

The Saintly Sinner

``Competition is a sin."`

-John D. Rockefeller

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Enough books have been written to fill a fair-sized library, detailing the incredible story of how Daddy Oilbucks started Standard Oil and built the Rockefeller fortune. Some of them even tell the truth! We will tiptoe through these shady tulips only long enough to understand the traits and tactics of the Rockefeller founding father, so we may recognize them as they bloom again in modern clan members. Everything about the Rockefellers seems to be controversial, even their family background. One story goes that the family descends from French Protestants, who changed their name from Roquefeuille to Rockefeller when they were driven from France into Germany. However, a genealogy compiled by the distinguished scholar, Dr. Malcolm Stern, entitled *Americans of Jewish Descent*, convincingly established the claims of many American Jews that the Rockefeller clan originally was one of their own.*

* Birmingham, Stephen, *The Grandees: America's Sephardic Elite*, Harper & Row, N.Y., 1971, p. 3.

The controversy about the Rockefeller antecedents is probably not important. But it does highlight an accomplishment more difficult than threading a needle after six martinis (and one that is reported about as often).

The family controls oil holdings worth hundreds of millions in Arab lands, yet Nelson has remained the darling of organized Jewry in New York City. Without such support he could never have been elected Governor of New York State four times. Just how the family manages this bit of wizardry boggles the mind.

William Rockefeller, the father of John D., first became involved in the petroleum business when he peddled the oily stuff at \$2.5 a pint as a cure for warts, snake bite, cancer and impotency. The wandering medicine man called himself "Doctor," even though he couldn't have entered medical school with a search warrant. In addition to being a quack, "Doc" Bill was a bigamist, horse thief and child molester. The good "Doctor" avoided prosecution in New York for raping a 15-year old girl by hightailing it for Cleveland. Once there, he deserted his wife and six children to marry a 20-year old. (At least when Nelson abandoned his wife of 31 years to marry Happy Fitler Murphy, he did not abandon his children. She abandoned hers.)

Although no one ever nominated him for the father-of-the-year award, the "Doc" did take the time to instruct his children in his own unique business ethics. Author William Hoffman reports: "The thing the children most remembered about their father was the delight he took in getting the better of them in business deals. He would con them out of something they considered important, then lecture them on

the necessity of always being alert."

The family's friendly biographer, Professor Allan Nevins, quotes "Old Bill" as boasting to a crony:

"I cheat my boys every chance I get. want to make 'em sharp. I trade with the boys and skin 'em and I just beat 'em every time I can. I want to make 'em sharp. "

He did.

The sharpest of the "Doc's" progeny was John D. Any psychiatrist worth a couch would trade several neuroses to have had a chance to learn what made him tick. He was full of more contradictions and paradoxes than a Charlie Chan flick. The main feature of his Jekyll-Hyde personality is that he was straighter than an arrow in his private life and deeply (some say fanatically) religious. At the same time he was totally and utterly ruthless in his grasping for money and power. Many of the old boy's victims were sure that his religion was a pretense, an act. But actually there is no evidence that his claims to piety were deliberately faked.

Unlike his father, John D. was a nose-to-the-grindstone type who, before he was out of his teens, was a shrewd and successful commission broker in Cleveland. In 1859, his partners sent him over to Titusville, Pennsylvania to see if there was as much financial potential in the gushing black liquid as was rumored. Young Rockefeller liked what he saw. He decided that of the three phases of the burgeoning oil industry-production, transportation and refining-the last promised the greatest profits.

John D. returned to Cleveland and launched what became the mighty Standard Oil Company. From the start of his business career, one thing that Rockefeller hated more than sin was competition. For John D the only efficient way to run anything was by a monopoly. Provided, of course, that the most qualified, most capable, and most deserving person-meaning himself-ran it.

When John D. founded Standard Oil, it was just one of the 27 other refineries in the Cleveland area, and by no means the biggest. But the ambitious businessman-who once declared that -competition is a sin"- soon devised a plan to take on or destroy his competitors. The simplicity. Audacity, and ruthlessness of his scheme is breathtaking.

He bribed and coerced the railroads serving the oil producing region (the Pennsylvania, Erie, and New York Central), to give him a kickback, or rebate, not only on his own shipments, but also on every barrel his competitors sent by rail. The more they shipped, the more he made!

Rockefeller's rebate formula enabled him to reduce his own prices and drive the other oil refiners out of business using their own money!

Within a year, his competitors had capitulated.

Lewis Corey, in his book *The House of Morgan*, comments on the ploys that provided the coups de grace to Rockefeller's competitors:

"... the battle of competition was waged by means of intrigues, discriminatory railroad rates, business blackmail and expropriating competitors' property "

In spite of public condemnation, Standard Oil persisted in extorting discriminatory rates from railroads,

afterward secured by John D. Rockefeller becoming a power himself in the railroads, particularly New York Central, Erie and Pennsylvania. Rate discrimination was general and infuriated small businessmen to revolt ...

John D. did not get his bag of tricks from his daily reading of Matthew, Mark, Luke and John. The rebate game was powerful, but it was only one of his cunning schemes. In the early days, "lucky" competitors were offered cash or stock in Standard Oil, in return for selling their firms to Rockefeller at the rock-bottom prices he offered. The smart ones took stock. Later, things got rougher. Matthew Josephson describes in *The Robber Barons* what happened to one stubbornly independent company:

"... where the Standard Oil could not carry on its expansion by peaceful means, it was ready with violence; its faithful servants knew even how to apply the modern weapon of dynamite. In Buffalo, the Vacuum Oil Co., one of the "dummy-creatures of the Standard Oil system. became disturbed one day by the advent of a vigorous competitor who built a sizable refinery and located it favorably upon the waterfront. The offices of Vacuum conducted at first a furtive campaign of intimidation. Then emboldened or more desperate, they approached the chief mechanic of the enemy refinery, holding whispered conferences with him in a rowboat on Lake Erie.

He was asked to 'do something.' He was urged to 'go back to Buffalo and construct the machinery so it would bust up ... or smash up, to fix the pipes and stills so they cannot make a good oil ... And then if you would give them a little scare, they not knowing anything about the business. You know how . . .'. In return the foreman would have a life annuity which he might enjoy in another part of the country. So in due time a small explosion took place in the independent plant. "

Ferdinand Lundberg, in his study *The Rich and Super-Rich*, has observed:

"As the history of Standard Oil by any author, pro or con, clearly shows, Rockefeller was of a deeply conspiratorial, scheming nature, always planning years ahead with a clarity of vision that went far beyond anything any of his associates had to offer."

John D. specialized in operating through others, just as the family does today. He hired agents everywhere; among competitors', politicians and in the media. He found plenty of people who could be bought. "The ability to deal with people is as purchasable a commodity as sugar or coffee I pay more for that 'ability' than for any under the sun" the Standard Oil founder once admitted. Rockefeller's industrial espionage system was by far the most elaborate, most sophisticated and most successful that had ever been established. William. Manchester tells us in *Rockefeller Family Portrait*:

"The trouble with fighting John D. was that you never knew where he was. He ran his company as though it were a branch of the CIA All important messages were in code-Baltimore was 'Droplet,' Philadelphia 'Drugget', refiners were 'Douters,' the Standard itself 'Doxy.' Shadowy men came and went by his front door, shadowy companies used his back door as a mailing address. For a long time the public didn't realize how powerful he was because he kept insisting he was battling firms that he secretly owned outright. His real rivals were forever discovering that their most trusted officers were in his pocket. "

The tentacles of the octopus were everywhere.

One Cleveland oil refiner made a last ditch effort to save his company from a Rockefeller takeover by going to Peru for oil. He found it had all been bought by a company which was a subsidiary of a

corporation owned by the Anglo-American Company of England-which belonged to Standard. Soon, his firm was just another satellite in the Rockefeller oil empire. It was not for nothing that newly impoverished former competitors referred to the Standard Oil biggie as John D. Reckafellow. A lot of bitter, broken men would have liked to have had a piece of that Rock.

In later years the Wizard of Oil tried to disguise his piratical business operations with the protective coloration, of his religious practices.-" God gave me my money," he piously proclaimed. Many wryly mused that if true, God had a very strange code of ethics. By 1890,Standard was refining 90 % of all crude oil in the United States and its worldwide operations were expanding rapidly. Many have been led to believe that the federal government finally broke up Standard's near monopoly. The truth is that when oil was discovered in, Louisiana, Oklahoma and California, Standard Oil, big as it was, was unable to seize complete control of the mushrooming oil business. In the big oil boom that followed, too many small producers and refiners prospered for John D. to bribe, blackmail, or bomb all of them. In a sense, it was God, not Uncle Sam, who blocked John D.'s Monopolistic plans.

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