

ANALYSIS: **ANDREW CARNEGIE**



The background of the entire image is a stylized American flag with a distressed, weathered texture. It features a blue canton with white stars and alternating red and white horizontal stripes. The text is overlaid on this background.

UNITED STATES

HISTORY

with Mr. Willis

UNIT 2 - DAY 4

A horizontal yellow brushstroke with a textured, grainy appearance, extending across the width of the slide below the unit title.

BIG BUSINESS & The ROBBER BARONS

**INDUSTRIALIZATION OPENS THE
DOOR FOR NEW FIRMS & PROFITS**

**new inventions create new
markets & consumer needs**



**Raw materials (oil, coal, steel) are
in high demand**



**BUSINESS Ideas of ENTREPRENEURS
BEGIN TO BECOME REALITY**



WHICH LEADS TO...

THE AGE OF BIG BUSINESS

Period that saw the creation of American **mega-businesses**, labor **unions**, corporate **corruption**, and **federal regulation** of business in America

KEY COMPONENTS OF THE ERA

DEFINED THE IDEA OF AMERICAN SUCCESS THRU **self-reliance**, **hard work ethic**, AND **individual responsibility**

SET UP A FOUNDATION FROM WHICH SPRANG THE MODERN

AMERICAN **corporate infrastructure** **urban workers**

FOREVER ALTERED THE AMERICAN **socio-economic hierarchy**

SOCIAL DARWINISM

Based on "survival of the fittest",
it's the idea that fueled big business

COMPETITION IN THE MARKET LEADS TO
"NATURAL SELECTION" FOR FIRMS

THE BEST SURVIVE AND DOMINATE, THE
WORST GO BANKRUPT AND DIE OFF

IN ORDER TO WORK PROPERLY, OUTSIDE
INFLUENCES MUST KEEP OUT (NO GOV)

Survival depends on several things:

HARD WORK

INNOVATION & ADAPTABILITY

SHREWD DECISION-MAKING





“The American Beauty Rose can be produced in all its splendor only by sacrificing the early buds that grow up around it.”

— John D. Rockefeller, Jr.

Source: Guy R. Spencer, *The Literary Digest*,
May 1911

AND SO, NOW LET'S LOOK AT

**The BIG
BUSINESSMEN**

ANDREW CARNEGIE



Penniless **Scottish Immigrant** who
made his fortune in **STEEL**

Started the **Carnegie Steel Company**
BY 1899, MADE MORE STEEL THAN ALL
OF UK

Perfected several techniques

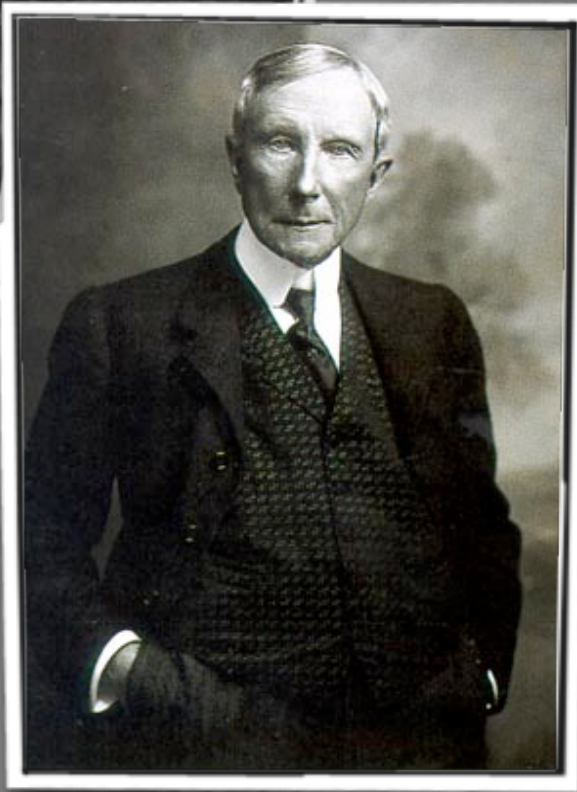
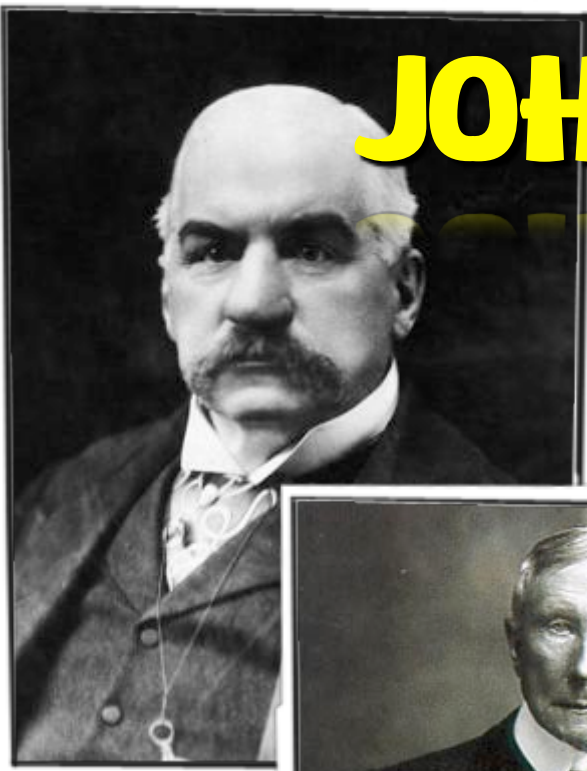
Vertical Integration

BUYING OUT/CONTROLLING HIS SUPPLIERS
TO CONTROL PRODUCTION & COSTS

Horizontal Consolidation

BUYING OUT AND MERGING W/ COMPETITORS

JP MORGAN & JOHN D. ROCKEFELLER



Businessmen who, unlike Carnegie, did **everything they could** to control their industries (legal or **illegal**)

JP Morgan (US STEEL)

MORGAN'S **US STEEL** WAS A HOLDING COMPANY (A CO. CREATED ONLY TO BUY OUT STOCKS OF COMPETING COS.)

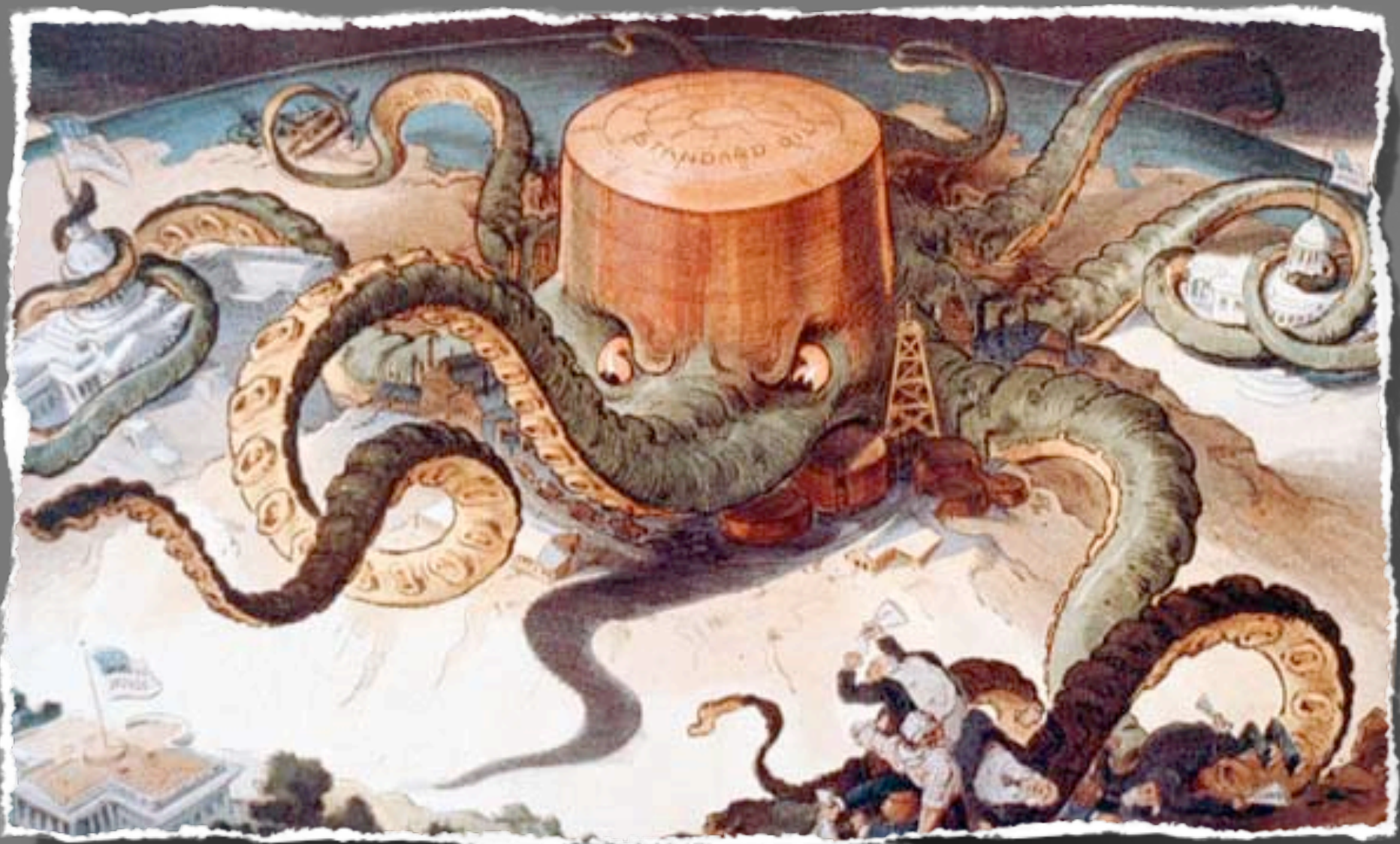
1901 - MORGAN BUYS OUT **CARNEGIE STEEL**

JD Rockefeller (STANDARD OIL)

JD RAN **STANDARD OIL** AS A TRUST

(**ILLEGAL** BUSINESS WHERE FIRM IS SPLIT INTO MANY SEPARATE COS. W/ STOCK)

LED TO **STANDARD** BECOMING A **MONOPOLY**



**IN THE AMERICAN ECONOMY, MOST
WAS CONTROLLED BY VERY FEW**

**AMERICANS BEGAN TO CRITICIZE
CORPORATE CORRUPTION & GREED**



**BIG BUSINESSMEN WANTED TO REPAIR
THEIR IMAGE**



BUT AMERICANS DISTRUST BIG BUSINESS



WHICH LEADS TO...

THE "ROBBER BARONS"

DEROGATORY term given to **BIG BUSINESSMEN** that harked back to the **RUTHLESS FEUDAL LORDS** of the **MIDDLE AGES**

FACTORS LEADING TO THE NAME

CARNEGIE PRODUCED **80%** OF THE NATION'S STEEL,
ROCKEFELLER CONTROLLED **90%** OF US OIL PRODUCTION
THEY MADE **HUGE PROFITS**, BUT **HIKED PRICES**, PAID WORKERS
VERY LITTLE, AND KEPT PROFITS FOR THEMSELVES
HOWEVER, THE BARONS **DONATED MILLIONS** TO PHILANTHROPY



FEDERAL REGULATION OF BIG BUSINESS



GROWING # of **illegal** monopolies & trusts led to **tighter gov oversight**

Sherman Antitrust Act

LAW DECLARED TRUSTS **ILLEGAL**

IT WAS NEARLY IMPOSSIBLE TO ENFORCE

Difficulties with the Sherman Act

IT DIDN'T CLEARLY DEFINE A "TRUST"
COMPANIES WOULD DISSOLVE THE TRUST &
FORM MONOPOLIES TO KEEP CONTROL

S.C. REFUSED TO ENFORCE IT, THREW OUT
CASES AS UNCONSTITUTIONAL

CLOSURE

WRITE THREE THINGS YOU
LEARNED TODAY ABOUT:

- 1) The 3 big businessmen we discussed
- 2) Monopolies and trusts
- 3) The "Robber Barons"