

## **STATION 3 – BIG BUSINESS**

- 1. Group Leader will read description of “John D. Rockefeller and the Oil Industry” out loud to group members, while they follow along.  
Group will examine the political cartoons together.**
- 2. Using the compare and contrast venn diagram for Rockefeller, the group will list ideas from the article and the political cartoons that makes Rockefeller a “Robber Baron” and/or a “Captain of Industry.”  
Group recorder should copy at least 4 ideas in total onto the venn diagram for the group.**
- 3. Group Leader will read description of “Andrew Carnegie and the Steel Industry” out loud to group members while they follow along.  
Group will examine the political cartoons together.**
- 4. Using the compare and contrast venn diagram for Carnegie, the group will list ideas from the article and the political cartoons that makes Carnegie a “Robber Baron” and/or a “Captain of Industry.” Group recorder should copy at least 4 ideas in total onto the venn diagram for the group.**
- 5. As a group, decide if Rockefeller is a Captain of Industry or a Robber Baron.**
- 6. As a group, decide if Carnegie is a Captain of Industry or a Robber Baron.**
- 7. Once you have completed both Venn Diagrams and your decision about Carnegie and Rockefeller, add your diagrams to your Group Folder.**

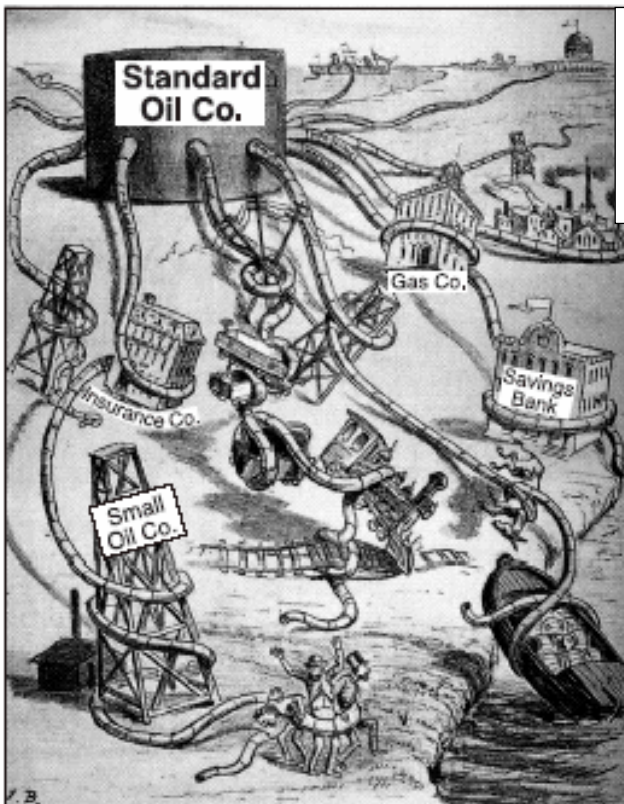
## John D. Rockefeller and the Oil Industry

The oil industry, led by John D. Rockefeller began to grow in the late 1800s. Rockefeller built his first refinery (factory that takes oil from the ground and turns it into oil people can use in machines) in 1863.

**He decided the best way to make money was to put competitors out of business**, any way he could. A company that wipes out its competitors and controls an industry is called a monopoly. (Helpful hint: Think of the board game monopoly. The goal of the game is to buy up as much property as you can. This is what Rockefeller did in the oil industry) Rockefeller bought other refineries that couldn't compete with his low prices. He even made deals with railroads to carry his oil at a lower cost than to carry his competitors' oil. He also built and purchased his own pipelines to carry oil.

One of Rockefeller's most famous moves to end competition was to develop a trust. A trust is a legal body created to hold stock in many companies, often in the same industry. Other oil companies joined Rockefeller's Standard Oil Trust. By 1880, Rockefeller's Standard Oil Trust controlled 95 percent of all the oil in the United States! **Standard Oil was then able to set a high price for oil. Consumers had to pay the high price because there was no one else for them to buy oil from.**

Rockefeller donated a lot of his money to charities and especially to universities (colleges). During his life, he gave away more than \$500 million dollars. However, he made a lot more money than that from his oil business.



Source: Herman Viola, *Why We Remember: United States History*, Scott Foresman-Addison Wesley Publishing Co. (adapted)

Image below: John D. Rockefeller had to perform a careful balancing act to keep his good reputation as a philanthropist (a person who donates money to charity) while living the life of a wealthy businessman.



## Andrew Carnegie and the Steel Industry

Andrew Carnegie tried to **beat his competition in the steel industry by making the best and cheapest product**. To do so, he tried to control all the processes related to the manufacture of steel. Carnegie's company dominated the U.S. steel industry from 1889 to 1901.

**To get rid of competition, Carnegie tried to control all aspects of the production process.** He wanted to own the steel mills and worked to control iron-ore barges (boats), coal and iron fields, and the railroads that transported the steel. Whenever possible, **Carnegie sold his product directly to the user, avoiding the middleman and his fees.** (A middle man is a third-party that acts between the company producing the goods and the company buying the goods, who usually charges a fee for his service)

Carnegie argued that it was the responsibility of rich men and women to use their wealth to benefit the welfare of the community. He wrote that a "man who dies rich dies disgraced [in shame]".

Carnegie gave **most** of his money to charities and universities. He also built hundreds of public libraries. In total, he gave away more than \$350 million dollars.

