

# Unit 6: Development of an Industrial United States (1870-1920)

## Part 2: "The Rise of Big Business"

Name: \_\_\_\_\_  
Period: \_\_\_\_\_

### I. Growth of the Steel Industry in the United States

Directions: Using images from magazines, create **one** "Whole-Brain" Connector for each section of the notes. No words may be used as connectors, images and pictures only.

- A. The growth of \_\_\_\_\_ helped fuel the need for \_\_\_\_\_ and sparked the steel industry.
- B. The first rails were made from \_\_\_\_\_ that wore out quickly. Steel rails were stronger and more resistant to rusting; however steel was very \_\_\_\_\_.
- C. In the 1850s, \_\_\_\_\_ in the United States and \_\_\_\_\_ in England each discovered a new way to make a strong steel at a low cost. This way of making steel came to be called the \_\_\_\_\_.
- D. With the new steel making process railroads switched to steel rails. Other manufacturing industries also began to use steel instead of iron. Steel was used for \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, and other items. Steel was also used large girders that were used to build a new type of urban building...the \_\_\_\_\_.

- E. Steel mills sprang up in cities throughout the Midwest. \_\_\_\_\_ became the steel-making capital of the nation. The steel boom brought jobs and prosperity. It also caused problems, such as polluted water and air.
- F. The most influential influence in the steel industry was \_\_\_\_\_. Andrew Carnegie built his own steel mill, then used his profits to buy out rivals. He also bought iron mines, railroad and steamship lines, and warehouses. Soon he controlled all phases of the steel industry from mining iron ore to shipping finished steel. Gaining control of all the steps used to change raw materials into finished products is called \_\_\_\_\_.
- G. Carnegie gained great wealth and drove his employees hard; however he also believed the wealthy should help the poor and improve society. This idea he called “\_\_\_\_\_”.

## **II. The Rise of Corporations**

- A. By the late 1800s, big factories were replacing small local factories and were producing goods more \_\_\_\_\_ than the older small factories. The development of railroads allowed for cheap \_\_\_\_\_ of goods and smaller, local factories were forced out of business.

B. To expand, big factories needed \_\_\_\_\_, or money, for investment in raw materials, workers' pay, and shipping and advertising costs. Many expanding businesses became \_\_\_\_\_—businesses owned by investors.

1. A \_\_\_\_\_ sells \_\_\_\_\_, or shares in the business, to investors, who are known as \_\_\_\_\_.

2. In return for their investment, stockholders hope to receive \_\_\_\_\_, or shares of a corporation's profit.

C. Corporations also raised money by \_\_\_\_\_ millions of dollars from \_\_\_\_\_. These loans helped American industry grow at a rapid pace.

D. The most powerful banker of the late 1800s was \_\_\_\_\_. He used his banking profits to gain control of major corporations. By 1901, he had become the head of the United States Steel Company, the first American business worth more than \$1 billion.

### III. The American Oil Industry

- A. In 1859, drillers near Titusville, Pennsylvania, made the nation's first \_\_\_\_\_ strike. This new resource created an oil boom where hundreds of prospectors came to western Pennsylvania in search of large oil deposits called "\_\_\_\_\_".
- B. \_\_\_\_\_ recognized that oil had little economic value until it was refined to make kerosene. He built an oil refinery.
- C. Rockefeller believed that competition was wasteful. He used his profits to buy up other refineries. He combined the companies into the \_\_\_\_\_.
- D. Rockefeller did whatever he could to get rid of \_\_\_\_\_. He slashed prices so others could not compete, pressured \_\_\_\_\_ not to deal with other companies, and forced railroads to grant \_\_\_\_\_ to Standard Oil.
- E. Rockefeller formed the Standard Oil \_\_\_\_\_—a group of corporations run by a single board of directors. Stockholders in smaller oil companies turned over their stock to Standard Oil. In return, they got stock in the new trust.

F. The Standard Oil board of directors managed all the companies that used to be the competition. Standard Oil trust had created a \_\_\_\_\_ of the oil industry. A monopoly controls all or nearly all the business of an industry.

## **IV. The Pros and Cons of Big Business**

A. In a \_\_\_\_\_, businesses are owned by private citizens. Private citizens decide what to \_\_\_\_\_, how much to \_\_\_\_\_, where to \_\_\_\_\_, and what to \_\_\_\_\_. Some Americans said large corporations hurt the free enterprise system.

B. The Case Against Big Business:

1. \_\_\_\_\_ and \_\_\_\_\_ reduce competition. Without competition, there is no need to keep prices \_\_\_\_\_ or \_\_\_\_\_ products.
2. New companies can't \_\_\_\_\_ with powerful trusts.
3. Trusts have too much \_\_\_\_\_ influence. They are able to buy \_\_\_\_\_ from elected officials.

C. The Case in Favor of Big Business:

1. Competition can \_\_\_\_\_ businesses and put people out of \_\_\_\_\_.
2. The \_\_\_\_\_ contribute the most to the community.
3. Corporations bring \_\_\_\_\_ production costs, lower \_\_\_\_\_, higher \_\_\_\_\_, and a better quality of \_\_\_\_\_ for all.
4. By 1900, Americans had the highest standard of \_\_\_\_\_ in the world.