



# 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                         |



## Instruction

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?

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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



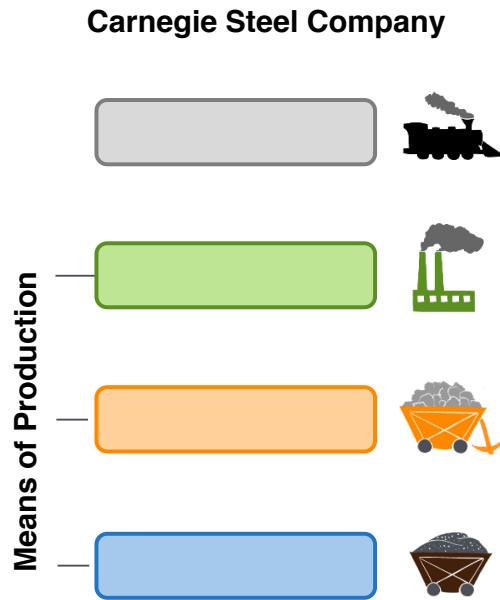
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This graphic shows a practice called vertical integration.



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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