

Lecture 12.4

The Birth of Big Business

*During the Civil War, American business was still run by thousands of small companies. After the war though, these small companies were soon **consolidated**.*

The Captains of Industry

- **Cornelius Vanderbilt** was known as America’s “railroad baron”. He routinely used coercion, bribery, and even the threat of violence to get smaller railroads to sell out to him.
- **Andrew Carnegie** was the king of the steel industry. By 1892, he controlled steel all the way from the iron mines to the ship yards and railroad factories.
Carnegie spent large amounts of his fortune on **philanthropy**.
- **J.P. Morgan** was America’s first investment banker. He made his millions by buying up majority shares of stock in a new kind of American business ... the **corporation**.
- **John D. Rockefeller** was America’s “oil baron”. Rockefeller was a ruthless businessman who used any methods he could to control the oil industry.

By the end of the 1800s, Rockefeller’s company, **Standard Oil**, controlled 95% of the oil industry. Rockefeller had a **monopoly** on American oil.



Who is this?

Personal Reflection:

Two Views of Big Business

- Many Americans disliked monopolies and large companies. They said that they restricted competition, kept prices high, promoted classism in America, and kept men like Rockefeller and Vanderbilt too powerful.
- Proponents said that big businesses were simply part of the American system of free-market capitalism.
- Thus began an argument that continues to today ... Which is more important? Private business and free enterprise, or the welfare and well-being of society as a whole?

consolidate: to buy and merge small companies into one large company
philanthropy: using one’s wealth to benefit other people
corporation: a publicly owned business run by a group of stock-holders
monopoly: exclusive control of a commercial activity

