

Industrialization

*The Development of the Industrial
United States (1870–1900)*



A changing economy

Big business

Labor

Thematic Icons



Economics and business



Geography and environment



Historical concepts and questions



Politics, government and citizenship



Society and culture



War, diplomacy and foreign policy

Icons: For more detailed instructions, see the *User Guide*



Flash activity (these activities are not editable)



Teacher notes included in the Notes page



By the end of this section, you will learn about the development of big business and be able to answer these key questions:

- What were the key new industries during the period of industrialization?
- How were businesses run and what changes were there in business practices?
- To what extent was business regulated?



During industrialization, certain industries became more important and some companies achieved enormous sizes, becoming the first truly big businesses. This period in the second half of the 19th century is known as the **Second Industrial Revolution**. Key industries at this time included:

Banking and
finance

Railroads



Oil

Steel

Why do you think these businesses became so important? Can you name any major companies?



Railroads were the nation's first big business and helped to create a national market by linking the country, so they were often subsidized by the federal government. The resources needed for railroads led to growth in other industries.



Railroads boomed from the mid-19th century. Cornelius Vanderbilt bought up many railroads in the Northeast, merging them to form the first real big business in 1869.

The first **transcontinental railroad** was finished in 1869, connecting the Atlantic and Pacific coasts. Four other transcontinental lines were completed by 1900.





Railroads were an important form of transport and communication. They were also the first big business in the U.S. They expanded rapidly in the second half of the 19th century, aiding further industrialization.

Press the buttons to see a map of the railroad network in that year.

Press **start** to begin.

start



How did railroads help time zones to be developed?

People had known how to forge iron for centuries, but it is a bad building material as it is heavy and brittle. However, the development of the **Bessemer process** enabled the removal of enough carbon to produce a lighter, stronger metal: steel.

The steel industry grew massively as new technology allowed it to be produced quickly and cheaply. This abundance of cheap steel gave birth to new machinery, skyscrapers, ocean liners, and many other things.



The biggest player in the steel industry was the Carnegie Steel Company. By 1899 it produced more steel than Britain.

Oil was not really drilled commercially until the 1850s. It was first used as lamp oil. Engineers and businessmen then began coming up with more uses for it, such as fuel, petrochemicals and electricity generation.

John D. Rockefeller was the most important figure in the oil industry. He founded Standard Oil in Ohio in 1870, expanding to acquire control of most of the oil refining industry in the U.S.

Rockefeller used ruthless tactics to expand, crushing smaller businesses. This led critics to call industrialists “robber barons.”





Banking and finance became a big business at this time. They were necessary to provide the capital used to make a many other changes possible. They made money available to investors in cities and also farmers.

Investment bankers became very rich. They sold corporate bonds and took a commission on each bond they sold. Others played the stock market, which was risky but could reap huge rewards.



Bankers also participated in mergers and acquisitions. They often sat on the board of directors of companies they aided. This gave them a large amount of control in several other industries.



During the industrial era, traditional elites were replaced with business tycoons. These men had extraordinary wealth, influence and power.

Can you match each businessman to his photograph and achievements?

Press **start** to begin.

start



What else can you find out about these men?





As companies grew and expanded, they were able to become really powerful and also cut costs. This could be achieved via **horizontal integration**, **vertical integration** and **monopolies**.

Can you match each term to the correct definition?
Press the information panels on the right to see a visual representation of each term.

Press **start** to begin.

start





Industrialization would not have been possible without some important inventions. These inventions created a sophisticated infrastructure that allowed for the fast exchange of information and goods and helped to create new industries and jobs. Press on each invention to find out more information about it.

Press **start** to begin.

start



Which invention do you think was most important?



As business developed, so too did economic theories. These theories and the business climate allowed some industrialists to succeed.

Press the buttons to find out about the theories and practice of business during the period of industrialization.

Press **start** to begin.

start





Industrialists and businesses often used **trusts** in order to help them increase and preserve their wealth.

Watch this animation to find out what trusts were and how they worked.

Press **start** to begin.

start





During this era, there were a lot of government policies that favored businesses, allowing for them to grow, including:

- federal subsidies, loans and land grants for railroads
- protective tariffs
- very low taxes on corporate profits
- very little regulation of business.



The *laissez-faire* philosophy is about being able to enter freely into business contracts without government or regulation. Although it is supposed to be good for workers, in reality it favored businesses as laborers needed money and had to take jobs with whatever pay or conditions they were offered.

Do you think business should be regulated?

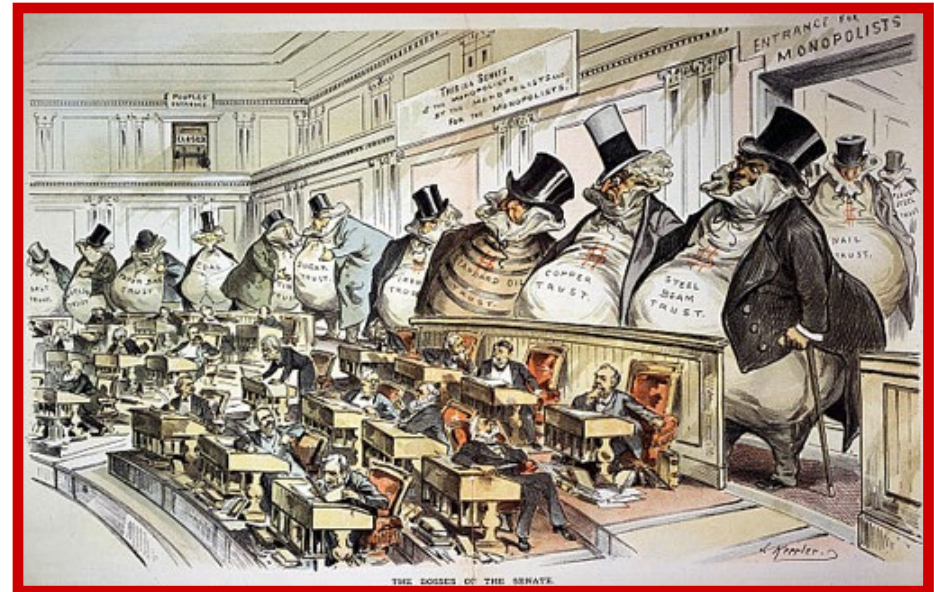


Sherman Antitrust Act



As trusts and mergers became more common, people grew angry that increasingly few people controlled all the business interests of the country. In response, Congress passed the **Sherman Antitrust Act** in 1890 that declared trusts and contracts that restricted trade and commerce to be illegal.

However, the Act was not very successful. In the first case to cite it, the Supreme Court repealed it in 1895.



What does the cartoon suggest about the relationship between government and big business?