



Ida Tarbell: Targeting Monopolies and Trusts Economics Lesson Plan



Lesson Focus:

During her career as an investigative reporter, Ida Tarbell explored corruption in big business, taking on one of the biggest of them all, the Standard Oil Company and its owner, John D. Rockefeller. Tarbell's tenacious investigation of Rockefeller's monopoly within the oil industry included intrigue, crime, and corruption, all the elements a great story needs. Tarbell's personal connection to the story, moral outrage, and passion for justice helped her to expose Rockefeller's business practices to the world. And her work helped the U.S. government win a Supreme Court case against Standard Oil which led to the dissolution of the monopoly.

This lesson focuses on developing an understanding of the economic concept of monopolies and how the Sherman Antitrust Act, which forbade the creation of monopolies, was used to justify the dissolution of Standard Oil in the Supreme Court case Standard Oil Company of New Jersey v. The United States.

Lesson Synopsis:

During the late 1800s and early 1900s, big businesses grew larger through mergers and takeovers. Men who became known as the captains of industry, such as John D. Rockefeller and Andrew Carnegie, expanded their control over the oil and steel industries through the creation of monopolies and trusts. As Rockefeller and Carnegie grew their influence, they became known as robber barons, those that gained large amounts of wealth through ruthless and unscrupulous business practices. By forming trusts, groups of companies acting together as one entity, Rockefeller's Standard Oil Company and Carnegie's Carnegie Steel Company, worked to reduce competition in their respective industries, therefore controlling the market.

In response to these practices, brought to light by muckrakers such as Ida Tarbell, there was a public outcry about the unfair practices of big businesses. The U.S. government then took measures to better regulate business. In this lesson students will learn about monopolies and trusts, focusing on the origins of monopolies in the U.S., laws enacted to regulate big business such as the Sherman Antitrust Act, and the Supreme Court case Standard Oil Company of New Jersey v. The United States.

Grade Level:

Grades 9 - 12

Timeframe:

Two - Three 80 minute class periods

Essential Understandings:

Students will understand that:

- Ida Tarbell's family moved from Erie County to Rouseville, where her father hoped to make his fortune manufacturing tanks to hold oil once it was drilled.

- As a teenager, Ida Tarbell witnessed what became known as the Cleveland Massacre, where dozens of small oil producers in Ohio and Western Pennsylvania, including Tarbell’s father, were faced with the choice of either selling their businesses to the Standard Oil Company or attempt to compete with the large corporation and potentially face ruin.
- Ida Tarbell was part of a group of journalists that investigated and exposed corrupt business practices during the Progressive Era, from the 1890s through the 1920s.
- These journalists became known as muckrakers, a moniker given by President Theodore Roosevelt because he believed that their main purpose was to emphasize the bad in order to sell papers.
- Muckrakers provided accurate, detailed accounts of corruption and social ills caused by big business’ practices in a rapidly industrializing nation.
- Ida Tarbell began writing for McClure’s Magazine, first writing biographies on historical figures such as Abraham Lincoln, then moving on to issues of the period such as the Spanish American War, and then writing her famous expose on Standard Oil, where she both praised Rockefeller and chronicled the corrupt practices that made Standard Oil the largest corporation of its time.
- Monopolies in U.S. history were large corporations that controlled an industry by buying out all of their competitors, allowing them to control the market for the goods and services they provided.
- Three of the most famous monopolies in the U.S. were Andrew Carnegie’s Steel Company, John D. Rockefeller’s Standard Oil Company, and the American Tobacco Company. By eliminating competition and controlling production, these companies kept the price for steel, oil, and tobacco high.

Objectives:

Student will:

- Develop an understanding of economic monopolies.
- Consider how monopoly power might affect the quantity and price of goods and services offered to consumers.
- Learn about the history of trusts and the Sherman Antitrust Act.
- Examine the life and journalism of Ida Tarbell.
- Practice document analysis techniques.
- Construct text-dependent responses.
- Analyze how multiple documents address similar historical topics.

Anticipated Outcomes:

Students will be able to:

- Explain how the investigative reporting of Ida Tarbell helped to shed light on the business practices of the Standard Oil Company and eventually led to its dismantling.
- Understand primary source documents in an historical context.
- Understand multiple perspectives in secondary resources on people and events in history.
- Define the economic concepts of monopolies and trusts.
- Explain the market power that monopolies can exert.
- Evaluate American laws prohibiting monopolies.

Content Standards:

PA History Standards:

8.1A Evaluate patterns of continuity and rates of change over time, applying context of events.

- 8.1B** Evaluate the interpretation of historical events and sources, considering the use of fact versus opinion, multiple perspectives, and cause and effect relationships.
- 8.1C** Analyze, synthesize, and integrate historical data, creating a product that supports and appropriately illustrates inferences and conclusions drawn from research.
- 8.3A** Evaluate the role groups and individuals from the U.S. play in the social, political, cultural, and economic development of the world.
- 8.3B** Evaluate the impact of historical documents, artifacts, and places in U.S. history which are critical to world history.

PA Geography Standards

- 7.3A** Analyze the human characteristics of places and regions using the following criteria: population, culture, settlement, economic activities, and political activities.

PA Economics Standards

- 6.1C** Analyze the opportunity cost of decisions made by individuals, businesses, communities, and nations.
- 6.1D** Predict how changes in incentives may affect the choices made by individuals, businesses, communities, and nations.
- 6.2B** Analyze the effect of changes in the level of competition in different markets.
- 6.2D** Predict how changes in supply and demand affect equilibrium price and quantity sold.
- 6.3B** Assess the government’s role in regulating and stabilizing the state and national economy.

PA Civics and Government Standards:

- 5.2B** Examine the causes of conflicts in society and evaluate techniques to address these conflicts.
- 5.3F** Analyze landmark United States Supreme Court interpretations of the Constitution and its Amendments.
- 5.3G** Evaluate the impact of interest groups in developing public policy.

Pennsylvania Core Reading Standards for History:

Reading Informational Texts

- 8.5A** Cite specific textual evidence to support analysis of primary and secondary sources, connecting insights gained from specific details to an understanding of the text as a whole.
- 8.5B** Determine the central ideas or information of a primary or secondary source; provide an accurate summary that makes clear the relationships among the key details and ideas.
- 8.5G** Integrate and evaluate multiple sources of information presented in diverse formats and media (e.g., visually, quantitatively, as well as in words) in order to address a question or solve a problem.
- 8.5I** Integrate information from diverse sources, both primary and secondary, into a coherent understanding of an idea or event, noting discrepancies among sources.

Lesson Activities:

Introductory Activity: Introduction to Ida Tarbell and Rockefeller/Standard Oil

- Option one: Inquiry
 - Think, Pair, Share - Working with the July 2012 Smithsonian Magazine article, “The Woman Who Took on the Tycoon”, by Gilbert King, partner groups will use a graphic organizer to identify Ida Tarbell and describe her involvement with John D. Rockefeller and Standard Oil.
<https://www.smithsonianmag.com/history/the-woman-who-took-on-the-tycoon-651396/>
 (See Appendix A for samples of graphic organizers)

- Option two: Video
 - Think, Pair, Share - While watching the 2016 Studies Weekly video, “ The Industrial Revolution Monopolies and Trusts” (<https://www.youtube.com/watch?v=Hden2EANiz8>, Length: 2:10), students will take notes on the creation of monopolies and trusts during the Industrial Revolution of the late 19th and early 20th centuries. Students will then form partner groups and discuss what they saw/heard in the video. As a whole class discussion, create a list of facts about monopolies and trusts from the notes/discussion of partner groups.
- Option three: Editorial Cartoon Analysis
 - Think, Pair, Share - Partner groups will use a Political Cartoon Analysis Guide to analyze a political cartoon about Standard Oil, such as the 1884 cartoon, 'Monster Monopoly': (See Appendix B for samples of political cartoon analysis guides)



- A gallery of Standard Oil political cartoons can be found at: <https://energyhistory.yale.edu/library-item/political-cartoons-and-standard-oil-gallery>

Activity One: An Introduction to the relationship between journalist Ida Tarbell and businessman John D. Rockefeller using primary and secondary sources

- Using a Cornell Notes template, students will read and take notes on primary and secondary source articles that explore the relationship between Ida Tarbell and John D. Rockefeller.
 - Primary sources include:
 - The Archive of American Journalism Ida Tarbell Collection, “The History of the Standard Oil Company”, *McClure’s Magazine*, 1902. <http://www.historicjournalism.com/ida-tarbell.html>
Note: This webpage links to several articles that Ida Tarbell wrote about Standard Oil that can be used for additional reference.
 - Allegheny College Tarbell Collection, “John D. Rockefeller: A Character Study” <https://bit.ly/3H3laGq>

Note: Having 6 companies is essential for this activity. If class size is smaller or larger, adjust the number of students in each company rather than changing the number of companies.

- Explain to students that each of the 6 companies is an oil company that will be selling products in the same market and that their companies do all of the petroleum business nationwide.
 - In addition, explain to students that the goal of each company is to make as much profit as possible and that there will be a prize for all companies earning more than \$300 profit (and possibly an additional prize for the company that earns the most profit).
 - Students will be given time (5 - 10 minutes) to name their company and design a logo.
 - One member of each company should be named the CFO, with the responsibility of keeping a balance sheet of company expenses and earnings.
 - The beginning balance for each company will be \$150.
 - Explain to students that in each round of the activity, their company must decide how much to produce and how much to sell. Further explain that production costs will be subtracted from the company's balance sheet and sales revenue will be added to the balance sheet.
 - Set a standard amount for production costs, for example \$30/unit.
- Conducting initial rounds:
 - Begin by sharing the demand forecast with the companies.

Market Demand (QD)	Price
0-6 Barrels	\$125
7-13 Barrels	\$100
14-19 Barrels	\$75
20-26 Barrels	\$50
27-32 Barrels	\$30
33-40 Barrels	\$25
41-50 Barrels	\$20

- Remind companies that a forecast represents the best available information, based on past experience and knowledge of current conditions, in this case, about the amount charged per barrel of oil depending on supply.
- Also explain to students that each company will have to make a prediction of market supply in each round. Students will know how many units their own company will produce, but the total market supply will include not only their own production, but also the production of the rest of the companies. For example, if each company decides to produce one unit, there will be six total units produced and the market demand forecast will be \$125 per barrel.
- For each round, the company balance sheet should include a beginning balance, total production costs (-), total revenue (+), and an ending balance.
- Each company will discuss how many units it will produce at the beginning of the round. During this discussion, there should be no communication between companies.

- Once each company decides on a production number, they will enter the amount on their balance sheet and reveal the number of units. This production number cannot be changed once groups begin revealing their numbers.
- All company units will be added together to find out how much will be earned per unit.
- Each company will record its revenue on the balance sheet.
- Conduct at least three rounds.
- After round three (or that last round conducted in this manner), announce to the companies that there will be a social gathering hosted by (*choose one of the companies in the class*). Each company should send at least one representative to this gathering.
- At the gathering, company representatives should discuss (3 - 5 minutes) the market demand forecast and challenges of deciding how much to produce in each round. (At this point, students should begin to see the advantages of colluding to control production and potentially make deals to limit production in the next round(s)).
- After the gathering is over, representatives will return to their companies and there will be no additional communication between companies.
- Conduct 1 - 2 more rounds, observing if any of the companies have indeed begun to collude with one another.
- Debrief:
 - Discuss the following questions with the class as a whole:
 - What was the strategy of the company that made the most money?
 - What was the strategy of the company that made the least and why did it fail?
 - Did it help to talk with other companies? Why?
 - Did talking with other companies help you decide how much to produce in the next round(s)?
 - Why did companies agree to set production levels? What was the impact on the market? What was the impact on your company's profit?
 - Did agreeing to set production levels work? Why/Why not?
 - Predict what will happen in markets that do not prohibit collusion among producers.
- Conduct second set of rounds:
 - Explain to students that since no company has earned the minimum \$300 profit to win a prize, each company will be starting again with a \$150 starting balance.
 - Inform students that (*choose one of the companies in the class other than the one that hosted the social gathering*) will host an industry discussion to determine the best way for the companies to deal with the problem of low profits.
 - Allow 3 - 5 minutes for the discussion, and then another 1 - 2 minutes for companies to meet briefly to decide who will attend the next business meeting.
 - As students gather for the next meeting, deliver the trust telegram and have a student read it aloud:

Oil Company Executives:

As you know, cut throat competition has been ruinous to us all. If present trends continue, some of you will be forced out of the market completely.

We are asking that you:

**Give up your production decisions to us in exchange for a certificate of trust.*

**Allow us to make all decisions regarding the production and sale of the output of all your companies.*

In return we will:

**Guarantee to end the destructive practices that threaten all our livelihoods,*

**Increase the efficiency of production and sale of oil, thereby stabilizing the price, output and profitability of our industry, and*

**Guarantee to you an equal share of the profits.*

Please discuss our offer among yourselves and let us know your decision as soon as possible.

- Assure students that the telegram is genuine and not an attempt to trick their companies. Tell students the offer is from a respected businessman.
- If a company decides to join the trust, they are given a green trust certificate.
- Begin another round.
- If all companies have joined the trust, simply announce that the trustee has decided that each company will produce one unit, resulting in a price of \$125/unit.
 - Instruct each company to subtract \$30 production cost and add \$125 revenue.
 - Ask each company to decide whether or not they want to stay in the trust.
 - Continue enough rounds that all companies reach the \$300 profit level.
- If one or two companies decide not to join the trust, ask them to make their production decision before the decision of the trustee is announced.
 - Announce that the trust has decided to produce only **X** units in this round. (To find **X** add the number of units produced by the non-trust companies and subtract it from 33 – the number of units necessary to drop the price to \$25/unit.)
 - In addition, inform the companies that due to the advantages of operating as a trust, they've been able to reduce production cost to \$25/unit.
 - Therefore, in order to sell what they've produced, the other companies must meet this price. Because the price is below production cost, it will result in a loss for all non-trust companies.
 - Instruct each trust company that they may just transfer their balance from the previous round to this round because the cost of production and the selling price are equal so there is no profit or loss. Instruct each non-trust company to subtract \$30 for each unit produced and add \$25 for each unit sold.
- At this point, non-trust companies may be given the opportunity to join the trust before the next round, or companies could be told that the process of undercutting has continued and the non-trust companies have been put out of business.
- Once there are only trust companies left, continue enough rounds until all companies reach the \$300 prize level.
- Debrief:
 - Discuss the following questions with the class as a whole:
 - How did the efforts to collude in this round compare to those of earlier rounds?
 - Why were companies able to maintain the collusive agreement in this round?

- At this point, explain to students that this activity is designed to help them gain an understanding of the rise of trusts in the late 19th century. When businessmen discovered that their gentlemen’s agreements didn’t hold up, they developed the trust, which created monopoly power. A trust was created when the owners of stock in competing companies handed over their stock to a group of trustees and received certificates of trust in return. The trustees now ran them as if they were one company, a monopoly. In return, the holders of the trust certificates received a share of the profits. Trusts were very profitable because they successfully centralized control of entire industries, and by the 1880s the production of many products were controlled by trusts.
- What is different about the trust relationship necessary to uphold a gentlemen’s agreement and the trust relationship necessary to maintain a successful 19th century trust?
- If collusion wasn’t illegal, why did businessmen have to resort to use of the trust in order to gain market power?
- By what means did trusts maintain high profits in an industry?

Activity Three: Let’s Investigate the Sherman Antitrust Act and Standard Oil Company of New Jersey v. U.S.

- Students will begin by reading and annotating Street Law’s Antitrust Primer: “Antitrust in the U.S.: simple laws, infinite uses” by Kathryn Rubenstein. This reading will give students an overview of the Sherman Antitrust Act and how it was applied in the early 20th century.
bhsculhane.weebly.com/uploads/3/1/7/4/31742967/sherman_antitrust_primer.pdf
- Divide students into groups of 2 -3 for small group discussion and document analysis.
- Each group will share what they read in the previous document and will analyze the Sherman Antitrust Act and the Standard Oil Company of New Jersey v. U.S. decision using an E-S-P Chart (Economic, Social, Political).
E-S-P Chart: https://library.mtsu.edu/ld.php?content_id=43508530
Sherman Antitrust Act: <https://www.ourdocuments.gov/doc.php?flash=false&doc=51>
Standard Oil v U.S., focusing on the majority opinion:
<https://sites.gsu.edu/us-constipedia/standard-oil-co-of-new-jersey-v-united-states-1911/>

Lesson Extension:

Conduct a three round Fishbowl Discussion of the Sherman Antitrust Act and Standard Oil Company of New Jersey v U.S. decision. For each round, one student from each group will be in the center circle and two will be in the outer circle. Each fishbowl round should last 10 - 12 minutes, where the inner circle discusses their understanding of the documents and asks probing questions. Group members will not communicate with each other during the round, however, will need to listen to the group member in the inner circle to continue the conversation when it is their turn to be in the fishbowl. If group members need to confer or strategize, 1 - 2 minutes can be given between rounds for groups to communicate.

Resources:

Lesson Resources:

“A Question of Trust.” *Foundation For Teaching Economics*, 30 Sept. 2020,
www.fte.org/teachers/teacher-resources/lesson-plans/efiahlessons/question-of-trust-activity.

Fulsom, Jr., Burton. “John D. Rockefeller and His Enemies.” *The Freeman: Ideas on Liberty*, May 2008, pp. 33–34.

- Granger. "STANDARD OIL CARTOON - 'Monster Monopoly.'" 1884. Fine Arts America, 17 Feb. 2013, fineartamerica.com/featured/standard-oil-cartoon-monster-monopoly-granger.html.
- "Ida Tarbell Articles." *The Archive of American Journalism*, Tom Streissguth, 27 Nov. 2021, www.historicjournalism.com/ida-tarbell.html.
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- "On the Standard Oil Company." *The National Humanities Center*, Random House, 2005, nationalhumanitiescenter.org/pds/gilded/power/text2/standardoil.pdf.
- "Political Cartoons and Standard Oil (Gallery)." *Energy History*, Yale University, 2021, energyhistory.yale.edu/library-item/political-cartoons-and-standard-oil-gallery.
- Rubenstein, Kathryn. "ANTITRUST PRIMER: Antitrust in the U.S.: Simple Laws, Infinite Uses." *Street Law*, 2006, bhsculhane.weebly.com/uploads/3/1/7/4/31742967/sherman_antitrust_primer.pdf.
- "Sherman Anti-Trust Act (1890)." *Our Documents*, 2021, www.ourdocuments.gov/doc.php?flash=false&doc=51.
- Sorkhabi, Rasoul, PhD. "Standard Oil I - Ida Tarbell: Pioneering Oil Industry Journalist." *GEO ExPro*, 17 Aug. 2017, www.geoexpro.com/articles/2011/02/standard-oil-i-ida-tarbell-pioneering-oil-industry-journalist.
- Sorkhabi, Rasoul, PhD. "Standard Oil II - John D. Rockefeller: The First and Richest Oil Tycoon." *GEO ExPro*, 17 Sept. 2015, www.geoexpro.com/articles/2015/09/standarad-oil-ii-john-d-rockefeller-the-first-and-richest-oil-tycoon
- Sorkhabi, Rasoul, PhD. "The Standard Oil Story III: The Rise, Fall and Rise of The Standard Oil Company." *GEO ExPro*, 21 Jan. 2014, www.geoexpro.com/articles/2011/11/the-standard-oil-story-iii-the-rise-fall-and-rise-of-the-standard-oil-company.
- Studies Weekly. "The Industrial Revolution Monopolies and Trusts." *YouTube*, uploaded by Studies Weekly, 2 Aug. 2016, www.youtube.com/watch?v=Hden2EANiz8.
- Tarbell, Ida. "John D. Rockefeller: A Character Study | Ida Tarbell | Allegheny College." *Allegheny.Edu*, Apr. 1905, <https://bit.ly/3H3laGq>

Note Taking Resources:

- "37 Cornell Notes Templates & Examples [Word, Excel, PDF] ▷." *TemplateLab*, 29 Apr. 2021, templatelab.com/cornell-notes/#google_vignette.

Middle Tennessee State University. "E-S-P Analysis Worksheet." *Teaching with Primary Sources*, 2009, library.mtsu.edu/ld.php?content_id=43508530.

Graphic Organizer Resources:

"Reading Comprehension Graphic Organizer Tool – Someone-Then Character Summary." *Action Potential Learning*, 2018, www.aplearning.com/education-resources/item/reading-comprehension-graphic-organizer-tool-someone-then-character-summary.html.

Analyzing Political Cartoons Resources:

"Cartoon Analysis Worksheet." *The National Archives and Records Administration*, Dec. 2019, www.archives.gov/files/education/lessons/worksheets/cartoon_analysis_worksheet_former.pdf.

Knowles, Melissa. "The Teacher's Guide to Helping Students Analyze Political Cartoons." *Socialstudies.Com*, 18 May 2020, blog.socialstudies.com/the-teachers-guide-to-helping-elementary-students-analyze-political-cartoons.

Source:		
People:		Setting:
	Conflict/Problem:	
Major Events:		Resolutions:

Evidence/Interpretation Chart

<p>Evidence I read in the article... (You must include at least 10 items on you about in the article)</p> <p>NOTE: This evidence will be part of your notes for this section.</p>	<p>Interpretation I wondered, I made a connection, I thought...</p> <p>** Ask at least three questions, make at least three connections, and include at least five insights.</p> <p>NOTE: An insight statement is a discovery of understanding that helps to explain why something is happening the way it is. It is being able to see and understand a situation clearly or gaining a new perspective. Think of it as an "aha" moment.</p>

- Additional examples of graphic organizers can be found on the Action Potential Learning website:
<https://www.aplearning.com/education-resources/item/reading-comprehension-graphic-organizer-tool-someone-then-character-summary.html>

Analyzing Political Cartoons

Observe by identifying and noting details

- Describe what you see in the cartoon:
 - What did you notice first?
 - What people and objects are shown?
 - What, if any, words are included in the cartoon?
 - What do you see that looks different than it might look in a photograph?
 - What do you see that might refer to another work of art or literature?
 - What do you see that might be a symbol?

Reflect by generating and testing hypotheses about the source

- Describe what is happening in the cartoon:
 - What was happening in the U.S. (or around the world) when the cartoon was drawn?
 - Who do you think is the intended audience? Why?
 - What issue do you believe the cartoon is about?
 - What do you think the cartoonist's opinion of the issue is? How can you tell?
 - What techniques does the cartoonist use to persuade the audience?

Ask questions that lead to more observation and reflection

- Do you have additional questions about:
 - The cartoon's message?
 - The time period in which it was drawn?
 - The cartoonist's opinion?
 - The subject of the cartoon?
- The National Archives Cartoon Analysis Forms can be found at:
https://www.archives.gov/files/education/lessons/worksheets/cartoon_analysis_worksheet_former.pdf
https://www.archives.gov/files/education/lessons/worksheets/cartoon_analysis_worksheet.pdf

Lesson plan developed for the Oil Region Alliance for Business, Industry, and Tourism by Sara Jones, Social Studies teacher at Titusville High School in Titusville, PA. 2021. sjones@gorockets.org

Oil Region Alliance for Business, Industry, and Tourism, 217 Elm Street, Oil City, PA 16301. <https://oilregion.org>



The mission of the Oil Region Alliance of Business, Industry & Tourism is to manage the Oil Region National Heritage Area and to increase the prosperity of the Oil Region by enticing all people to live, work, learn and play in “the Valley that Changed the World” through the preservation, promotion, development, and support of historical, educational, natural, recreational, residential, commercial and industrial destinations.

The Oil Region Alliance manages the Oil Region National Heritage Area, which is also a Pennsylvania Heritage Area. The Area encompasses Venango County and the City of Titusville, Borough of Hydetown, and Oil Creek Township of Crawford County. More information is available at OilRegion.org.

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