

Ida Tarbell
and the
Standard Oil Company
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I) Introduction

In the early 1900's a brave, adventurous band of writers worked hard to uncover the evil doings of the day. Many of these people stand out as being exceptional writers. But one article in particular that is extremely close to my family. That person is Ida Tarbell. Ida Tarbell wrote an article that appeared in McClure's Magazine named "The History of the Standard Oil Company." The reason I choose this one is because of the fact that my grandfather worked for Standard Oil of Indiana years ago, and I felt that it would be interesting to learn more about this company.

In this paper, I plan to look at several areas. First of which is a brief history of muckraking, some of the magazines of the time, Ida Tarbell, the background of Standard Oil, Her writings on Standard Oil and finally, how her writings affected the company and society.

II) Brief History of Muckraking

Muck"rake: *To seek for, expose, or charge, esp. habitually, corruption, real or alleged, on the part of public men and corporations.*

The term muckraker is a name that applied to American journalists, novelists, and critics who in the first decade of the 20th century attempted to expose the abuses of business and the corruption in politics. In itself, it has a negative meaning, but by the way that these writers uncovered the information that they did, the names fit perfectly.

The term derives from the word muckrake used by President Theodore Roosevelt in a speech in 1906, in which he agreed with many of the charges of the writers of the day, but felt that they were not always going about the collection of the information they received the right way. The term He originally meant to use was Muck Rake; which is a tool used scraping up muck or dung. Roosevelt used this word for he felt that many of these writers could look no way but down in their writings and were only interested only in raking the filth or wrong doings of these businesses. The press picked up on this new label, and thus, this type of intensive reporting had a new name.

Since the 1870s there had been recurrent efforts at reform in government, politics, and business, but it was not until the advent of the national mass-circulation magazines such as McClure's, Everybody's, and Collier's that the muckrakers were provided with sufficient funds for their investigations and with a large enough audience to arouse nationwide concern.

All aspects of American life interested the magazines and the muckrakers. Some of the most famous muckrakers and their writings are Lincoln Steffens' *The Shame of the Cities* (1904) explored political corruption in local governments, and Upton Sinclair's *The Jungle* (1906) exposed the inhumane working environment and unsanitary conditions in meatpacking plants. With these and other writings, they opened people's eyes to all the horrible abuses of the day.

In the early 1900s magazine articles that attacked trusts including those of Charles E. Russell on the beef trust, Thomas Lawson on Amalgamated Copper, and Burton J. Hendrick on life insurance companies. Because of these writings, an uproar was created amongst the population in the United States that called for some type of action and/or reform. Although the muckraking movement lost most of its interest and support around 1912, if it was not for muckraking, the Progressive movement that soon followed would not have received the popular support from the general public for effective reform that it needed.

III) Some Magazines of the time

At this time the world of magazines was up and coming, and in order to succeed, one needs to gain as many readers as possible. Some of the leading publications of the time were, McClure's, Success, Everybody's, Collier's, the American Magazine, Hampton's, Saturday Evening Post, and the Ladies Home Journal. Some of which are still in publication today. These early publishers knew that in order to succeed, they needed to gain prominence in society.

But in order to gain this prominence, they needed writers, but not just any writers. They needed writers that could take delicately write about issues of the time that caught the attention of society, and popularize these complex issues in a way everyone could understand.

IV) Ida Tarbell

Ida Minerva Tarbell, born November 5, 1857, was the first child of Franklin Sumner and Elizabeth McCullough Tarbell, who were teachers by profession. (But, just the previous year, on August 27 1869 the Drake Well was drilled near Titusville, an event that was going to change the course of history and the course of the her future) .In 1860, when Ida was three years old, her father, moved the family from their home in Wattsburg, Pennsylvania to Rouseville, trying to capitalize on the newly discovered oil in the region.

Ida entered high school in Titusville, graduating with highest honors in 1875. During this time there were very few opportunities open to women other than homemaking, nursing, and teaching. But Ida wanted to have more than that. Maybe it was something that her parents instilled in her, but she wanted to have more than that in life, and amazingly, being that she wanted to have a career so bad, she decided that she would never get married

Ida Tarbell entered Allegheny College in nearby Meadville in the fall of 1876, one of the few women in the school and the "lone girl in the freshman class of 40 hostile and indifferent boys." Upon graduation in 1880, she accepted the position of Preceptress of Poland Union Seminary, Poland, Ohio, at a salary of five hundred dollars a year.

Ida wanted to learn more about the contributions that women had made to society. She had written many papers that were published in the *Chautauquan*, but after they were published, she felt bad, and didn't feel that

they were that good due to the lack of research that had been put into them. She felt so bad about this, is that she decided to go to Paris, to do research on an influential leader that lived during the French Revolution named Madame Roland.

After four years in France, she returned to Titusville to relax, but shortly after her arrival she received a call from Samuel McClure, asking her to write a short life of Napoleon Bonaparte for his newly launched magazine. Before the Napoleon story was finished, McClure suggested that she become an editor of the magazine, and she accepted. She joined the McClure's Magazine staff where she remained for the next twelve years. This association led to her long career as magazine writer, editor, biographer, and historian.

V) Ida gets the biggest assignment of her life.

In 1892 McClure was getting ready to leave for Europe when he saw a letter on his desk. After reading it, he knew that he needed to meet this writer in person. Expecting to see a man named M. Aplhand answer the door, he was surprised to find out that a woman named Ida Tarbell was actually the one who had written the letter. After meeting and talking to her for a while he borrowed forty dollars from her and promised to repay it. He offered her a job, and a year later, she joined the team at McClure's. Her first story was about the life of Napoleon, which she would later admit was written on the gallop, in just six weeks.

Over the next few years she wrote her first on the life of Lincoln and she published her paper on Madame Roland. Then in 1897 she became the managing editor of the paper. It was about this time that McClure was thinking of letting the writer in Ida loose. He wanted her to investigate something big, and the biggest thing at the time was the Standard Oil Company. McClure wanted her to examine their roots, how It was created, grew and later achieved its status, so he let her run loose on her own to investigate without ever thinking or worrying about the cost.

VI) Background of the Standard Oil Company

The Standard oil Company, was founded in 1863 John D. Rockefeller and partners. Within eight years, this company had become the world's largest oil refinery. In 1870 the *Standard Oil Company of Ohio* was formed and began to buy every independent oil company that they could, and put them all under the control of one company. By 1878, Standard Oil held 90% of the refining capacity in the U.S, and in 1881 *Oil Trust* was formed.

VII) Ida's Investigation

Ida's investigation into Standard Oil which lasted from 1897-1902, revealed many of the evils that were practiced within the company. But at no time did she ever deny that Standard was a great company, but she did think that company was tactful in the way that they went about gaining their competitors businesses.

All of this rang very true to her for her father had tried to get into the oil business but had been pushed out by the big business. Upon hearing of his daughters involvement with this, he was very worried about, feeling that Standard would try to ruin n her in the end. But this was not for her to hear. She didn't skip a beat and continued on with her investigation.

Ida's hunt for information was remarkable, even by today's standards. She hunted of long forgotten papers from old court cases, and government investigation, that some feel strangely went away for some unknown reason. She interviewed people who had been ruined by Standard, those who loved him, and his business partners. Not everyone who she met with really wanted her to be there and some were just afraid of Rockefeller, but even those that ignored her at first, fell to attention when she started asking them questions, at times seeming to already know the answers, but looking for conformation or denial from them.

This was when Standard, started taking notice to her presence, they enlisted Mark Twain to their side, having him ask the magazine what was going to be in the article. All the Magazine would say is that they need to ask her about it. Because of this, Ida was give full access to company resources and the ability to go through their own documents for her investigation. But, even with this concession she made it very clear that she would hold nothing back when writing about them, she was to write it as she saw it, and so they agreed.

VIII) Ida's Articles

In her articles, she described Rockefeller's beginnings as a poor boy that worked hard to get to where he was. She described how when he was younger, he would loan out money and charge interest on every dollar given out. After time, and saving his money, he had enough to get into the oil business. She also described Rockefeller was very concerned about waste, and thus worked his hardest to ensure that nothing was lost in any part of the process.

But this is where the real differences came out. His above average business sense told him to build refineries next to well so that shipping cost could be reduced massively. Along with this, he made deals with the rails allowing him to get lower rates than his competitors, and even getting money back from the rails on every barrel of oil his competitors would ship. Because of this, many small wells and refineries were losing money, and this is when Rockefeller would step in and take them over or crush them.

When Rockefeller would see that a company was wavering, he would approach the owner, saying that he wanted to buy them. When the owner would agree, Rockefeller would have his own people come in and put a price on it, and then make them an offer. Usually this price was well below what was originally paid for the property, and far below the actual value of what it was worth with everything on it. This is how he made his real money.

Because of these practices, a 93-foot long petition was sent to Washington, complaining about these practices. But nothing was ever reported to have been done, and thus many more oil companies either sold out or went out of business, and were then bought up by Rockefeller. Those who stayed created a massive problem for the rails, and so in return, they tore up their agreement with Rockefeller, and said everything would be equal in the future. But, just a few days later, both Rockefeller and the rails, rejoined in the kickback deal, thus breaking their promise to the small oil companies. In response to her articles, many within the Standard “family” began a name calling battle with Ida, calling her Miss TarBarrel. But in all fairness, Standard had worked with her on this, and in the end she brought out many skeletons that they didn’t want let out to the public. But in typical Journalist fashion, Ida never released any of the sources of any of the information that she received, not matter how big or small.

They also responded by publishing an article about the benefits of monopolies to the public, and how it helped them in their lives.

IX) The fall of Standard Oil

As a result of her investigation, in the next three years there were over twenty states that filed Anti-trust lawsuits against the company. Then in 1906, President Roosevelt ordered an investigation into Ida’s accusations. At this time it also came out that they were getting money from illegal preferential treatment from the rails. As a result, Congress passed the Hepburn Act, which

brought an end to the oil company's rebates. When this investigation was completed, all of her accusations were confirmed. When Roosevelt saw this, he ordered the Attorney General to begin the process of breaking up the company.

During the hearings that lasted for over four years, evidence of bribery and corruption at both the corporate level and the governments came out. There was also evidence of some people purposely blowing up wells and refineries of those that were defiant in joining the conglomeration. In the end, the courts ruled that Standard Oils was to be fined twenty-nine million dollars, and the 33 companies Standard owned, was to be broken up into separate corporations.

VIII) The effects of Standard on society then and now.

In the case, *The U.S. v. American Tobacco* (1911), held that the combination in this case is one in restraint of trade and an attempt to monopolize the business of tobacco in interstate commerce within the prohibitions of the act. Then in the case, *The U.S. v. General Electric Co. et al.* (1926), Through a system of contracts between a company, which owned the patents for electric lamps with tungsten filaments G.E. was accused of trying to monopolize this industry. Some other cases are *The U.S. v. Cooper Corporation et al.* (1941), and *the International Salt Co., Inc. v. U.S.* (1947) (W1)

In 1981 the AT&T breakup created Seven “Baby” Bells (Ameritech, Bell Atlantic, Bell South, NYNEX, Pacific Bell, Southwestern Bell, and U.S. West) to provide local service and left parent Ma Bell “AT&T” as a long-distance provider. By allowing companies other than AT&T to compete in the then lucrative long-distance market, the breakup did indeed create huge benefits to consumers. The advent and growth of long-distance players like MCI, WorldCom, Sprint and many others lowered rates, to the point today that are a small fraction of the 1981 price.

But, As part of this breakup, local telephone monopolies were not allowed to sell long distance, for it was felt that they would have an unfair advantage over the large companies, thus driving them out of business. But in 1996 created and made law, the Telecommunications Act of 1996 was supposed to level the playing field by allowing competition in local markets, and just recently, Qwest (formerly US West) was permitted to provide long distance service to the areas they service.

In recent years, the federal government charged Microsoft, who today controls close to 80% of the market when it comes to computers, with being a monopoly. This was, in part done Because Microsoft “illegally” integrated its Internet browsing application in with the operating system, and would not allow other competing competitor’s software to be pre-installed and shipped with the operating system. Eventually, the federal government decided to not push for this breakup, but in return for less future action, the government made

a list of rules that would allow fellow competitors the chance and opportunities to gain market space, by forcing the company to include many of these third parties software as part of the instillation process.

Although, this is not entirely what many of these smaller companies wanted, many are happy with the results for now. But another issue is at hand; there are still some foreign companies that are calling for its breakup. Some are even asking for the source code, (which is the heart of the operating system) to be auctioned or sold off to several smaller companies, to allow fairer pricing on the system.

Because of the Standard Oil issues that occurred, people became more hesitant about trusting the larger companies, and were, from my research, concerned about the abuses of those companies that appeared to be taking advantage of consumers or the market. This is evident when one sees that since the Standard decision there have been over 163 cases over this in the 93 years since the decision, which amounts to 1.77 cases every year, or a new case starting every 208 days.

Today, in some people's minds there are companies out there that contain monopolies in the entertainment areas. For example, AOL-Time Warner, who own, thousands of TV & radio Stations, newspapers, Magazines, Book Companies, ECT. To some are thought of as a monopoly. But are they really? Or are they just a large company trying to succeed in a larger market? While the independent companies and stations that they control are not

monopolies, the larger parent company could be considered one by people, but in all regards, that can only be decided upon by the government. Will we see future breakups of companies? One can rest assured that this issue will arise again in the future, and may probably happen, but with laws that the federal government has imposed, there is a lesser chance of this happening today.

IX) Laws helping to prevent Monopolies and Anti-Trust

Today, there are two main laws that work to protect both the United States, and the people of the country from these types of practices. The first of these, which is aimed at market structure, is the Sherman Act of 1890 makes it illegal to monopolize, or attempt to monopolize any trade or commerce. The second one targets the conduct of the company is the Clayton and Federal Trade Commission Acts of 1914. The Clayton Act, which supplements the Sherman Act, prohibits mergers and acquisitions where the effect is to substantially lessen competition or create a monopoly and other forms of anti-competitive behavior. (W2) In all the cases mentioned above, Standard Oil, The Clayton Act, or the Sherman act were referred to in them, and in some two or more were referred to.

X) Conclusion

Throughout the paper, I have looked at a brief history of muckraking, and given a brief explanation of its origins; and looked at the background of Standard Oil. I have also looked at the life of Ida Tarbell and how her writings affected the company and society. Now I am not saying that Ida Tarbell had a

major role in the downfall of the company, but she did play a part. The role she played was an informer to the public.

Throughout Standards history, the company felt that it was above everyone and everything else. They felt that they could manipulate the other oil companies, the railroads and the people it was sellin its oil to. Now, their thought of trying to save everything was a great idea, where they fell at was that they tried to force owners to sell their property at a cost that was far less than it should have ever been sold at.

They willingly went along with Tarbell, allowing her to look at all of their private documents, and by trying to hide the truth from her, thus, justifying her quest for the truth. In the end, she proved to society, that a company they trusted was far worse than they ever imagined, and in the end, resulted in society placing far less trust in the companies of the time and in the future.

XIII) Refrences/Citings.

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