Trusts Under Scrutiny

Weigh what antitrust laws could accomplish

SS24.US1.20a "Critique the effectiveness of national legislation passed during the Progressive Era in addressing concerns regarding business practices, including the Sherman Antitrust Act and the Clayton Antitrust Act."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline one detail showing how each law could address a harmful business practice. Circle one limit on each law's effectiveness so you can weigh its strengths and weaknesses.

Two Laws, One Competition Problem

1 At the start of the twentieth century, a small refinery could struggle to ship oil if a giant rival received secret railroad discounts. Large companies could also buy competitors or agree not to compete, leaving customers with fewer choices and higher prices. Americans disagreed about the cure: some wanted to break up powerful firms, while others wanted rules against specific conduct. A law's success, therefore, cannot be judged only by its bold words. The questions are whether officials could use it, whether courts upheld their cases, and whether the harmful practice actually became harder to carry out.

2 Congress passed the Sherman Antitrust Act in 1890, before the Progressive Era, but Progressive presidents used it against trusts. It banned contracts that restrained interstate trade and efforts to monopolize it. In 1904, the Supreme Court upheld the breakup of Northern Securities, a company that controlled competing railroads. In 1911, the Court ordered Standard Oil split into smaller companies. These rulings showed that the law could reach major corporations. Yet its broad language left judges room to decide which restraints were unreasonable, and a successful breakup did not guarantee lasting competition or lower prices for consumers.

3 Congress passed the Clayton Antitrust Act in 1914 to name practices the Sherman Act had not clearly addressed. It restricted stock purchases that could reduce competition and exclusive-dealing agreements when their effects might substantially lessen competition. It also stated that labor organizations were not illegal combinations simply because workers joined together. These details gave officials clearer targets before a monopoly was complete, but enforcement still depended on proving a likely harmful effect. Courts also continued to issue some orders limiting union activity. Compared with Sherman, Clayton identified more specific dangers, yet neither law by itself ensured fair prices or protected every worker.

2 ANSWER WITH EVIDENCE

Use the passage

1. How effective was the Sherman Act against large corporations? Use one court ruling and one limit from the passage to support your judgment.

2. Why might the Clayton Act address some threats to competition earlier than the Sherman Act could? Include a limit on that advantage.

3. Does the passage show that breaking up a company lowered consumer prices? Explain what the Sherman Act rulings do and do not prove.

4. How fully did the Clayton Act address concerns about workers being treated as illegal combinations? Weigh its protection against the passage's evidence of a limit.

3 YOUR TURN

Your own words

A national paper supplier buys a controlling share of a rival and requires schools to buy all their paper from it. In four sentences, recommend which act offers a more direct way to challenge these actions, use two details from the passage, and identify one uncertainty about whether a challenge would succeed.

ANSWER KEY

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GRADE 10 · SS24.US1.20a

PART 1 · READ AND MARK

Underline one detail showing how each law could address a harmful business practice. Circle one limit on each law's effectiveness so you can weigh its strengths and weaknesses. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How effective was the Sherman Act against large corporations? Use one court ruling and one limit from the passage to support your judgment.	**It could reach large corporations: the Court ordered Standard Oil split in 1911. Its broad wording left judges to decide which restraints were unreasonable, and a breakup did not guarantee lasting competition.**
2	Why might the Clayton Act address some threats to competition earlier than the Sherman Act could? Include a limit on that advantage.	**The Clayton Act named practices such as harmful stock purchases and exclusive-dealing agreements, so officials could challenge them before a monopoly was complete. They still had to show a likely harmful effect.**
3	Does the passage show that breaking up a company lowered consumer prices? Explain what the Sherman Act rulings do and do not prove.	**No. The rulings show that courts could order powerful companies broken up, but the passage says a breakup did not guarantee lower prices or lasting competition.**
4	How fully did the Clayton Act address concerns about workers being treated as illegal combinations? Weigh its protection against the passage's evidence of a limit.	**It said labor organizations were not illegal combinations simply because workers joined together. The protection was incomplete because courts still issued some orders limiting union activity.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

The Clayton Act offers a more direct challenge to the supplier's actions. It restricts stock purchases that could reduce competition, which may apply to the purchase of the rival's shares. It also restricts exclusive-dealing agreements when they might substantially lessen competition, which may apply to the school's purchasing requirement. Officials would still need to show that these actions were likely to harm competition.

Accept judgments that distinguish a law's ability to target conduct from proof of improved prices or lasting competition. For the open task, accept either act if the student supports the choice with two accurate passage details and identifies a relevant uncertainty.