BIOGRAPHY & MEMOIR

Titan: The Life of John D. Rockefeller, Sr.

by Ron Chernow

A con man's son counted every penny, swallowed an industry whole, got richer when the Supreme Court broke him up - then spent forty years giving it away.

BEST POINTS FROM THE BOOK

01 **Master your numbers before you chase money: at sixteen, Rockefeller started Ledger A and wrote down every cent he earned, spent, and gave away - for the rest of his life.**

He had just been hired as a bookkeeper in Cleveland and called the training priceless. The empire came later. The habit of knowing exactly where every penny stood came first, and it never left.

02 **Make money your servant early: as a boy he saved $50, lent it to a farmer at 7 percent, and learned that interest works while you sleep.**

The $50 came from raising turkeys and odd jobs; the $3.50 it earned in a year taught him more than the labor had. Start capital working at any size - the lesson compounds faster than the money.

03 **Take the sharpness, refuse the scam: his father was 'Devil Bill,' a fake cancer doctor and bigamist - and the son built his whole life as the reaction.**

Bill even charged John 10 percent interest on the loan behind his first firm. The son absorbed the toughness and the bargaining eye, then answered his father's chaos with a ledger, a Baptist conscience, and fanatical order.

04 **The low seat can teach the whole business: hired as a bookkeeper at sixteen, he read the entire firm in its bills and books.**

He celebrated September 26 - the day Hewitt & Tuttle hired him, at $50 for three months - as 'Job Day' for the rest of his life. The clerk who checks every invoice sees what owners miss: costs, credit, and where profit actually hides.

05 **Skip the lottery, own the bottleneck: wildcatters gambled on wells that mostly came up dry; Rockefeller chose refining, the stage every barrel had to pass through.**

He distrusted the boom-and-bust oil fields and planted himself in Cleveland, a rail hub far from the wells. Drilling was speculation. Processing was a toll booth - and he bought the toll booth.

06 **Attack the cost everyone else just pays: barrels cost $2.50 apiece, so he built barrel works and made his own for under a dollar.**

Then the same treatment for everything - his own tank cars and pipelines, and buyers found for refinery 'waste' that became wax, lubricants, and Vaseline. Kerosene fell from 58 cents a gallon in 1865 to 26 cents by 1870, and kept falling. Efficiency was his first advantage, years before monopoly was one.

07 **At scale, one drop is a fortune: watching export cans being soldered shut, he asked why forty drops - and thirty-nine sealed just as well.**

Rockefeller loved the arithmetic: the single saved drop was worth $2,500 the first year and, as exports doubled and redoubled, hundreds of thousands after. A cost too small to notice, repeated a million times, is never small.

08 **In an overbuilt industry, the consolidator wins: in roughly six weeks in 1872, he absorbed 22 of Cleveland's 26 rival refiners.**

Most were drowning in overcapacity and took his terms - cash, or Standard Oil stock that made the wise ones rich. He preached that ruinous competition was the disease and combination the cure; Chernow shows the diagnosis was half genuine insight, half convenience.

09 **A tactic you must hide will bill you later: the South Improvement Company promised Standard secret rebates - plus a cut of rivals' own freight charges.**

The scheme collapsed in scandal in 1872, but the smell never left. Chernow documents the denials that followed, and in 1902 Ida Tarbell - whose father was ruined in the SIC era - made him the most hated man in America while he refused to say a word in his own defense.

10 **Own excellent pieces and even your punishment compounds: in 1911 the Supreme Court split Standard Oil into 34 companies - and made him richer.**

He held about a quarter of the stock in every successor, and freed from the whole, the parts were valued far higher. His fortune reached $900 million by 1913, more than 2 percent of the entire American economy; in 1916 he became the first billionaire.

11 **Give wholesale, not retail: he tithed from his first $50 paycheck, then learned to fund causes instead of handing out alms.**

His philanthropy chief, Frederick Gates, warned the fortune was 'rolling up like an avalanche' and must be given away faster than it grew. The answer was institutions built to outlive him: the University of Chicago, a medical research institute, and the Rockefeller Foundation (1913) - some $550 million given in all.

12 **Keep one ledger for your whole life: Chernow's Rockefeller never saw a contradiction between teaching Sunday school and crushing competitors - and that is the warning.**

He believed the power to make money was a gift from God to be used for mankind, so business ruthlessness and personal piety sat in separate compartments of one mind. The public eventually audited both columns together. Your ethics get read as a single account whether you keep them that way or not.

THE BOOK, IN SHORT

This is the first full biography built on unrestricted access to Rockefeller's private papers, and Chernow uses it to retire two cartoons at once - the robber-baron monster and the saint of philanthropy. His Rockefeller is stranger and more believable: a man of almost inhuman order, born in 1839 to Eliza Davison, a pious, iron-disciplined Baptist, and William 'Devil Bill' Rockefeller, a traveling seller of fake cancer cures who kept a second family under another name. The boy answered the chaos at home with control: he raised turkeys, saved $50 and lent it out at interest, and at sixteen, hired as a Cleveland bookkeeper, began Ledger A - a little red book recording every cent he earned, spent, and gave away. He kept it for life.

The pattern never changed; it just scaled. In 1859 he co-founded a produce firm partly with money borrowed from his father at 10 percent interest; in 1863 he backed a Cleveland refinery built around the chemist Samuel Andrews; in 1865 he borrowed heavily, bid $72,500 at auction to buy out his partners, and bet everything on refining. With Henry Flagler he incorporated Standard Oil in 1870, then waged war on cost itself - his own barrel works, tank cars, pipelines, uses for refinery waste - while using railroad rebates and buyouts to absorb rivals: 22 of 26 in Cleveland within weeks in 1872. By the early 1880s, organized as the Standard Oil Trust, his company refined some 90 percent of America's oil, and kerosene that cost 58 cents a gallon in 1865 cost about 8 cents a generation later. Chernow is clear-eyed about the methods - secrecy, pressure, and schemes like the South Improvement Company, which promised Standard a cut of its competitors' own freight bills - and equally clear that the efficiency was real.

The bill arrived slowly, then all at once. Henry Demarest Lloyd attacked Standard in print; in 1902 Ida Tarbell - whose father had been crushed in the Oil Regions in the SIC era - began the McClure's series that made Rockefeller the most hated man in America. He answered nothing, and Chernow shows how the silence let the indictment stand unopposed. Then, on May 15, 1911, the Supreme Court ordered Standard dissolved into 34 companies. It was meant to punish him. Because he owned about a quarter of every successor and the pieces, valued separately, soared, it enriched him instead - $900 million by 1913, and in 1916, history's first billionaire.

By then he had been retired for nearly two decades. From his Pocantico estate he played golf daily, handed out polished dimes with little sermons on thrift, and wore his suits until they shone. Guided by the Baptist minister Frederick T. Gates - who warned that the fortune was 'rolling up like an avalanche' and had to be distributed faster than it grew - he ran his second career as carefully as his first: the University of Chicago, which received some $80 million and which he called 'the best

investment I ever made'; the Rockefeller Institute for Medical Research; and in 1913 the Rockefeller Foundation. He gave away roughly $550 million and died in 1937, three years short of his goal of living to a hundred. Chernow's closing puzzle is the one his subject never felt: in Rockefeller's own mind, the Sunday-school teacher and the monopolist were the same obedient servant of God. Titan leaves you to decide whether that was faith, self-deception, or both.

DO THIS WEEK

This week, run Rockefeller's three founding habits at once: start your own Ledger A and write down every dollar that comes in, goes out, and is given away for seven straight days; find one cost you pay simply because everyone pays it - a fee, a subscription, a supplier - and cut it by a few percent, his one drop of solder; and take your giving off the top as a fixed percentage of whatever you earn this week, the way he tithed from a $50 paycheck instead of waiting to be rich first.

By Ron Chernow (Random House, 1998, 774 pages). Finalist for the National Book Critics Circle Award and one of the New York Times' ten best books of 1998. It is long, but it reads like a novel - the definitive life of America's first billionaire, and the fairest hearing he has ever gotten.