

## Chapter 9

### Standard Oil on Trial

The U.S. government filed suit against Standard Oil Corporation in 1906. It took five years for the courts to give their final ruling in what was one of the most important anti-trust cases in history. The purpose of this chapter is to provide your class with instructions for staging a mock trial of John D. Rockefeller for violating the Sherman Anti-trust Act. In this trial, students will have the opportunity to play the role of John D. Rockefeller himself, a business partner, someone he drove out of business, a famous historian, and a justice on the Supreme Court!

The major question to decide in the trial is whether the Standard Oil Corporation achieved its control over the oil industry through an *unreasonable* restraint of trade. Did it attempt to drive other companies out of business and monopolize the oil industry, or was its monopoly obtained more or less by accident?

<b>Trial Preparation Information</b>	
<p><b>Prosecution</b> - (Frank Kellogg, attorney)</p> <p><b>Tried to Monopolize</b></p> <p>Rockefeller obtained his monopoly by getting special rates from the railroads, and using threats, bribes, and other unfair tactics designed to drive his opponents out of business. Rockefeller's dealings with Hewitt, Potts and Rice help prove this point. Their testimony is supported by the famous historian Ida Tarbell.</p> <p>Rockefeller might argue that his profits were a result of his superior efficiency. But Ms. Tarbell will show his savings were never passed on to the consumer. Instead Rockefeller made unreasonably high profits at the expense of those who bought his oil and kerosene.</p> <p><b>Witnesses</b></p> <p><b>Hewitt</b></p> <p>Formerly a refiner in Cleveland, he will claim that he was forced to sell his company for far less than it was worth because of unfair deals Rockefeller had made with the railroads to get rebates, drawbacks and secret information. It was impossible for him to compete with the South Improvement Co. not because its oil was cheaper, but because it received rebates and other special advantages from the railroads.</p>	<p><b>Defense</b> (John C. Milburn, attorney)</p> <p><b>Monopoly by accident</b></p> <p>Rockefeller never did anything that others did not try to do. His monopoly was the result of his superior efficiency and his success resulted from doing what others did. He never tried to drive others out of business. Testimony from Flagler, Scott, and Rockefeller himself will support this argument. It is also supported by the famous historian, Allan Nevins.</p> <p>Nevins will also show that Rockefeller made his money only because he was a very efficient producer. His profits were reasonable because he worked hard and was a good businessman. His prices stayed the same for 20 years.</p> <p><b>Witnesses</b></p> <p><b>Flagler</b></p> <p>Rockefeller's partner will testify that there was nothing illegal about the South Improvement Company deal in Cleveland. Other companies also received rebates, the railroads agreed to the deal, and Rockefeller provided them with loading docks and regular trade. There is nothing wrong with getting rebates and drawbacks. Others have done the same.</p>

<p><b>Potts</b> Formerly President of Empire Transport Company, Joseph Potts can testify that Rockefeller did his best to prevent him and Tom Scott from going into the business of refining oil. Standard's tactics included telling him to get out of the refining business; lowering prices for refined oil; raising prices for crude; cutting off business with his ally, Scott; reducing railroad rates; and finally forcing him to sell for less than his company was worth. Might hint that Rockefeller was behind the railroad strike and riot that hurt the Pennsylvania Railroad</p> <p><b>Rice</b> Once an independent refiner, he will claim that Rockefeller was able to get railroads to charge him 35 cents a barrel while Rockefeller was only paying 10 cents; that Rockefeller bribed and threatened grocers to buy Standard Oil, and did everything in his power to drive him out of business. Rice will also say he could have competed with Rockefeller except for the railroad rates Standard Oil received.</p> <p><b>Ida Tarbell, historian.</b> Author of a well-known book on Rockefeller, Tarbell knows the story of South Improvement, Potts, and Rice. Believes Rockefeller was a robber baron. Can testify that his actions in these cases were typical of the way he did business, i.e., using railroad rates and price-cutting to gain a monopoly. Can also testify that Rockefeller made huge profits and did not pass any money saved by efficiencies on to consumers. Can say that issue is not whether he gave money to charity but how he got his monopoly.</p>	<p><b>Scott</b> President of Pennsylvania railroad will testify that Joseph Potts used the same tactics against Rockefeller that Rockefeller is accused of using against Potts. by raising the prices he paid for unrefined oil and lowering prices for refined oil. When Potts sold his refineries he got the best deal from Standard that anyone would give him. Will deny that Rockefeller had anything to do with the railroad strike and riot.</p> <p><b>Rockefeller</b> Will claim he was an efficient producer who paid attention to every aspect of the business to save money and that he never did anything but use the tactics of his time, (i.e. he didn't do anything that others did not do). Will say that Rice was a bitter old and unsuccessful businessman who could not be trusted and that if there were any bribes it was due to the overzealous actions of his (Rockefeller's) employees.</p> <p><b>Allan Nevins, historian</b> Author of well-known book on Rockefeller that praised him as an industrial statesman. Can testify that the oil business was very dirty in the early days, Rockefeller gave the railroads good value in the South Improvement case, Potts was out to get Rockefeller, and that Rice could not be trusted to tell the whole truth. Will say that profits were due to Rockefeller's efficiencies and investments, and that he gave much of his money to charity. Can use chart to show he did not raise his prices for 20 years.</p>
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## General Rules and Procedures

### Lawyers

- One lawyer should concentrate on asking questions of friendly witnesses, the other lawyer should do the cross-examination. One lawyer should make the opening and the other the closing statement.
- Have opening statements (200-300 words) prepared in writing before class. It should include: why the issue of Standard's guilt or innocence is so important. what you are going to prove in general, and

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what each witness will say

- Have questions prepared for presenting witnesses and for cross-examination. But first allow witnesses to present their testimony and then ask questions that emphasize parts of their testimony which are most likely to sway the jury.
- Closing statements (300-500 words) should cover:
  - why issue of Standard's guilt or innocence is so important
  - what was proved in trial with review of what individual witnesses said
  - the proposed remedy (for the prosecution): splitting Standard, jailing Rockefeller, etc.)

## Witnesses

- Bring written statement containing their testimony to be read in class.
- Be prepared to answer questions lawyers may ask to call attention to points they wish to emphasize.
- Be sufficiently informed about the case so as to be prepared for the unexpected during cross-examination.

## Jury

- Students who are not assigned to be lawyers or witnesses are members of the Supreme Court.
- As members of the Court jurors are allowed to ask questions of witnesses and lawyers during the trial.
- Jurors will decide: whether Rockefeller was guilty or innocent and why. Verdict should include specific examples.
- Each juror's decision must be made in writing, be at least 300 words long, and be defended in class. The verdict may also deal with the questions of whether Standard Oil should be split up, and if Rockefeller should go to jail.