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Flagler Before Florida

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IN 1883 Henry Morrison Flagler made his first visit to Florida. Other visits followed and he soon realized that great possibilities lay in the State. He saw Florida as a virtual wilderness and determined to do something about it. Flagler made no vain boasts about what he would do, but soon he began to channel money into the State, and before his death in 1913 he had spent nearly $50,000,000 building hotels and railroads along the Florida East Coast.[1] His money had been made when he began to invest in Florida at the age of fifty-five, and though his enterprises there were based partially on a business basis, the greatest motive behind his new venture was the desire to satisfy a personal ambition. It might well be said that Flagler made two blades of grass grow where only one had grown before.[2] The power to accomplish such feats was accumulated in his early years; years that were filled with adverse circumstances. His money did not come to him as easily as it was spent; he had learned to swim by being pitched overboard and left to kick his way ashore.

Flagler was born in the little village of Hammondsport, New York, on January 2, 1830. His parents were very pious people, the father being a Presbyterian minister who made the sum of $400.00 a year for his labor. Henry had only one sister, but the father's earnings were hardly sufficient to sustain the family.

The boy received very little formal training in school. His education was picked up in his spare time, and from the friction that comes from direct dealings with life. Young Flagler was the type of boy to make the most of his opportunities. Realizing his responsibility, he left home

1. *The Outlook*, CIV (May 31, 1913), 232.
2. Samuel E. Moffett, "Henry Morrison Flagler," *The Cosmopolitan*, XXXIII (August 1902), 419.

in 1844, at the age of fourteen, to help support his mother and sister.[3] The first part of his journey was made on foot to Medina, New York, only nine miles from his home. Dressed in home spun clothes and carrying a carpetbag in his hand the youth boarded a freight boat on the Erie Canal at Medina, and traveled westward to Buffalo.[4] Little did he realize at that time the meaning of his departure from the drowsy rural village in the New York hills. In front of him lay a career later valued at many millions of dollars.

He did not tarry in Buffalo, but took a lake boat for Sandusky, Ohio. He was on Lake Erie for three days in a bad storm before reaching his destination. He later remarked, "I was seasick, lonely, and very wretched. My mother had put some lunch in my carpetbag and of that I ate, when I ate at all, during my gloomy journey over canal and lake."[5] The dreadful journey ended in the early morning, and the boy, weak and dizzy from the seasickness, staggered along the wharf among piles of cordwood which had been placed there in readiness for shipping. After a hot breakfast, costing twenty five cents, the lad felt better, so he proceeded to push on to Republic, Ohio, which was not far distant. He arrived there with a five franc piece, a French coin which passed in this country for a dollar, a five cent piece, and four coppers.[6]

The hungry lad had to find work, so without much trouble he got a job in a country store which paid him $5.00 a month, plus his room and board. He was a hard worker, and he did so well carrying bundles, selling candles, soap and shoes that in ten months his pay had been increased to $12.00 a month. There were many business lessons he learned while storekeeping in Republic—lessons concerning the vanities of human nature which served him well in later years. All kinds of merchandise was stocked in the store, and as Flagler later reminisced, "We sold everything from a pint of molasses to a corn plaster."[7] The brandy offered for sale in the store came from a lone barrel at the bottom of the cellar steps. In the community there were three separate groups of people—English, German, and Pennsylvania Dutch. It was the custom of the store's owner to sell one "kind" of brandy to the English for $4.00 a gallon, another "kind" of brandy to the Germans for $1.50 a gallon,

3. Edwin Lefevre, "Flagler and Florida," *Everybody's Magazine*, XXII, No. 2 (February, 1910), 181.
4. *New York Tribune*, December 23, 1906.
5. *Ibid.*
6. *New York Times*, May 21, 1913.
7. *Ibid.*

and a third "kind" to the Pennsylvania Dutch for what the clerk could get for it. Thinking of the three "kinds" of brandy from the same barrel, Flagler later remarked, "That keg taught me to inquire into the merits of everything offered for sale."[8] And that became a rule of his life. If he purchased a thing, he always knew it was worth the price he paid for it.

A valuable lesson was learned at the expense of a poorly informed lot of people. In his job Flagler learned to be methodical and economical, and within a short time he had saved enough money to feel financially secure until he could find another business which would be more profitable. He left Republic, and went to Fostoria, Ohio, but he was not satisfied there.[9] For a while he worked with a friend, Charley Foster, in the latter's store. Charley Foster and Henry Flagler became known as the two best salesmen in the county, but soon the two youths were separated. Foster made a fortune, got into politics, became governor of Ohio, and later served as President Benjamin Harrison's secretary of the treasury.[10] Politics never appealed to Flagler.

Bellevue, Ohio, was a fast growing town in the 1850's, and offered much promise to enterprising fellows like Flagler. Taking his savings there, he set up a grain commission business. Before many months had passed he had become the principal grain shipper in the town, and it was in this connection that he made the acquaintance of John D. Rockefeller, who was at that time a commission merchant in Cleveland. Young Flagler shipped grain to Rockefeller to be sold, but little did each of these men realize that some day they would be associated in as great an organization as the Standard Oil Company. The acquaintance developed into a mutual admiration, and when Rockefeller learned the value of Flagler's business ability he determined to hold fast to the friendship.[11]

Flagler had not been in Bellevue long before he fell in love with Mary Harkness, the daughter of a wealthy Michigan lumberman and the niece of Stephen V. Harkness, a prominent citizen of the town. On November 9, 1853, Flagler and Miss Harkness were married.[12] The marriage was a turning point in the career of Henry Flagler. He became extremely interested in the distillery business at Monroeville in which Stephen V. Harkness had made a considerable fortune, and after a short time he became associated with his uncle in that work. Harkness remained in

8. "He Made Florida," *Literary Digest*, XLVI (May 31, 1913) 1241.
9. Allan Nevins, *John D. Rockefeller* (New York, 1940), I, 250.
10. *New York Tribune*, December 23, 1906.
11. *The Outlook*, CIV (May 31, 1913), 232.
12. Nevins, *op. cit.*, I, 250.

the liquor business until 1866, when he moved to Cleveland, a wealthy man, and pursued the line of real estate. It was not long until Flagler gave up his interest in the distillery business for he had certain religious scruples that conflicted with the principle of selling liquor, though the business was considered respectable at that time. His action may also have been influenced by the presence of his father and mother, who joined him in Bellevue about this time to make their home. Flagler began to look around for other fields he might enter, and discovered that in Saginaw, Michigan, the salt-mining industry was on a boom. Taking the $50,000 that he had made in Bellevue, in the early 1860's he went to Saginaw and became a member of the partnership of Flagler and York, salt dealers.[13]. Several fabulous fortunes had been made in the salt business, but it was a fickle trade with many ups and downs which the average man did not understand. Though Flagler did not learn the salt business well the first few years were successful. He and his partner made money, but at the close of the Civil War in 1865 salt prices crashed due to overproduction and cut-throat competition. Flagler emerged from the crash without his savings. He was in debt $50,000, whereas he had gone to Saginaw earlier in the sixties with $50,000 in his pocket.[14] The failure of his business was itself a lesson, for he learned that though some people might make fortunes in some particular industry others might fail. He was determined never to make the same mistake again!

The Michigan failure discouraged Flagler, but not to the point of giving up. He borrowed money to pay back his debts, and went to Cleveland where he was given further financial aid by his wife's relatives. He spent a year working at various projects, among them being a machine for making horseshoes. His creative brain conceived the idea, but it was never perfected. He then sold barrels for a time, and finally drifted back into the grain commission business. Again he ran into John D. Rockefeller, who by this time was keeping books along with his grain business. Their friendship was renewed from the old Bellevue days. All in all it was a period of despondency and near poverty for Flagler. He took little help from his relatives other than the amount he accepted to pay back debts, insisting that he must make his way alone.[15]

At the age of thirty-six he was still trying to make a start. By this time he had accumulated valuable experience, but as for money, he had only

13. "He Made Florida," *loc. cit.*, 1242.

14. Nevins, *op. cit.*, I, 250.

15. Lefevre, "Flagler and Florida," *loc. cit.*, 183.

a little more than in 1844 when he boarded the freight boat at Medina, New York for Buffalo and Sandusky. To Flagler these adverse circumstances presented a challenge. His next move proved a success; he became associated with Clark and Sanford, commission merchants in Cleveland. The firm propspered and Flagler soon bought out the whole business. His lean years were over; the next few years ushered in prosperity and business association with John D. Rockefeller.[16]

It was in 1867 that the Rockefeller-Flagler combination was created. For some time John D. Rockefeller had been interested in the newly developed oil business, and in 1865 had become part owner of a small refining business in Cleveland. He was in the produce business just prior to, and during, the Civil War, and he and his partner, M. B. Clark, an Englishman, profited financially from the war. In 1862 Samuel Andrews invited Rockefeller to invest some of his money in an oil refinery. Rockefeller put $4,000 in the venture, while Andrews devised several new processes whereby a better quality of oil was produced. Rockefeller realized the opportunity before him and poured more money into the newly created partnership of Rockefeller and Andrews.[17]

Rockefeller's brother, William, was taken into the business, and a new refinery was built. In 1866 the brother was sent to New York, and there a third company was formed.[18] All of this time Rockefeller had his eye on Flagler, because he valued his business ability very highly. Having offices in the same building in Cleveland gave them many opportunities to renew the association which was begun in Bellevue some years before. Flagler, who was remaking the small fortune he lost in the salt business in Michigan, was encouraged by the advice and counsel of Rockefeller. In 1867 he was asked to join the partnership of Rockefeller and Andrews. A new firm was organized under the name of Rockefeller, Andrews, and Flagler.[19] The exact amount of Flagler's investments in the firm is not known, but he had the backing of his wealthy uncle, Stephen V. Harkness to the amount of $100,000.00. Harkness himself became a silent partner in the organization, investing in it some $60,000.00.[20] The new firm was based on a strong friendship between Rockefeller and Flagler. For years following the two men occupied desks in the same

16. Nevins, *op. cit.*, I, 251.
17. Ida M. Tarbell, *The History of the Standard Oil Company* (New York, 1904), I, 44.
18. Nevins, *op. cit.*, I, 247.
19. *Cleveland Leader*, March 4. 1867.
20. "He Made Florida," *loc. cit.*, 1242.

office, numbers four and five, Case Block, Cleveland, and worked shoulder to shoulder in the making of their fortunes. They both lived on Euclid Avenue, only a short distance apart. They were usually seen together on all occasions, and it was when they were together that they did their thinking and planning.[21]

Flagler added power and aggressiveness to the new organization. His actions were always an inspiration to Rockefeller, because he always possessed a driving force which invariably placed him ahead in anything he undertook to do. To him and his never-failing energy is due much of the success of the Standard Oil Company in the early years of its existence. Flagler seemed never to give out of energy. He undertook to develop Florida in the later years of his life when other men of his financial standing would have been enjoying the fruits of their earlier success in leisure and retirement.[22]

The firm of Rockefeller, Andrews and Flagler grew rapidly. It consisted of two refineries and a business house in New York for the selling of oil. John D. Rockefeller was at the head of all these concerns, but the driving force was Flagler. He handled the transportation for the company; it was his duty to negotiate all of the freight rates for oil shipped from the oil regions in Pennsylvania to Cleveland where it was refined and from Cleveland to New York where it was sold. Realizing that in order to make money one must save money, he undertook to negotiate as cheaply as he could for freight rates. The Lake Shore Railroad had as its head an ambitious young veteran, James H. Devereux, who wanted to expand his business and make a record for himself and the railroad. The Lake Shore had just completed a branch into the oil regions, so it was not long before Devereux and Flagler got together.[23] The rates that Flagler bargained for gave his firm the edge on all other shippers.

The business prospered, and several other would-be oil men were anxious to join the firm but Rockefeller and Flagler wanted to keep it under their control. Soon it was decided to reorganize the business as a joint stock company, despite the fact that at this time such corporations were held under some suspicion by the general public. In the new organization it was not intended to sell shares to the general public, but only to other oil refiners. Such an organization would make it easy for Rockefeller

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21. John D. Rockefeller, "Random Reminiscences of Men and Events," *The World's Work*, XVII (November, 1908), 10881.
22. *Ibid.*, 10880.
23. Nevins, *op. cit.*, I, 254, 256.

and Flagler to bring new capital into the business and at the same time kept the controlling interest.[24]

The organization of the Standard Oil Company kindled keen interest in Cleveland. Its leading newspaper voiced on January 19, 1870, that:

> Among the numerous indications of the growth and prosperity of Cleveland are to be considered the proportions which the oil interests of our city are beginning to take.
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> On the 11th inst., one of the most flourishing oil companies of this city, commencing business with a full paid capital of one million dollars, was incorporated under the name of the 'Standard Oil Company.' The corporations are John D. Rockefeller, Henry M. Flagler, Samuel Andrews, Stephen V. Harkness and William Rockefeller. The company has purchased of Rockefeller, Andrews and Flagler all their real estate, factories, offices, etc., in Cleveland, Oil City [Pa.], and New York. Their real estate in Cleveland amounts to about fifty acres in the heart of the city. The offices and factories possess all the requisites found in business establishments of the highest order.
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> A meeting of the directors of the Company was held on the 13th inst. and the following officers were elected: President, J. D. Rockefeller; vice president, William Rockefeller; secretary and treasurer, H. M. Flagler; superintendent, Samuel Andrews.
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> The general offices are in the Cushing block, and are connected with the refinery by telegraph. The branch office is at 181 Pear Street [N. Y.], and the warehouse is at Hunter's Point, New York. [25]

There can be but little doubt that Henry M. Flagler was largely responsible for the formation of the Standard Oil Company. His foresight and ingenuity was at the bottom of the move. He realized that the Rockefeller, Andrews, and Flagler business was too profitable to be dependent on the life of either of the three partners, hence he urged that the business be made into a corporation. Some years later John D. Rockefeller was asked if he were the person who had conceived the idea for the corporation. He answered, "No, sir. I wish I'd had the brains to think of it. It was Henry M. Flagler."[26]

Ida M. Tarbell in her *History of the Standard Oil Company* says that Flagler was, next to John D. Rockefeller, the strongest man in the new firm. He was young enough to have vision and insight and a passion for making money, yet old enough to have maturity of thought and judgment. His efforts to increase the business were untiring, and as soon as he saw an opportunity he always took advantage of it. The longer he was away from the influence of his preacher father the less he reasoned on

24. *Ibil.*, 288, 289.

25. *Cleveland Leader*, January 19, 1870.

26. Lefevre, "Flagler and Florida," *loc. cit.*, 183.

the science of morals. Miss Tarbell believed that "He had no scruples to make him hesitate over the ethical quality of a contract which was advantageous." To make money seemed to be his only justification. "He was not a secretive man, like John D. Rockefeller, not a dreamer, but he could keep his mouth shut when necessary and he knew the worth of a financial dream when it was laid before him."[27] It was evident that the Standard Oil Company would go far with such leaders as this at the helm.

The first objective of the new organization was to single out a group of principal refineries in Cleveland and ask them to combine with Standard Oil. After having banded together they could then get the rates from the railroads they wished. By controlling the major oil interests in the city they could produce more oil, and could sell it cheaper by having concessions from the railroads. In this way they could drive out competitors, and thus force consumers to buy their products from them at their own terms. "They could finally dictate market prices on crude oil, stabilize the margin of profit at their own process, and do away at last with the dangerously speculative character of their business."[28]

The Standard Oil Company was capitalized at first at $1,000,000.00, but more capital was brought in as other refineries were "invited" to join the newly created corporation. The first that Standard purchased was Lockhart, the second was Charles Pratt and Company of New York. The stockholders in these firms were paid in Standard Oil Company shares at $450.00 each. The capital stock was thus increased to $3,500,000.00[29] There were some refiners, especially in Cleveland, who did not wish to merge into the Standard Oil Company, but they were soon convinced that it was the only thing to do. The movement was like a tidal wave throughout the oil sections, especially in Cleveland, engulfing every refinery in its path. A few firms balked but were later forced to give in, usually being made to accept smaller sums for their properties because of their procrastination. Criticism of the methods of the Standard Oil Company began to mount. The little refiners claimed they were being "frozen out" of the oil business, especially if they were paid cash for their property. If they were given stock in the Standard Oil Company in lieu of cash they considered they were being "rooted out." Flagler

27. Tarbell, *op. cit.*, 50.
28. Matthew Josephson, *The Robber Barons* (New York, 1934), 116.
29. *New York Tribune*, December 23, 1906.

called this idea a ridiculous one, and used the following story to back up his contention:

> When I was selling flour and grain in Cleveland, I had a certain German for a customer. He owned a bakery in the suburbs, and I often trusted him for a barrel of flour when collections were slow and money was scarce. One day I met him on the street, and he surprised me by saying that he had sold his bakery and was running a little oil refinery. Usually Mr. Rockefeller and I walked downtown in the morning to talk over private matters. Next day I told him about the little German baker who had gone into the oil business without my knowledge. We bought the refinery for $5,200. The German owed $5,000. At my suggestion he took $2,700 in money, with which he pacified his creditors for the time being, and $2,500 in Standard stock. We made him superintendent of our stave department and sent him into the woods, where he arose to a salary of $8,000 a year. I was pleased later to ask him for his $2,500 in stock and to issue in its stead $50,000 of stock in the larger corporation. Still later he received $10,000 more in a stock dividend."[30]

This was an example of a cheerful killing of a competitor, but there were many examples not so cheerful. A number of those who took money, rather than Standard stock for their property, were not particularly friendly to Flagler and Rockefeller later on. The annual dividend was limited to fifteen per cent. The surplus was kept in the treasury, and helped to eventually raise the capital of the Standard Oil Company from $3,500,000.00 to $70,000,000.00.[31]

In the field of rebates, Henry M. Flagler was most successful. To him it was just a good business practice, and since he was out in charge of transportation of Standard Oil, he worked diligently to out-do all the other refineries in the matter of rebates. Flagler declared that Thomas A. Scott, president of the Pennsylvania Railroad, introduced the practice of giving rebates. At first Scott was successful because he made every refiner believe that he alone enjoyed this courtesy from the Pennsylvania Railroad. Even Flagler was caught in the trap. When he received his first rebate from the Pennsylvania, he went home a happy man because he had won a great victory. A year later he found out that other refiners had received the same favor.[32]

But Flagler did get better treatment from the Lake Shore Railroad, treatment that was not accorded the twenty-four other refiners in Cleveland. James H. Devereux, Lake Shore's president, began negotiations with Flagler soon after the partnership of Rockefeller, Andrews, and

30. *Ibid.*
31. *Ibid.*
32. *Ibid.*

Flagler was formed in 1867. In 1870 Flagler guaranteed year round shipments of sixty carloads of oil every day and assured Devereux that the company was willing to do all their summer shipping via railroad. This had not always been the case, as Lake Erie and Canal had been used to some extent for shipping during the warm months of the year. The Standard Oil Company in turn asked for a heavy rebate. The two-way rate which Flagler asked for was $1.65 instead of the $2.40 charge. Devereux, realizing that he must cater to the Standard Oil, accepted Flagler's offer. No other refinery could produce the same volume of oil that Standard could produce, therefore no other refinery was granted the same favors by the Lake Shore Railroad.[33] The city of Cleveland profited by this transaction because it secured for the city much of the export traffic. Cleveland was anxious to keep the Standard Oil Company on home soil because of the large volume of business done by that company. And with the railroad rebates that Flagler was securing for the company, it was rather certain that Standard would remain in Cleveland. The Lake Shore Railroad was interested in the Standard business remaining in Cleveland, and for that reason did not lower rates or give rebates to the twenty-four other refiners in Cleveland.[34]

Throughout the 1870's refiners struggled for better transportation facilities, each one trying to obtain better rates than his competitors from the railroad companies. Standard Oil Company always profited by the services of Henry M. Flagler in this particular phase of its work.

Standard Oil was not satisfied with the best set of associates in the business and the advantage which she had in transportation. There were always new horizons to explore, and the Rockefeller-Flagler combination was always ready to undertake the job if it meant an increase in the volume of their business. They seized upon the idea of a combination of enough of the refiners and shippers to control the entire business throughout the United States. The new combination or business would compel all the railroads to give rebates on oil shipped by it, and at the same time force the railroads to be especially hard on all other refiners not connected with the new combination.[35] Those refiners outside of the combination would not be able to compete very long with the new scheme that virtually put the oil business in the hands of John D. Rockefeller and Henry M. Flagler. On May 1, 1871, the Pennsylvania Legislature

33. Nevins, *op. cit.*, I, 296, 297.
34. Tarbell, *op. cit.*, 49.
35. Ida M. Tarbell, "The Rise of the Standard Oil Company." *McClure's* Magazine, XX (December, 1902), 121.

chartered the new organization as the South Improvement Company, a name which meant absolutely nothing. The powers of the company were wide and vague. It included authority "to construct and operate any work, or works, public or private, designed to include, increase, facilitate, or develop trade, travel, or the transportation of freight, livestock, passengers, or any traffic by land or water, from or to any part of the United States."[36]

It was not too certain just who originated the scheme resulting in the South Improvement Company, but it goes without saying that Rockefeller and Flagler both were responsible to some extent. There were 2,000 shares in the company, and 900 of that number were held by Rockefeller, Flagler, O. H. Payne, H. Bostwick and William Rockefeller of the Standard Oil Company.[37] The Standard Oil had been successful in bringing about successful combinations in the city of Cleveland, and now the South Improvement Company wanted to do the same thing throughout the whole country. But such efforts were opposed vigorously by many individual refiners. The thing that troubled the individual refiners most was the secrecy which cloaked the whole scheme. The little refiner would sometime be virtually strangled out, before he realized that the strong arms of the monster were about his neck. Some of the refiners had suffered financial reverses in the past few years, and in such instances were willing to succumb to the South Improvement Company.

After the combining process had gotten under way, the railroads were won over. They included the Central, the Lake Shore, the Erie, the Atlantic and Great Western, and the Pennsylvania. Very little trouble was encountered with the presidents of these various roads, for they all entered into the scheme readily, despite the fact it was a violation of the charter of a railroad to give rebates. This practice, however, had been common for about four years. The railroads had been fighting among themselves for the oil business, and they had often had to cut their rates so low to get consignments that their profits were practically nothing. In view of these conditions, the railroads were willing to make any sort of agreement that would insure them their share of the oil traffic and at the same time give them a profit on it.[38]

Within a short time after the announcement was made on February 26, 1872 that freight rates for all oil concerns would be increased (the

36. *Ibid.*

37. Gilbert H. Montague, *The Rise and Progress of the Standard Oil Company* (London, 1903), 23.

38. Tarbell, "Rise of the Standard Oil Company," *loc. cit.*, 123.

South Improvement Company being excepted), great excitement was created in the oil regions around Titusville, Pennsylvania. A mass meeting was held in the opera house at Titusville with 3000 producers, brokers, refiners, drillers and pumpers of oil present. There was much excitement, and before the meeting had closed the Petroleum Producers Union was organized for the purpose of fighting the South Improvement Company. They agreed to sell no oil to any one connected with the South Improvement Company, and at the same time selected a committee to go to the Legislature and ask for the repeal of the charter of the South Improvement Company.[39] The oil war was on.

The oil war lasted for several months, during which time much violence was hurled at the South Impprovement Company and its leaders. Throughout February and March, 1872, the *Cleveland Leader* defended the Company, mainly because of its warm feelings for the Standard Oil and Rockefeller and Flagler,[40] whereas individuals criticized the questionable practices of the new concern.[41] Soon Congress investigated the great scheme, and in the end the charter of the South Improvement was revoked.[42]

Flagler and Rockefeller soon conceived another combination plan, the "Pittsburgh Plan," as it was called, and went to Titusville in May, 1873, to talk the matter over with the producers. They declared that it had none of the objectionable features of the defunct South Improvement Company, though in the end it would obtain the same results. The two men were not received too enthusiastically by the producers, whom they had fought so hard just a few months prior to this time. "You misunderstood us," said Rockefeller and Flagler. "Let us see what combination will do."[43] Public meetings were held on May 15 and 16 to create enthusiasm, but the meetings, as well as the Pittsburgh Plan, were a failure. The brunt of the explanation and defense of the new plan was made by Flagler, giving rise to the belief that it was an outgrowth of his mind. The main difference in the new plan and the old South Improvement Company was that the former plan was an open concern—a company that would run the refining business of the whole country, whereas the latter plan was clothed in secrecy and uncertainty.[44]

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39. Ida M. Tarbell, "The Oil Wr of 1872." *McClure's Magazine*, XX (January, 1903), 248.
40. *Cleveland Leader*, February 24, 26, 27, 1872; March 5, 1872.
41. *Ibid.*, March 25, 1872.
42. Harold U. Faulkner, *American Economic History* (New York, 1943), 5 ed., 441.
43. Josephson, *op. cit.*, 265.
44. Tarbell, *op. cit.*, 106, 107.

During the coming years, the Standard Oil Company continued to expand its operations under the leadership of Rockefeller and Flagler. By 1879, the critics of the company declared that this concern was nothing more than a revival of the South Improvement Company itself.[45] To prove their point they cited the fact that Standard Oil produced ninety-five percent of the refined oil of the country, and at the same time controlled the transportation of oil by pipe-line and railroad. There was an "alliance" of many companies which was nothing more than a trust. The alliance included the following companies: Standard Oil of Cleveland, Standard Company of Pittsburgh, the Acme Oil Company of New York (located at Titusville, Pennsylvania), the Imperial Oil Company at Oil City, the Atlantic Refining Company of Philadelphia, the Camden Company of Maryland, the Charles Pratt and Company of New York, J. A. Bostwick and Company, Fleming Manufacturing Company, Warden, Frew and Company of Philadelphia, and the Baltimore United Oil Company of Baltimore.[46]

Several local investigations of the Standard Oil Company began in 1879. The grand jury of Clarion County, Pennsylvania, brought indictment against Rockefeller, Flagler, and their associates on April 29, 1879, but there was so much delay in the matter that the suits were finally withdrawn. This represented a great victory for Flagler and Rockefeller.[47] In the summer of 1879 the Hepburn Investigation took place in New York, but very little information was gathered from Flagler or any of the other Standard Oil officials.[48] The Standard Oil Company had weathered the first storm of official protest by the government.

Apparently Flagler realized the mounting opposition to big business; however, he was one of the nine trustees of the Standard Oil Trust when it was organized in 1882.[49] The very next year, 1883, he visited Florida, going as far south as St. Augustine, and never again after that trip was his participation in the Standard Oil Company as vigorous as before. Henry M. Flagler no doubt started dreaming of the things that he might accomplish in Florida. It was the first of his many trips to Florida; it was the beginning of a period of development and expansion which was unparalled in the long history of the state.

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45. *Ibid.*, 228.
46. Montague, *op. cit.*, 66.
47. Tarbell, *op. cit.*, 239.
48. Nevins, *op. cit.*, II, 42, 43.
49. Josephson, *op. cit.*, 277.