UNIT #2 – INDUSTRIALIZATION

LESSON #4 -
Big Business (100-103)
New Plan for Composition Book:

**NEW VOCABULARY**
- Corporation
- Fixed costs
- Operating costs
- Consumers
- Andrew Carnegie
- Pennsylvania Railroad
- Vertical integration
- Horizontal integration
- John D. Rockefeller
- Standard Oil
- Monopoly
- Trust / trustee
- J. P. Morgan
- U.S. Steel
- John Wanamaker
- Department Store
- Woolworth’s

**ESSENTIAL QUESTIONS**

1. Why did some people have a problem with massive monopolies that the Robber Barons controlled?

2. How did these robber barons help make America wealthy?
Big Business in America
Rise of Big Business

- Creation of the Corporation
- Sale of stocks
- Primacy of the Consumer
  – (customer is king)
Customer is king

1. What does this mean?
2. What does it look like?
3. Is it true?
4. Why would a business try to do this?
The richest men ever...

• JP Morgan
• Andrew Carnegie
• John D. Rockefeller

• They competed for the greatest financial empire of the era
• They amassed wealth like the country has never before, or since seen
• Combined, the three of them were worth $40 trillion $$

• The equivalent to combing the wealth of the to 40 richest people alive today
• BTW, that’s $40,000,000,000,000 (13 zeros)
Andrew Carnegie

- Self made power and wealth
- Immigrant – worked for cheap
- 1875 – built his first company
- CARNEGIE STEEL
- Vertical monopoly
Vertical Integration

Purchase of Companies at All Levels of Production

- Ace Meat Industries
- Delivery Wagons
- Meat Packing Plants
- Cooled Warehouses
- Refrigerated Railroad Cars
- Slaughterhouse
- Cattle

Horizontal Integration

Purchase of Competing Companies in Same Industry

- U.S. Oil Company
- Independent Oil Refineries
Definition: one business owns all levels of production of a product.

How is this “vertical monopoly” a powerful way to run a business?
John D. Rockefeller

- Standard oil
- Horizontal integration (next slide)
- STANDARD OIL
- $1,500,000,000
- TRUST (p. 102)
Definition: one business owns all competition
J.P. Morgan

- Investment banker
- 1901 – bought out United States Steel (Carnegie’s company)
- John Wanamaker – Phila
- Department store
- Chain stores – Woolworths
- Sears, /Robock and co.
Selling the product

• Advertising – by 1900, retailers spent $9 billion
• New shop: DEPARTMENT STORE
• A one stop shop
Activity

• In your group, divide the four men (below) so each of you has one.
  Carnegie       J.P. Morgan
  Rockefeller    Wanamaker

• For “your guy,” create an advertising slogan for the product he’d sell

• Include a picture (can be primitive)

• After five min, share with the group

• Continue (as a group) adding to the one chosen ad, and in five more min, be prepared to share with the class

• Finish class by finding definitions for the vocab.