

9.2

Big Business Rises

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- **As a Young Historian, I will be able to...**
 - **Analyze different management innovations that businesses used to increase their profits.**
 - **Describe the public debate over the pros and cons of big business.**
 - **Explain how the government took steps to block abuses of corporate power.**

Corporations & New Business

Corporation- A form of group ownership. This allows investors to lose little money.

This allowed for high risk ventures such as mining or railroad construction.

Corporations could operate in different parts of the country & investments allowed capital.

Soon new jobs would be created to help corporations thrive.

New Business

Advertising jobs would allow the word about the business to reach the average consumer.

Research laboratories allowed for corporations to find new innovations & ways to save money.

Cartel- An agreement between corporations to limit production, keep supply low & demand high.

John D. Rockefeller- Ohio oil tycoon would pay off rail roads to slow competitors delivery.

Business Management

Horizontal Integration- Merging competing firms into a giant company to lower production costs

Monopoly- A Company that has complete control of a product or service.

Trusts- Companies assign their stock to a board of trustees who combine them into new organizations

Andrew Carnegie- steel tycoon would start buying businesses that support each other on all levels

Pros & Cons of Big Business

Many small businesses were bought up or squeezed out of competition

Some people would refer to big business as “**Robber Barons**” that took advantage of people.

Some people believed them to be “**Captains of Industry**” that led the country to prosperity.

Social Darwinism- Wealth was a measure of one's value & those who had it were “fit”.

Changing Relationship Between Government & Business

Soon people demanded that the federal government take action on these companies

Interstate Commerce Commission (ICC)-
Monitored the rail systems as the first agency to watch big business.

Sherman Antitrust Act- Law that outlawed trusts that operated “in restraint of trade or commerce among states

The argument over how the free-system of government worked would be debated for years to come