Specific Objective: Examine corporate mergers that produced trusts and cartels and the economic and political policies of industrial leaders.

Read the summary and chart to answer the questions on the next page.

In the late 19th century, the growth of corporate mergers and trusts led to monopolies, in which one company controlled an entire industry.

- Corporations usually accomplished a merger by buying out the stock of another corporation.
- In trust agreements, companies turn over their stock to a group of trustees who run the companies as one large company. The separate companies are entitled to large profits and dividends that the trust earns.

<table>
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<tr>
<th>Industrial Leader</th>
<th>Business Practices</th>
<th>Results</th>
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| Andrew Carnegie   | • Found ways to make better products more cheaply  
                    • Gained control of the raw materials and distribution system for steel through vertical integration—buying out suppliers (coal fields, iron mines) and transportation systems (ore freighters, railroad lines)  
                    • Bought out competing steel manufacturers, a practice known as horizontal integration | • Through vertical integration, Carnegie controlled the resources, manufacturing, and distribution of steel.  
                                                                                     • Carnegie Steel became the largest steel manufacturer in the country. |
| John D. Rockefeller | • Standard Oil entered into trust agreements with competing oil companies.  
                    • Rockefeller became wealthy by paying low wages to employees, driving out competition by selling oil for less than what it cost to produce it, and raising oil prices once the competition was gone. | • By 1880s, Standard Oil controlled 90 percent of the oil refining business.  
                                                                                     • Rockefeller was labeled a robber baron for his tactics |

Sherman Antitrust Act

- In response to concerns that corporate mergers were becoming a threat to competition, Congress passed the Sherman Antitrust Act in 1890. This act made it illegal for companies to create trusts that interfered with free trade between states or with other countries.
- The act was difficult to enforce and was ineffective in breaking up big businesses. Business leaders eventually used it against labor union activities, which they claimed interfered with free trade.
Califonia Content Standard 11.2.6

Emergence of the United States as an Industrial Power

Specific Objective: Trace the economic development of the United States and its emergence as a major industrial power, including its gains from trade and advantages of its physical geography.

Read the summary to answer questions on the next page.

Industrialization

- At the end of the Civil War, the United States was still a mostly agricultural nation. Within the next sixty years, the country grew to be the leading industrial power in the world.
- Industry in the United States benefited from several conditions including:
  - a wealth of natural resources
  - government support for business
  - a growing urban population, which provided cheap labor and a market for new products
  - a transportation network of rivers, canals, roads, and especially railroads

Natural Resources

- Abundant deposits of oil, coal, and iron fueled technological growth.
- In 1859, a steam engine was successfully used to drill for oil in Pennsylvania. This practical method of extracting oil led to an oil boom in Kentucky, Ohio, Illinois, Indiana, and Texas. The oil boom led to the rise of petroleum-refining industries in Cleveland and Pittsburgh.
- Coal production grew from 33 million tons in 1870 to more than 240 million tons in 1900.
- The Bessemer steel process was developed around 1850. This process extracts carbon and other impurities from iron ore to make steel, a lighter, more rust-resistant metal than iron.
- The steel industry provided the material for thousands of miles of railroad track. Steel also allowed new forms of construction such as skyscrapers and the Brooklyn Bridge.

Railroads

- In 1869, the first transcontinental railroad was completed. Government land grants and loans supported the completion of the railroad network.
- Railroads provided rapid transportation of people, raw materials, farm produce, and finished products. New towns sprang up and markets grew along railroad lines.
- Railroads had a great demand for iron, coal, steel, lumber, and glass, which fueled the growth of these industries.

Trade

- In the late 19th century, advances in technology led to overproduction in the United States. Farms and industry produced more products than American citizens could consume.
- The United States looked to foreign trade for raw materials for manufacturing and new markets for selling U.S. agricultural products and manufactured goods.