plans: world government. I will leave it up to the astute readers of these pages to determine how close they are to reaching that final objective at this present day. ❖

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ENDNOTES:

¹ Tarbell, 50.

² Lloyd, 30-31.

³ Chernow, 161.

⁴ Nevins, 298.

⁵ Tarbell, *op. cit.*, 59.

⁶ Chernow, *op. cit.*, 207.

⁷ Nevins, *op. cit.*, 208.

⁸ *Ibid.*

⁹ Nevins, *op. cit.*, 345.

¹⁰ Lloyd, *op. cit.*, 46.

¹¹ *Ibid.*, 48.

¹² Chernow, *op. cit.*, 215.

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Curse of the Rockefellers?

John D. Rockefeller Sr. (right) walks with his son John D. Rockefeller Jr. Junior, like many of the Rockefellers, seems to have been under a curse: he died in an institution in Tucson, Arizona and was hastily cremated. (John D. Rockefeller III died in a mysterious accident on a New York Parkway near his home. Nelson Rockefeller, named after his maternal grandfather, Rhode Island Sen. Nelson W. Aldrich, died in the arms of a TV journalist. It was later revealed that he had also been in the arms of another TV journalist at the same time; the death was hushed up for many hours. It is believed he ran afoul of his Colombian drug connection, the disagreement hardly being trivial; it involved several billion dollars in drug profits. Winthrop Rockefeller died an alcoholic in the arms of his black boyfriend.) The old description of the Rockefellers as men obsessed by greed (a category in which they have plenty of company) obscures the fact that from the day the Rothschilds began to finance “Senior’s” march toward oil monopoly in the United States from their coffers at the National City Bank of Cleveland, Rockefeller was never an independent power, nor does any department of the Rockefeller syndicate operate as an independent power. The Rockefeller syndicate, like the Cosa Nostra, operates under clearly defined spheres of influence. No department of the syndicate strikes out on its own or formulates an independent policy, no matter what may be its justification. The family has somewhat autonomous power in the regions that have been assigned to it by the international directors, but this always implies that the family remains under total control and answerable for everything that occurs in its territory.