

# **The Growth of Big Business**

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## **Chapter 3 Section 1**

# Lecture Focus Question

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- How did Social Darwinism affect the way people conducted business in the late 19<sup>th</sup> / early 20<sup>th</sup> century? Explain.

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# Two Sided Coin

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## □ Robber Barons

- Built their fortunes by stealing from the public
- Ruthlessly drove their competitors to ruin
- Paid their workers poor wages and forced them to work in terrible conditions
- Controlled politicians

## □ Captains of Industry

- Served the nation in a positive way
- Raised productivity & expanded markets
- Created jobs that enabled many to buy new goods & raise their standard of living
- Believed in Gospel of Wealth

# CONNECTION #1

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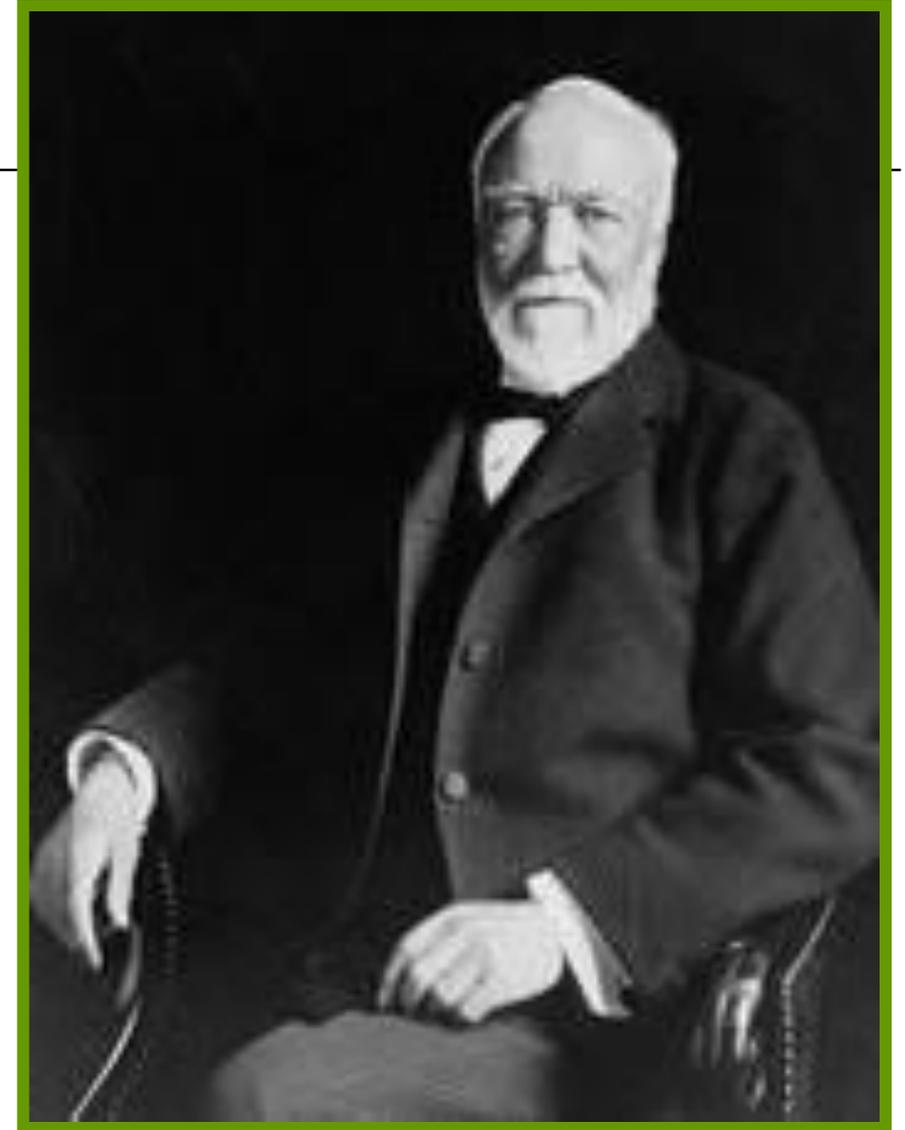


- There are many wealthy people in the public eye in the U.S. Choose one and explain why that person is either a robber baron or a captain of industry. (3 sentences minimum)

# Gospel of Wealth

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- **Gospel of Wealth:** people should be free to make as much money as they can as long as they give back to the community
- **Andrew Carnegie:** made his fortune in the steel industry





# SIMON SAYS...



**The Carnegie Foundation is still giving away Carnegie's fortune today. "Sesame Street" is one of many projects funded by Carnegie money.**

# Social Darwinism

- ❑ **Social Darwinism:** belief that government should do as little as possible to interfere with people's success
- ❑ Government should not protect workers
- ❑ The most "fit" would succeed and become rich



# Brain Snack

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- Create a bumper sticker with a short statement supporting a captain of industry or against a robber baron. It should:
  - Include a catchy slogan
  - Include a picture (colored)
  - Make a point



# Gaining a Competitive Edge



- **Oligopoly:** industry dominated by only a few large, profitable firms
- **Monopoly:** one company in complete control of a product or service
- **Cartel:** a loose association of businesses that make the same product, a way to limit competition with other firms



# CONNECTION #2

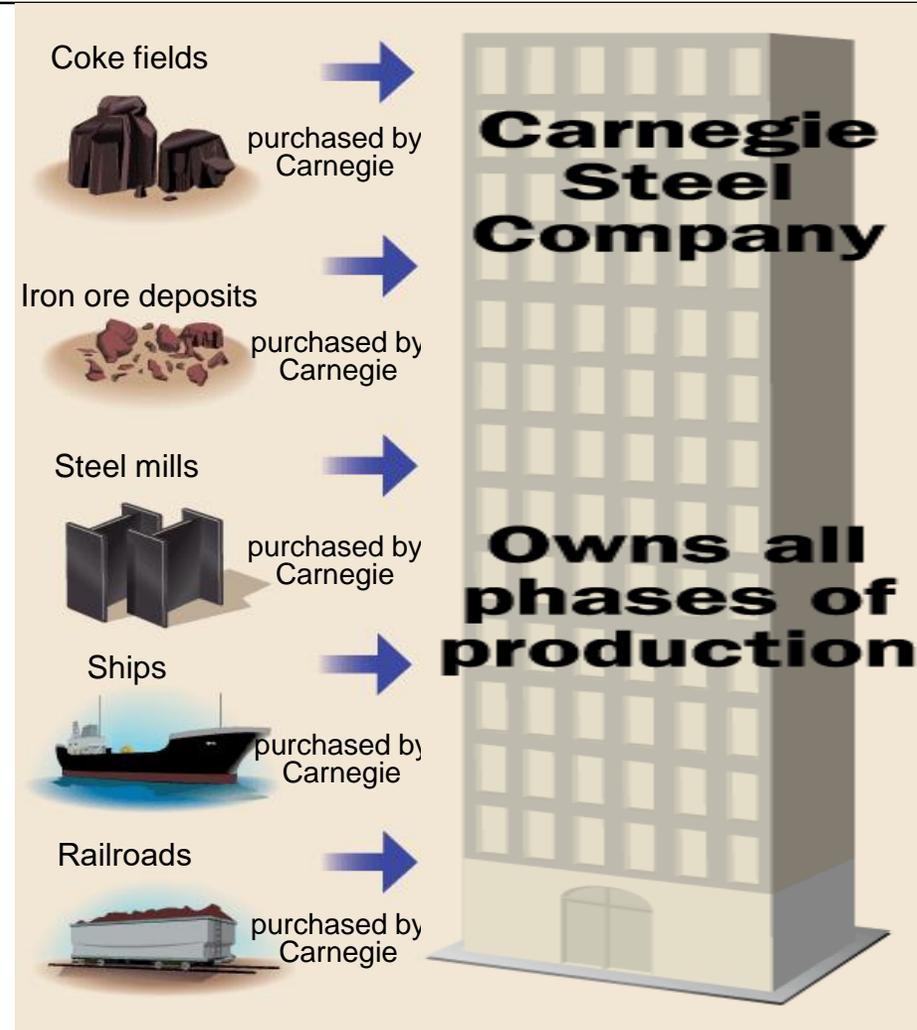
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- Have you ever played the game, Monopoly? What's your strategy to win?

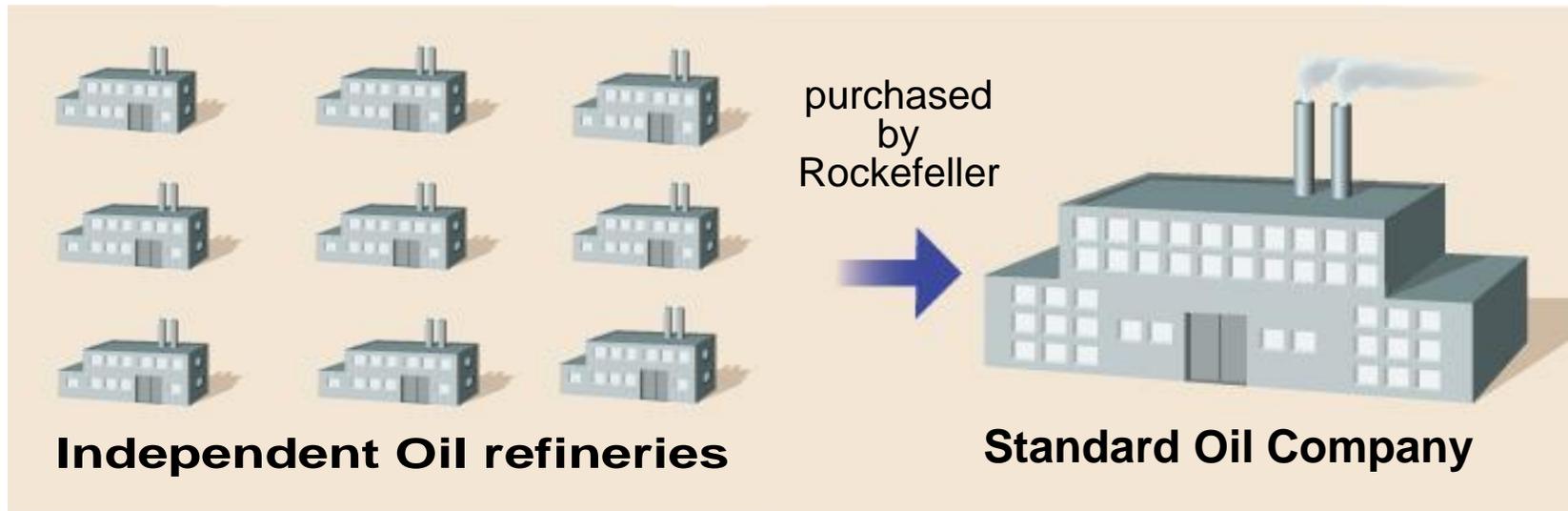
# Vertical Consolidation

- Buy out businesses that make up all phases of a product's development
- Carnegie's preferred form of gaining an edge



# Horizontal Consolidation

- Bringing together of many firms in the same business
- Buy out the competition
- Rockefeller's preferred form of gaining an edge



# Other Shady Dealings

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- **Trust:** a group of people who managed several companies as a single unit called “trustees”
  - Rockefeller then controlled the trust!
- **Sherman Antitrust Act:** outlawed any combination of companies that restrained interstate trade and commerce
- **Clayton Antitrust Act:** strengthened Sherman Antitrust Act



# SIMON SAYS...



**Challenges to anti-trust laws continue today. Most recently, a merger between AT&T and Time Warner raised questions about a potential monopoly.**

# SUMMARY

## Summary

These notes were about...  
(Main Idea → Use the WIN strategy!)  
(1-2 sent.)

### □ **W.I.N.** strategy:

□ **WHO/WHAT** - Figure out the most important *who* or *what (topic)*

□ **INFORMATION** - Figure out the most important *information* about the who or what

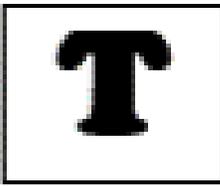
□ **NUMBER OF WORDS** - Write the main idea using the fewest possible *number of words*

# Lecture Focus Question

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- **How** did Social Darwinism **affect** the way people conducted business in the late 19<sup>th</sup> / early 20<sup>th</sup> century? **Explain.**
- **Response = 3-4 well thought out sentences minimum! (topic sentence + supporting details)**

# Notes Grading Rubric

Notes Color-Coded	MIS INC ✓	Brain Snack(s)	MIS INC ✓
LFQ Color-Coded	MIS INC ✓	<b>2 x</b> 	MIS INC ✓
LFQ Answer (3-4 sent)	MIS INC ✓	<b>2 x</b> 	MIS INC ✓
Summary (1-2 sent)	MIS INC ✓	<b>2 x</b> 	MIS INC ✓