

4:2 Discussion Station - Industrialization

Discuss the following questions & jot down notes on the handout provided.

Directions:

Read *Witness History - From Rags to Riches* - p. 107

Read *Why It Matters* p. 107

DISCUSS & ANSWER THE FOLLOWING:

Section Focus Question: How did big business shape the American economy in the late 1800s and early 1900s?

Checkpoint 1: What strategies did corporations use to decrease costs and increase profits?

Checkpoint 2: What arguments did people use to support or oppose big business?

Checkpoint 3: How did the federal government regulate business?

Answers:

SF:

NOTE:

Each person, philosophy, or item in this section is something that demonstrates WHAT HELPED BUSINESS GROW.

Big business manipulated markets to maximize profits, formed corporations to avoid losses, created monopolies and cartels, and used vertical integration to control markets and eliminate competitors. These tactics often favored national businesses to the detriment of the local, family-owned businesses.

Businesses created new forms of ownership like monopolies, cartels, and trusts to avoid liabilities, minimize costs, increase profits, gain capital, eliminate competition, and sometimes to get around laws that would prevent certain business practices.

As captains of industry, business leaders such as Rockefeller and Carnegie provided goods at a low price, benefitting the public. However, critics referred to them as “robber barons” because their practices sometimes exploited workers and forced other businesses into bankruptcy.

Government and big business worked closely together, and administrators did not want to hurt business through regulation—thus is the reason government regulation of business was not very successful at first

C1: Businesses increased profits by lowering production costs with strategies such as horizontal integration, which created large companies through vehicles called trusts. Also, vertical integration controlled all phases of a product’s development and allowed businesses to charge higher prices.

C2: Consumers argued that monopolies gave big business an unfair advantage. Other people cited Social Darwinism to support big business, claiming that wealthy people were the most “fit.”

C3: The federal government passed the Sherman Antitrust Act to outlaw practices that restrained trade. It regulated railroad operations through the Interstate Commerce Commission, which could require railroads to submit their records for investigation.

4:2 Discussion Station Questions

Name: _____

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