



Warm-Up

Trusts and Big Business



Monopolies and Trusts

Monopoly – The exclusive of the or a

Example: Microsoft.

Trust – A large or that gains (or attempts to gain)

Example: AT&T Inc.



Lesson Objectives

By the end of this lesson, you should be able to:

- Explain Carnegie's integration practices.
- Describe Rockefeller's integration practices.
- Explain how and reduced in the Gilded Age.



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W
2K**Words to Know**

Write the letter of the definition next to the matching word as you work through the lesson. You may use the glossary to help you.

- | | |
|------------------------------|---|
| _____ coke | A. a person who sets up a business or businesses, taking on financial risks in the hope of profit |
| _____ entrepreneur | B. a large company or business combination that gains (or attempts to gain) control of a market |
| _____ horizontal integration | C. the exclusive possession or control of the supply of or trade in a commodity or service |
| _____ laissez-faire | D. a coal by-product that is used as fuel |
| _____ monopoly | E. the doctrine that government should not interfere in commercial affairs beyond what is necessary to keep the peace and protect property rights |
| _____ trust | F. a monopoly in which a single company controls the raw materials and factories that produce a product |
| _____ vertical integration | G. a monopoly in which one company attempts to take complete control of a single stage of production or a single industry |



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?

Lesson Question

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Andrew Carnegie (1835–1919)

- Emigrated from Scotland at age thirteen
- Started working for the in 1853
- Began and in 1856
- Retired from the railroad to start after the Civil War

Carnegie moved toward a monopoly.

Learned of Bessemer process

1875

Opened his first

1881

Invested in a company

Coke is a

that is used as



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Carnegie moved toward a monopoly.

1883

Bought

1889

Bought

1892

Formed

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Carnegie's Monopoly: Vertical Integration

In 1892, Carnegie combined his dozens of companies into one giant corporation:

- Included iron mines, coke fields, steel mills, and railroads

- Controlled

, the

, and

of the

product—a practice called



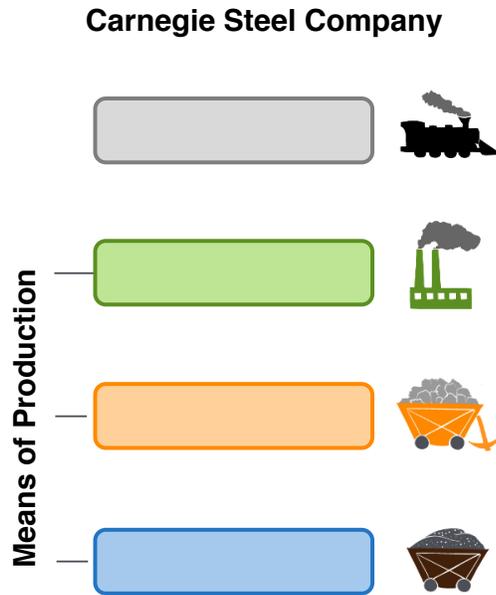
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This graphic shows a practice called vertical integration.



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Carnegie's Effect on the Steel Industry

Cut to drive steel prices , forcing out of business

Bought competitors who had created new in the industry

By 1900, controlled 25% of the nation's

In 1901, sold his company for \$480 million, approx. \$250 billion today



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John D. Rockefeller (1839–1937)

- Was a child , a person who sets up his
- Got his first job at age sixteen
- Started his first business at age nineteen
- At age twenty-four, opened his first

Rockefeller assembled a trust.

1863

Excelsior Works

1866

1870



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Rockefeller assembled a trust.

1872

1880

Control of of US oil refining

1882

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The Standard Oil Trust: Horizontal Integration

In 1882, Rockefeller and his partners created the ,

a “corporation of corporations.”

- Included , , ,
- Owned or controlled more than 90% of the
 in the United States
- Controlled a of production or distribution—a
practice called



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Monopolies and Competition

Many Americans did not like monopolies, believing they:

- led to
- resulted in for
- controlled for workers in their industry

Americans demanded .

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Why weren't monopolies illegal?

Until the 1890s, the government had a policy called .

- “” approach to business
- Believed to be best for
- Few laws to during the

Gilded Age

- Laws generally designed to help , not