

# **John D. Rockefeller, 1839-1937**

(From the Rockefeller University Biography)

John Davison Rockefeller (July 8, 1839 - May 23, 1937) was the guiding force behind the creation and development of the Standard Oil Company, which grew to dominate the oil industry and became one of the first big trusts in the United States, thus engendering much controversy and opposition regarding its business practices and form of organization. Rockefeller also became one of the first major philanthropists in the U.S., establishing several important foundations and donating a total of \$540 million to charitable purposes.

Rockefeller was born on a farm at Richford, in Tioga County, New York, on July 8, 1839, the second of the six children of William A. and Eliza (Davis) Rockefeller. The family lived in modest circumstances. When he was a boy the family moved to Moravia and later to Owego, New York, before going west to Ohio in 1853. The Rockefellers bought a house in Strongsville, near Cleveland, and John entered Central High School in Cleveland. While he was a student he rented a room in the city and joined the Erie Street Baptist Church, which later became the Euclid Avenue Baptist Church. Active in church affairs, he became a trustee of the church at the age of 21.

He left high school in 1855 to take a business course at Folsom Mercantile College. He completed the six-month course in three months and, after looking for a job for six weeks, was employed as assistant bookkeeper by Hewitt & Tuttle, a small firm of commission merchants and produce shippers. Rockefeller was not paid until after he had worked there three months, when Hewitt gave him \$50 (\$3.57 a week) and told him that his salary was being increased to \$25 a month. A few months later he became the cashier and bookkeeper.

In 1859, with \$1,000 he had saved and another \$1,000 borrowed from his father, Rockefeller formed a partnership in the commission business with another young man, Maurice B. Clark. In that same year the first oil well was drilled at Titusville in western Pennsylvania, giving rise to the petroleum industry. Cleveland soon became a major refining center of the booming new

industry, and in 1863 Rockefeller and Clark entered the oil business as refiners. Together with a new partner, Samuel Andrews, who had some refining experience, they built and operated an oil refinery under the company name of Andrews, Clark & Co. The firm also continued in the commission business but in 1865 the partners, now five in number, disagreed about the management of their business affairs and decided to sell the refinery to whoever amongst them bid the highest. Rockefeller bought it for \$72,500, sold out his other interests and, with Andrews, formed Rockefeller & Andrews.

## **THE STANDARD OIL COMPANY**

Rockefeller's stake in the oil industry increased as the industry itself expanded, spurred by the rapidly spreading use of kerosene for lighting. In 1870 he organized The Standard Oil Company along with his brother William, Andrews, Henry M. Flagler, S.V. Harkness, and others. It had a capital of \$1 million.

By 1872 Standard Oil had purchased and thus controlled nearly all the refining firms in Cleveland, plus two refineries in the New York City area. Before long the company was refining 29,000 barrels of crude oil a day and had its own cooper shop manufacturing wooden barrels. The company also had storage tanks with a capacity of several hundred thousand barrels of oil, warehouses for refined oil, and plants for the manufacture of paints and glass.

Standard prospered and, in 1882, all its properties were merged in the Standard Oil Trust, which was in effect one great company. It had an initial capital of \$70 million. There were originally forty-two certificate holders, owners, in the trust.

After ten years the trust was dissolved by a court decision in Ohio. The companies that had made up the trust later joined in the formation of the Standard Oil Company (New Jersey), since New Jersey had adopted a law that permitted a parent company to own the stock of other companies. It is estimated that Standard Oil owned three-fourths of the petroleum business in the U.S. in the 1890s.

In addition to being the head of Standard, Rockefeller owned iron mines a timberland and invested in numerous companies in manufacturing, transportation, and other industries. Although he held the title of president Standard Oil until 1911, Rockefeller retired from active leadership of the company in 1896. In 1911 the U.S. Supreme Court found the Standard Oil trust to be in violation of the anti-trust laws and ordered the dissolution of parent New Jersey corporation. The thirty-eight companies which it then controlled were separated into individual firms. In his biography, *Study in Power, John D. Rockefeller, Industrialist and Philanthropist*, the historian Allan Nevins reports that Rockefeller at that time owned 244,500 of the company's total of 983,383 outstanding shares.

## **PHILANTHROPY**

Rockefeller was 57 years old in 1896 when he decided that others should take over the day-to-day leadership of Standard Oil. He now focused his efforts on philanthropy, giving away the bulk of his fortune in ways designed to do the most good as determined by careful study, experience and the help of expert advisers.

From the time he had begun earning money as a boy, he had been giving a share of his income to his church and charities. His philanthropy grew out of his early family training, religious convictions, and financial habits. "I believe it is every man's religious duty to get all he can honestly and to give all he can," he once wrote. During the 1850s, he made regular contributions to the Baptist church, and by the time he was 21, he was giving not only to his own but to other denominations, as well as to a foreign Sunday school and an African American church. Support of religious institutions and African-American education remained among his foremost philanthropic interests throughout his life.

## **THE UNIVERSITY OF CHICAGO**

As his wealth grew in the 1870s and 1880s, Rockefeller came to favor a cooperative and conditional system of giving in which he would agree to

supply part of the sum needed for a particular project if the others interested in it also would provide substantial financial support. It was on such a conditional basis that Rockefeller participated in the founding of the University of Chicago. The American Baptist Education Society had resolved in 1889 to establish a "well-equipped college" in Chicago. At the urging of the society's director, the Rev. Frederick T. Gates, Rockefeller offered to give \$600,000 of the first \$1 million for endowment, provided the remaining \$400,000 was pledged by others within 90 days. Thus begun, the University of Chicago was incorporated in 1890, and over the next twenty years Rockefeller continued to help build up the institution, always on condition that others should join in its support. In 1910 he made a farewell gift of \$10 million, which brought total contributions to the university to about \$35 million. In withdrawing from further activity there, he wrote: "I am acting on an early and permanent conviction that this great institution, being the property of the people, should be controlled, conducted and supported by the people."