

Steel Industry

- The growth of *railroads* after the Civil War fueled the growth of the *steel* industry.
- In the 1850s, the Bessemer process *enabled steelmakers to produce strong steel at lower costs.*
- *As a result, railroads began to lay steel railroad track – instead of iron.*

4 “everyday” items that were made of steel as a result of the Bessemer process:

Nails

Needles

Screws

Pins

Pittsburgh became the steelmaking capital of the nation.

Results of the steel mills:

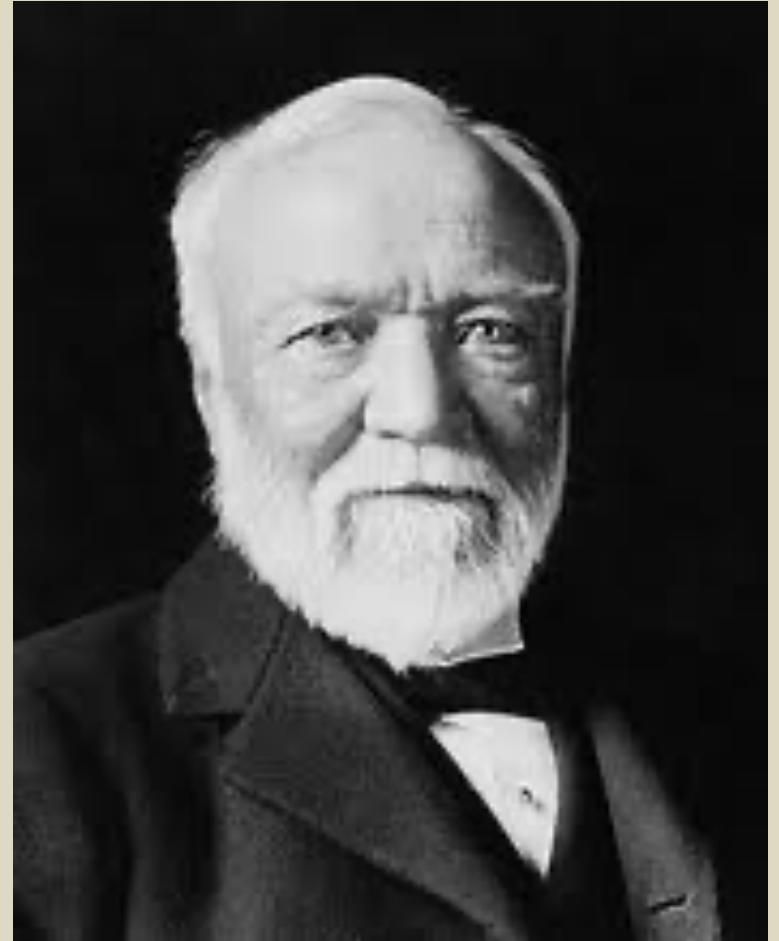
Positive: ***Brought jobs and prosperity to “steel towns”***

Negative: ***The soot from the steel mills polluted the air/rivers***

Andrew Carnegie became the richest, most powerful man in the steel industry.

He used his profits to:

- Buy out rivals
- Buy more iron mines
- Buy railroad lines
- Buy steamship lines
- Buy warehouses



Vertical Integration – Having control of all of the steps required to change raw materials into finished products.

Andrew Carnegie believed that the rich had a duty to **improve society**.

He gave **\$60** million to build public libraries in towns all over the country. He also gave millions more to **charities**.

By the late 1800s, **big** factories were producing goods cheaper than the **smaller** factories could. As railroads distributed these cheaper goods, the demands for local goods **fell**. As a result, many **smaller factories closed**.

Two Chicago-based companies began to sell products to western farmers by mail:

Sears, Roebuck



Montgomery Ward



As larger factories expanded, they needed **capital**, or **money**. Factory owners used the capital to buy **raw materials**, pay **workers**, and cover shipping and advertising **costs**.

A **corporation** is a business which is owned by **investors**.

How does a corporation work?

A corporation sells stock (or shares of the business) to investors.

These investors are known as stockholders.

In return for their investment, stockholders receive dividends (or shares of a corporation's profit).

The rise of corporations helped American industry grow. *Thousands* of people bought stock in corporations.

What role did banks play in “big business”?

Banks loaned money to corporations.

At the same time, the loans made profits for the bank.

Oil Industry

In **1858**, in **Titusville, Pennsylvania**, Americans made the nation's first oil strike.

John D. Rockefeller *was only 23 years old when he invested money into his first oil refinery!*



Rockefeller used the profits from his refinery to *buy up other oil refineries*.

He then combined the companies into a single corporation called the *Standard Oil Company*.

Rockefeller did whatever he could to get rid of his *competition*. Standard Oil slashed its prices to *drive all rival companies out of business*.

In 1882, to tighten his control over the oil industry, Rockefeller formed the ***Standard Oil Trust***.

A **trust** is *a group of corporations run by a single board of directors*.

The Standard Oil Trust ended competition in the *oil industry*, and created a **monopoly**.

A **monopoly** *is a company that controls all, or nearly all, of the business in an industry*.

Standard Oil Trust controlled 95% of all oil that was being refined!!!



A free enterprise system is a business that is owned by private citizens.

Some Americans argued that “big business” was abusing the free enterprise system because big business trusts and monopolies were putting an end to competition.

Without competition in business there is no reason for companies to keep prices low, or improve their product.

For the time being, the government did *little* to control the giant corporations.

In 1890, Congress passed the *Sherman Antitrust Act*, which banned the *formation of trusts* and *monopolies*.

However, the Act was too weak to be effective!

1898 Family Profile

- ***Mother – A stemmer in the tobacco factory
Father – A wood turner creating plow handles***
- ***109 days or About 6 months***
- ***Through a small vegetable garden and they
keep chickens for eggs and meat***
- ***The surveyor of Farmville finds that many
residents do not know the age from their
nearest birthday / Few records have been kept
where this information would have been
available***