Power Behind Prices

How big businesses changed the late 1800s economy

6-12.US1.50 "Describe the impact of business leaders, laissez-faire capitalism, and the use of corporations, monopolies, and trusts on the American economy."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Number evidence of four forces: 1 business leaders, 2 corporations, 3 laissez-faire policies, and 4 trusts or monopolies; underline one economic benefit and circle one economic harm.

Steel, Oil, and Big Business

1 By the late 1800s, railroad tracks linked distant markets, and growing cities needed steel and oil. Andrew Carnegie built a steel company that bought iron mines and ships as well as mills. Owning these steps helped him lower costs and sell steel widely. Cheaper steel supported bridges, buildings, and railroads. Carnegie also gained great wealth, while many steelworkers faced long hours and dangerous jobs. His decisions show how a business leader could expand production and shape working life.

2 Big businesses often formed corporations. A corporation could raise money by selling shares to investors, making it easier to build expensive mills or rail lines. Investors generally risked only the money they put in. Under laissez-faire capitalism, many leaders argued that government should interfere as little as possible in business. With few federal limits on competition in the late 1800s, companies could grow rapidly, but workers and small rivals had fewer protections.

3 John D. Rockefeller's Standard Oil bought rival refineries and made deals that cut shipping costs. In 1882, its owners placed shares in a trust, giving a small group of trustees control over many companies. Standard Oil came to dominate oil refining, a near monopoly. Its size could lower costs and make oil products cheaper, but it also made it harder for competitors to survive and gave its leaders power over prices. Public concern about such power helped bring federal antitrust laws.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did Carnegie's business decisions affect steel production and workers?

2. How did forming a corporation help a business expand?

3. According to the passage, how could laissez-faire policies affect companies and their smaller rivals?

4. How did Standard Oil's trust affect competition and consumers?

3 YOUR TURN

Your own words

Imagine a bicycle maker in 1890. In four sentences, explain how its leader could use a corporation to expand, how it might become a near monopoly, and how limited government action could bring one benefit and one harm.

ANSWER KEY

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GRADES 6-12 · 6-12.US1.50

PART 1 · READ AND MARK

Number evidence of four forces: 1 business leaders, 2 corporations, 3 laissez-faire policies, and 4 trusts or monopolies; underline one economic benefit and circle one economic harm. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did Carnegie's business decisions affect steel production and workers?	**Owning mines, ships, and mills lowered costs and helped Carnegie sell steel widely, while many steelworkers faced long hours and dangerous jobs.**
2	How did forming a corporation help a business expand?	**Selling shares raised money for costly mills or rail lines, allowing a business to grow.**
3	According to the passage, how could laissez-faire policies affect companies and their smaller rivals?	**With few federal limits, companies could grow rapidly, but small rivals had fewer protections.**
4	How did Standard Oil's trust affect competition and consumers?	**The trust put many companies under one group's control. Standard Oil could lower costs and prices, but its dominance hurt competitors and gave its leaders power over prices.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A bicycle maker could form a corporation to sell shares and raise money for a larger factory. Its leader could buy competing shops until the company became a near monopoly in town. With little government regulation, the factory could make bicycles faster and sell them for less. Yet fewer competitors might later let the company raise prices, while workers could have less power to demand safe conditions.

Accept other passage-supported benefits and harms. For the marking job, students may number more than one example of each force.