

Industrialization

Part Two



Part One

Part Two

Part Three

Thematic Icons



Economics



Geography



Historical concepts



Government

Icons



Flash activity (these activities are not editable)



Teacher notes included in the Notes page

For more instructions, see the *User Guide*.



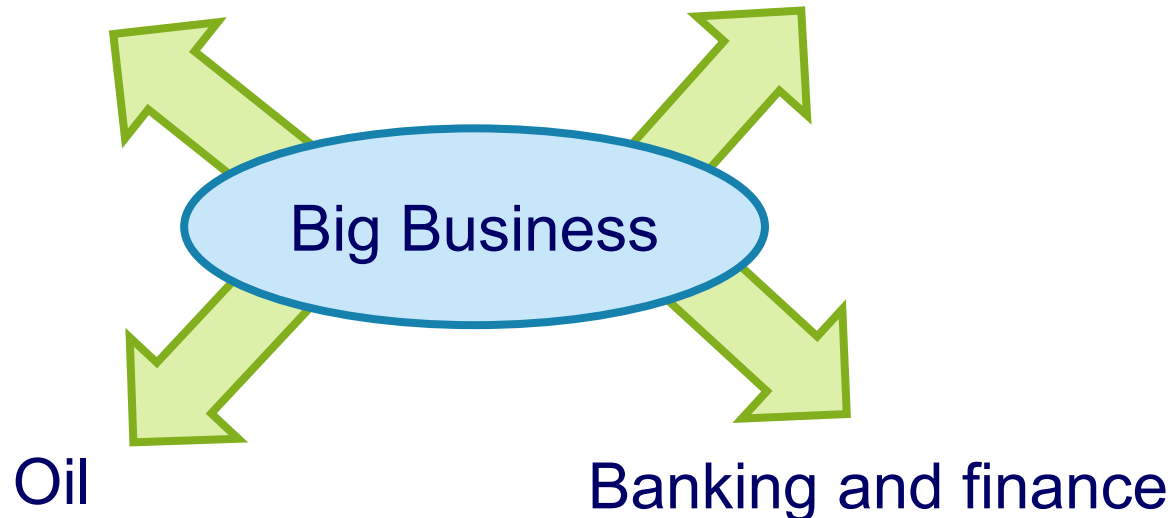


During industrialization, certain industries became more important and some companies achieved enormous sizes, becoming the first truly big businesses.

This period in the second half of the 19th century is known as the **Second Industrial Revolution**. Key industries at this time included:

Railroads

Steel



Oil

Banking and finance





Railroads were the nation's first big business and helped to create a national market by linking the country. 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 map



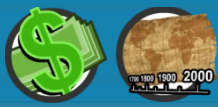
People had known how to forge iron for centuries, but it is a bad building material as it is heavy and brittle. However, the development of the **Bessemer process** enabled the production of a lighter, stronger metal: steel.

The steel industry grew massively as new technology allowed it to be produced quickly and cheaply.



This large amount of cheap steel gave birth to new machinery, skyscrapers, ocean liners, and many other things.





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 and electricity generation.

John D. Rockefeller was a key 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.





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

Investment bankers became very rich. They sold corporate bonds and took a commission on each bond they sold.



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.







Which invention do you think was most important?







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

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



These policies favored big businesses but helped **labor exploitation** as businesses were not regulated by government. Laborers needed money and had to take jobs with whatever pay or conditions they were offered.



As businesses were not regulated by government, clever businessmen and **financiers** found new and innovative ways to make as much money as possible.

Businesses began to set up **trusts**. A trust is a business deal where goods and property are managed by one party for the benefit of another.

In reality, this meant that big companies could work together to drive out small businesses, restrict trade and force consumers to pay higher prices.



Large trusts included **Standard Oil**, U.S. Steel and the American Tobacco Company.





Sherman Antitrust Act



As trusts 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.



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

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



