Monopolies in industry

History

Standard Oil Monopoly One of the most dramatic episodes in the history of the United s economy would be that of the Standard Oil Monopoly which occurred when the country was transitioning from a mainly agricultural society to becoming an industrial capital. John D. Rockefeller, an American Industrialist and philanthropist was the founder of the Standard Oil company that dominated the oil industry. This Trust or organization he built controlled the share of production, transport, refining, and marketing of petroleum products not only in the United States but in other countries as well (John D. Rockefeller (American industrialist)-Britannica Online Encyclopedia." Encyclopedia - Britannica Online Encyclopedia, n. d). Originally, this Trust was made to bring cash in through the conversion from whale oil to kerosene. However, with the emergence of the automobile use, gasoline was the by-product that brought immense wealth to this industrial group. By 1890, the Standard Oil already controlled almost 90 percent of America’s oil industry with little competition remaining. Rockefeller took this opportunity to set prices arbitrarily, leaving consumers with no choice but to pay for the set price (The Standard Oil monopoly, by the Linux Information Project." The Linux Information Project (LINFO) Home Page, n. d).

Aside from the dreary effects that consumers had to live with, this went on too far as it did not only had many people’s businesses or jobs taken away from them because of the elimination of competition and the ruthless predatory tactics of the trusts but at the same time it was a business that used extensive fraud, political corruption, and physical violence to maintain its monopoly (A History Of U. S. Monopolies." Investopedia – The Web’s Largest Investing Resource, n. d). Thus, the U. S Department of Justice took on several efforts to break the monopoly. Some of which would be the enactment of the Sherman Anti-Trust Act that sought to limit monopolies and cartels. This act gave the government the power to shatter big companies into smaller pieces that would benefit not only one company or a group of people but the general public. However, this act only gave birth to the formation of domestic monopolies and was then used to differentiate between good and bad monopolies as seen by the government. In response to this, the Clayton Act was introduced that served as guidelines to whether mergers and acquisitions that were unavoidable should be allowed if they substantially lessened the competition in the market monopoly (A History Of U. S. Monopolies." Investopedia – The Web's Largest Investing Resource, n. d).

With all these said, the government should break up the Standard Oil monopoly. First of all, the oil industry is something that is really prone to monopolies because of its limited or restricted source and as the need for oil is causing a huge demand in the market, a lot of people would want to take advantage of this by doing all means to convert more cash not only in the selling of oil but in every process that it entails even when it means having to break laws, using fraud, overpricing and etc. Indeed, it is supposedly not a problem of monopoly as it only seeks to have one controlling body over the production of oil. The real problem here is whose hands would the general public be accountable to? Thus, to avoid one person or a group of people to abuse the power they get over oil monopoly, the best thing to do is to break all kinds of oil monopoly and allow competition which is mainly a great driving force to provide better service to customers. After all, though there would be numerous competition in the market, the oil industry players surely would still survive and live in a green pasture. If the less in demand industries still get to thrive today, how much more for the oil industry right?

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