

## British Free Trade and the Rise of Standard Oil, 1870 -1906

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This project examines how the ideas and practices of free trade in Britain shaped the rise of Standard Oil in the late nineteenth century. The study argues that Britain's free trade provided Standard Oil with two benefits. One was a vast tariff-free market that included the British Isles and its colonies. The second was a neutralizing effect on the protectionist trade policies of other countries. These aids helped Standard Oil prevail in the global market, which was critical to the success of the American petroleum industry. In doing so, this study argues that British economic ideas and trade policies facilitated the rise of the United States as a manufacturing nation during the Second Industrial Revolution.

In the mid-nineteenth century, British political economists and politicians were establishing the principles of free trade. Although the repeal of the Corn Laws in 1846 was the most symbolic event, competition policies in the artificial light industry gained much attention as well. As a necessity of life, light was often compared to grain. John Stuart Mill argued that the elimination of tariffs on imported illuminants was one of the most necessary free trade policies of the era – because British gaslight and lamp-oil companies notoriously monopolized the market.<sup>1</sup> The biggest beneficiary of this free trade policy was U.S. kerosene producers. As the first petroleum-based product, kerosene competed with gaslight and traditional lamp oils. Whereas other European countries posed high tariffs to protect local producers of traditional illuminants, Britain repealed tariffs on kerosene imports. Since U.S. producers were struggling to meet with protectionism in continental Europe, the British decision provided a lifeline to these nascent oil businesses. Among many producers, Standard Oil benefited the most because it was the most export-oriented and sent 80 percent of its products overseas.

In the 1880s, Britain's free trade policies further exerted influence on the protectionist measures of other countries, especially regarding high safety standards. As kerosene caused urban fires, countries around the world used this defect to justify their protectionist efforts to impose overly stringent inspections on kerosene imports. The British, however, thought that unnecessary safety regulations were tantamount to tariffs. At the time, the British had the most advanced technology and equipment to test kerosene's safety, and they sought to make them the global standards. With this effort, the British created a consensus on the safety line in their colonies, Japan, and European countries, except for France and Russia. This consensus eventually halted the global trend to adopt excessively high safety standards. At the time, Standard Oil did not have the capacity to manufacture excessively high-quality kerosene products. If governments around the world simultaneously raised safety standards, therefore, the company would have had great difficulty expanding overseas. Thanks to the British help, Standard Oil could avoid that scenario.

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<sup>1</sup> Martin Dauntton, "The Material Politics of Natural Monopoly: Consuming Gas in Victorian Britain" in *State and Market in Victorian Britain: War, Welfare and Capitalism*, 111–27. Boydell & Brewer, 2008.

This study makes two contributions. The first is to redress the intellectual and national bias in the literature on British free trade. Despite Frank Trantmann's pioneering work on the social history of free trade, recent studies have largely returned to tracing the intellectual genealogy of economists. Moreover, not many studies examine the transimperial contexts of British free trade.<sup>2</sup> This study shows how the economic idea of free trade was linked to the social context of the democratization of light, and further examines how it helped both the British and Americans to secure their interests in the world market. The second contribution is to add a non-domestic factor to explain the success of the United States during the Second Industrial Revolution. Previous studies have attributed this success to factors of production, state structures, market institutions, and policy choices made within the country.<sup>3</sup> What has not been examined is how the United States, then an emerging manufacturing nation, appropriated the trade order made by the global superpower. This study demonstrates the importance of non-domestic factors by showing how kerosene, one of America's earliest *manufactured* exports, capitalized on the British intellectual and political tradition of free trade.

The funding will be used to travel to the National Archives in D.C., to study the Federal Trade Commission records. Specifically, I am interested in the Bureau of Corporation's investigations of Standard Oil. Dozens of boxes contain letters and memoranda from policymakers and economists investigating Standard Oil's international trade. In reading the materials of John R. Commons and John Bates Clark, I realized that the Bureau thought deeply about the relationship between Standard Oil and the free trade of Britain. Thus, if I can read these materials, it will be helpful to understand how American economic ideas and practices were connected to my previous research. I currently live in Michigan and plan to use my grant for airfare (\$600), public transportation (\$100), and lodging (\$800).

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<sup>2</sup> Frank Trentmann, "Political Culture and Political Economy: Interest, Ideology and Free Trade," *Review of International Political Economy* 5, no.2 (1998):218, 229; John Gallagher and Ronald Robinson, "The Imperialism of Free Trade," *Economic History Review* 6 (1953): 1–15; and Wm. Roger Louis, ed., *Imperialism: The Robinson and Gallagher Controversy* (New York, 1976); Marc-William Palen, "Foreign Relations in the Gilded Age: A British Free-Trade Conspiracy?," *Diplomatic History*, Volume 37, Issue 2, April 2013, 217–247. Hoganson, Kristin L., and Jay Sexton, eds. *Crossing Empires: Taking US History into Transimperial Terrain*. Duke University Press, 2020.

<sup>3</sup> For the latest historiographical essay on this literature, see Stefan Link and Noam Maggor, "The United States as A Developing Nation: Revisiting the Peculiarities of American History," *Past & Present* 246, no. 1 (2020): 269–306. See also William J. Novak, "The Myth of the 'Weak' American State," *The American Historical Review* 113, no. 3 (2008): 752–772. For transnational contexts, see Daniel T. Rogers, *Atlantic Crossings: Social Politics in a Progressive Age* (Cambridge, mass: Harvard University Press, 2000); Stephen Tuffnell, "Anglo-American inter-imperialism: US expansion and the British World, c. 1865–1914," *Britain and the World* 7, no. 2 (2014): 174–195; Sven Beckert, "American Danger: United States Empire, Eurafica, and the Territorialization of Industrial Capitalism, 1870– 1950," *American Historical Review* 122, no. 4 (October 2017): 1137–1170; Megan Black, *The Global Interior: Mineral Frontiers and American Power*. (Cambridge, Mass: Harvard University Press, 2018); Kristin L. Hoganson and Jay Sexton, eds. *Crossing Empires: Taking US History into Transimperial Terrain*. (Duke University Press, 2020).