Networks and Trusts

Analyze how technology and business organization reshaped the national economy.

11.5a “New technologies and economic models created rapid industrial growth and transformed the United States.”

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline technologies and resources. Circle business strategies. Connect one example of each to an effect on industrial growth or economic power.

Building a National Industrial Economy

1 After the Civil War, factories used coal, iron ore, oil, and a growing workforce. The Bessemer process lowered steelmaking costs, supporting railroads, bridges, and construction. Railroads moved materials and products; telegraphs carried orders and prices quickly. These networks connected mines, factories, and customers across the country. Growth depended on linked resources, labor, investment, and technology rather than one invention alone.

2 Andrew Carnegie used vertical integration, controlling different stages of steel production, including raw materials and transportation. John D. Rockefeller combined competing oil refiners and used a trust to coordinate companies under common control. J. P. Morgan financed mergers, including U.S. Steel’s creation in 1901. Large firms could attract investment and lower costs, but concentrated power could weaken competition and increase influence over workers and suppliers. Size alone did not make every corporation an illegal monopoly.

3 Government responses developed unevenly. Wabash v. Illinois (1886) restricted state regulation of interstate railroad rates. Congress created the Interstate Commerce Commission through the 1887 Interstate Commerce Act, though early enforcement was weak. The Sherman Antitrust Act (1890) targeted restraints of trade and monopolization, but initial enforcement was limited. Roosevelt’s administration challenged the Northern Securities railroad holding company. In 1904, the Supreme Court upheld federal action against it. This demonstrated antitrust power without ending corporate concentration or every dispute over regulation.

2 ANSWER WITH EVIDENCE

Use the passage

1. How did railroads and telegraph lines work together to help a company operate on a national scale?

2. How did Carnegie's vertical integration differ from Rockefeller's use of a trust?

3. What was one economic benefit and one economic danger of large corporations and mergers?

4. What did the Wabash decision lead Congress to do, and what later case showed that federal action could challenge a trust?

3 YOUR TURN

Your own words

Imagine an industrial company in 1905. In four sentences, connect one technology, a business strategy, a benefit, and a concern that could prompt regulation.

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PART 1 · READ AND MARK

Underline technologies and resources. Circle business strategies. Connect one example of each to an effect on industrial growth or economic power. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	How did railroads and telegraph lines work together to help a company operate on a national scale?	**Railroads moved raw materials to factories and goods to national markets, while telegraphs let managers quickly send prices and orders across long distances.**
2	How did Carnegie's vertical integration differ from Rockefeller's use of a trust?	**Carnegie controlled the mines, railroads, and mills needed to produce steel. Rockefeller's trust coordinated many companies and limited competition in oil refining.**
3	What was one economic benefit and one economic danger of large corporations and mergers?	**They could attract investment and lower costs, but they gave a few firms major influence over prices, workers, suppliers, and competitors.**
4	What did the Wabash decision lead Congress to do, and what later case showed that federal action could challenge a trust?	**Congress passed the Interstate Commerce Act and created the Interstate Commerce Commission. Northern Securities Co. v. United States showed that federal action could challenge a large trust.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A steel company could use railroads to reach distant customers. Vertical integration could give it control over iron mines and transport. Coordinating these stages might lower costs. If the company used its control to restrain trade, federal officials could investigate under antitrust law.

Accept accurate explanations that connect transportation and communication to national markets, or organizational structures to greater corporate control. For the open response, accept any historically plausible technology, business model, benefit, and regulation concern that are clearly connected.