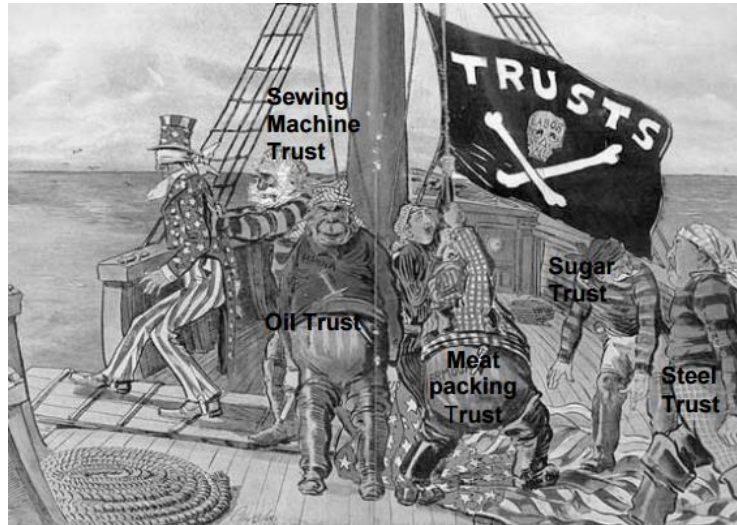


Warm-Up: Sherman Anti-Trust Act



One Sees his Finish Unless Good Government Retakes the Ship

In 1890, the United States Congress passed the ***Sherman Anti-Trust act***. It was named for United States Senator John Sherman. The act, based on the constitutional power of Congress to control trade between businesses that occurs across state borders, declared contract or business partnerships that sought to limit trade between customers and other companies illegal. Monetary fines and prison time could be imposed for violating these laws.

In 1911, the Supreme Court found the Standard Oil Company, run by John D. Rockefeller, in violation of the ***Sherman Anti-Trust Act***. Standard Oil had eliminated competition by restrictions on trade, and in particular, its practice of buying out the small independent refineries or that of lowering the price in a given region to force bankruptcy of competitors. The court ordered the Standard Oil Company to dismantle into 33 different companies, giving the stocks to its own shareholders. From this breakup came the modern companies of Exxon, Mobil, Chevron, and Conoco Phillips.

1. According to the cartoon, what are American trusts shown as? What does this mean?
2. What is the cartoonist saying will happen in the cartoon and caption?
3. What is the Sherman Anti-Trust Act? How will it help small businesses?
4. How did the Sherman Anti-Trust Act impact John D. Rockefeller's Standard Oil Company?