

# Robber Barons



Rockefeller, Carnegie, Vanderbilt, and Morgan  
(left to right)

# and Antitrust Legislation

## An Age of Trusts and Syndicates

- A. Railroads--Many areas were served by only one railway, or two railroad companies accused of collusion on prices. Cornelius Vanderbilt was an owner of many shipping and railway lines
- B. Standard Oil—holding company that owned at one time, 92% of the refining capacity of American oil
- C. U.S. Steel—Steel magnates borrowed \$492 million from J.P. Morgan and bought Carnegie’s Steel Company and a few others, creating U.S. Steel
- D. Banking—J.P. Morgan (head of a banking unit eventually to be known as J.P. Morgan and Co.)
  - a. reorganized railway companies, gaining much stock and directorships while providing financing and preventing rate wars by coordinating prices
  - b. financed the merger of steel companies, creating US Steel; agricultural equipment makers to make International Harvester; two large electric utilities to make General Electric

## Antitrust Legislation

- A. Interstate Commerce Act of 1887
  - a. Required railroads to publicize their rates; outlawed secret rebates
  - b. Prohibited better prices for particular shippers, cargoes, or locations
  - c. insisting that short destinations be no more expensive than longer ones
  - d. Rates had to be “reasonable and just”
- B. Sherman Antitrust Act (1890)
  - a. Banned every “combination ...in restraint of trade or commerce,” and every attempt “to monopolize any part of the trade or commerce.”
- C. Clayton Antitrust Act (1914) banned (when they substantially lessen competition):
  - a. Price discrimination between different buyers
  - b. Insisting that a buyer not purchase from other sellers, or requiring other products to be purchased
  - c. Mergers between two competing companies
  - d. Directors from sitting on boards of competing corporations
  - e. Antitrust laws not applicable to labor unions