

CHAPTER 6

BIG BUSINESS EMERGES

- Social Darwinism
- Growth and consolidation of businesses
- Carnegie Steel, U.S. Steel and Standard Oil Company
 - Government regulation

(Adapted from: <http://www.mvhs.alpine.k12.ut.us>)

The Rise of Big Business

The Main Idea

Corporations run by powerful business leaders became a dominant force in the American economy.

Reading Focus

- What conditions created a favorable climate for business during the late 1800s?
- How did business structures change?
- Who were the leading industrial tycoons, and what did they achieve?
- How did mass marketing change the way goods were sold?

Industry and Railroads

The Main Idea

During the late 1800s, new technology led to rapid industrial growth and the expansion of railroads.

Reading Focus

- What new industries emerged in the late 1800s, and why were they important?
- Why did railroads expand, and what changes resulted?

New Industries Emerge

- New technologies
 - Electrical power replaced steam and water power.
 - Larger factories produced more and more goods.
 - Faster transportation moved people and goods more cheaply.
- Dramatic industrial growth
 - Period sometimes called the Second Industrial Revolution

New Industries Emerge

Making steel

- The **Bessemer process** of purifying steel helped to make America the world's top producer and transformed the U.S. into a modern industrial economy.
- Construction companies could build bigger bridges and taller buildings.
- The low cost of steel made ordinary items affordable.

Oil industry begins

- Oil was a key commodity as a fuel source and for lubrication.
- **Edwin L. Drake** drilled the first commercial oil well. Oil prospectors, or **Wildcatters**, looked for oil in other regions.
- Major sources of energy from oil fueled a revolution in transportation and industry.



Railroads expand

More tracks

- Between 1865 and 1890, the number of miles of railroad track increased nearly fivefold. Aiding the growth, the federal government gave thousands of acres of land to railroad companies.



Union Pacific

- Laid tracks westward from Omaha, Nebraska
- Prairie lands and gently rolling hills made for quick progress.



Central Pacific

- Tracks were laid eastward from Sacramento, California. Chinese workers laid tracks through tougher terrain, crossing deserts and blasting through mountains.
- Uniting the country physically and economically, the two rail lines met on May 18, 1869.



Important Effects

Creation of rail network promoted trade and provided jobs. Demand for rails and railcars boosted steel industry and train manufacturers.



Settlement of the West was easier, and sparsely populated areas began to fill with residents. With railroads, new towns were founded and existing ones expanded.



Railroads led to the adoption of standard time. Before, each area had its own local time based on the position of the sun. Accurate timekeeping was needed for the trains to keep to their schedule. C. F. Dowd proposed dividing the earth into time zones, setting the clocks alike in each zone. Railroad officials used this idea in 1883, and by 1918 standard time was adopted for the nation as a whole.



Government and Business

- **Hands-off policy**
 - Government did not interfere with business in the late 1800s, but as corporations expanded and gained power, that policy began to change.
- **Controlling the giants**
 - The **Sherman Antitrust Act** was passed in 1890, making it illegal to form trusts that interfered with free trade. It prohibited monopolies and activities hindering competition.
 - The law was vague, however, and it was seldom enforced.
- **Workers**
 - The government paid less attention to workers, who scraped by on small wages. By 1890, 10 percent of the population controlled 75 percent of the nation's wealth. The rich were very rich, and many industrial workers made less than \$500 per year.

SOCIAL DARWINISM

- Charles Darwin's theory of biological evolution
 - Read this section on page 258 in textbook
 - Discussion ?'s
 - What did Darwin believe?
 - Notes over ICA and SAI (acts)
 - Assignment
 - Read about Andrew Carnegie and John D. Rockefeller: Select which one you think was a smarter businessman and discuss why. (separate piece of paper).

Two leaders in Industry

- **Andrew Carnegie**

- Left PA railroad for the steel business in 1873.
- By 1899, Carnegie Steel Co. manufactured more steel than Gr. Britain.
- Management techniques and business strategies lead to his success.
 - Research, quality improvements, offered stock in the company, practiced both vertical and horizontal integration of his business

- **John D. Rockefeller**

- By 1880, Standard Oil Co. controlled 90% of the oil refining business
- Started trusts (mergers that were not legal) – shares
- Unethical business practices (rebates, low wages, cutting prices to squeeze out competitors)
- Donated over \$500 million to charities (Rockefeller Foundation, Univ. of Chicago)