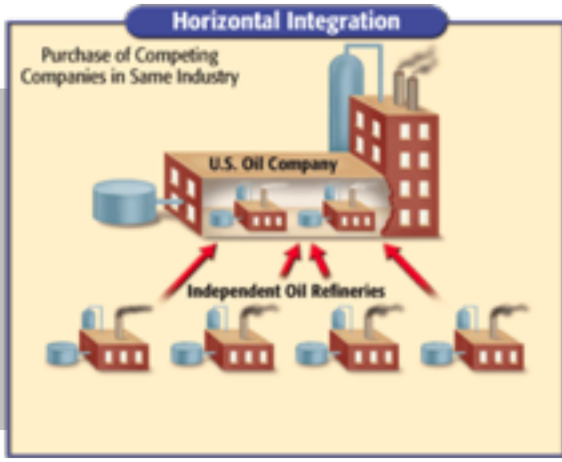


Carnegie and Rockefeller both succeeded in business so well because of two business tactics vertical integration and horizontal integration:

Andrew Carnegie was able to make steel cheap by using vertical integration. This saved money and enabled companies to become even bigger.

John D. Rockefeller used horizontal integration and bought out all of his competitors. By doing this Rockefeller controlled 90% of the oil industry. This led the men to hold monopolies over their industries (when a company achieves control of an entire market. The government didn't like how much power the man had so they set up new laws that made it more difficult to hold

One way they were able to overcome these laws is by using trusts. A trust is a way of merging business that didn't collate laws. It's a legal arrangement that allows one person to manage another person's property. The person who manages that property is called a trustee. Instead of buying the company outright standard oil had stockholders give their stocks to a group of of Standard Oil trustees. In exchange the stockholders receive shares in the trust which entitles them to a portion of the trust's profits. Since the trustees did not own the stock but were merely managing it, they were not violation any laws. The trustees could control a group of companies if they were one large merged company.

2.) There was a large increase of corporations in the late 1800s because many business tactics were started proving to be successful. The most important being stocks as they increased the financial worth of companies even more.

3.) Carnegie and others used vertical integration and horizontal integration. This led to monopolies over industries. The government didn't like this and fought back with stricter regulations.

Regarding the cartoon on page #1, there is a large man with a large amount of money. He represents the massive amount of wealth that came from the big business and industrialization of America. The men on top, who we now would call the 1% were making such large sums of money without doing all that much work. While shady at times they did get away with it and became some of the richest men alive.

Claudia Dimond
(chapter 5, 180-211)
Industrialization— Big Business
3/10/16
pd. 4

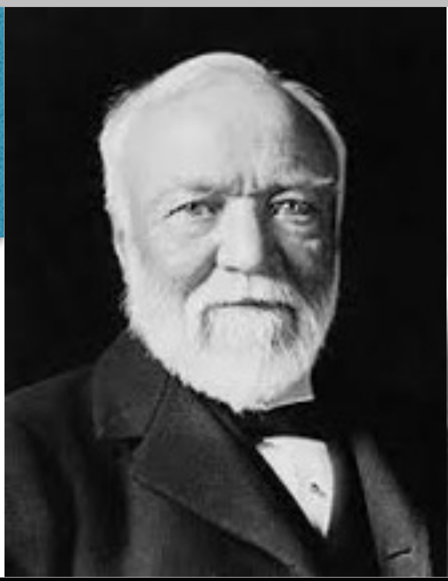
CARTOON

Industrialization
BIG BUSINESS

In the late 1800s there was a large increase of corporations because many new business tactics were

Big Business and the rise of America's industrialization would not have been possible without corporations (an organization owned by many people but treated by law as though it were a person e.g.: can own property, pay taxes, make contracts and sue/ be sued). The people who own the corporations are called stockholders as they own stock (the capital raised by a business or corporation through the issue and subscription of shares). Issuing stock allows corporations to raise large amounts of money meanwhile spreading out the financial risk. This jumpstarted their efficiency, then achieving economies of scale (the cost of manufacturing is decreased by producing goods quickly in large quantities). This led to many business getting significantly quicker and very intense. Many business leaders did not like the competition, although the falling prices benefited consumers they cut into profits. To stop prices from falling, many companies

There were two especially significant men that influenced big business and the rise of America's industrialization Andrew Carnegie and John D. Rockefeller



In Rockefeller's quote he says he would prefer workers over thinkers. In the industrialization of America it wasn't about people working harder though it was about making manufacturing easier and cheaper, and to come up with these ideas Carnegie and Rockefeller and others had to be thinkers and come up with useful business tactics.