

# [Oil monopoly](https://assignbuster.com/oil-monopoly/)

Industry in the 1800s boomed with new inventions and innovations like smelting, the Bessemer process, increased use of machinery, electricity, the telephone, and new modes of transportation. All these factors helped improve the life of Americans and the profitability of businesses. Unions were being formed to help improve the work life of employees. Strikes and riots, like the Haymarket riot and Pullman strike, protested the unfair work environments set upon them by the companies. The industrial era marked a huge turning point for America with all of the changes going on.

Laissez-faire is an accurate depiction of industry during this time. There was little government regulation to businesses. A trust was formed when a company kept hold of the stock from many different businesses and then made the decisions for them. Monopolies are formed when a company controls all of the businesses in a specific industry. Monopolies caused several problems for industry in America. Companies could set prices however high they wanted, make wages low for the workers, and destroy the little businesses. Should the government break up Standard Oil's monopoly?

I think the government should break up the monopoly. In Ida Tarbell's The History of the Standard Oil Company she mentions, " Mr. Rockefeller has systematically played with loaded dice, and it is doubtful if there has ever been a time ... when he has run a race with a competitor and started fair. " Monopolies do not play fair with the competition John D. Rockefeller created Standard Oil's Company in 1870. He believed the most profit from oil was found in refining it, not drilling. Rockefeller described the competition in oil refining as " chaotic". He then began a process of eliminating his competitors.

By 1879, Rockefeller controlled 95% of America's oil refining industry. At this time, he also organized this empire into a trust. The Standard Oil Trust operated 27 oil-refining companies. A board of trustees made decisions and controlled the operations of all the companies controlled by this trust. A monopoly was soon formed when Rockefeller had control over all of the oil refinery businesses. Other businessmen with similar means used Rockefeller's pattern to form their own monopolies. This hurt farmers and small businesses who found it harder or impossible to compete in the unfair marketplace.