New Type of Business

1. **Pool**
   - 1887 → Interstate Commerce Act
   - Interstate Commerce Commission created.

2. **Trust** → John D. Rockefeller
   - Standard Oil Co.

[Image of John D. Rockefeller]
New Type of Business Entities

2. **Trust**:  
   - **Horizontal Integration** → John D. Rockefeller
   - **Vertical Integration**:  
     - Gustavus Swift → Meat-packing  
     - Andrew Carnegie → U. S. Steel
Iron & Steel Production

![Graph showing the increase in total raw steel production from 1875 to 1915. The y-axis represents total raw steel in 1,000 tons, and the x-axis represents the years 1875 to 1915. There is a noticeable increase in production from 1875 to 1915.]
New Type of Business Entities

1. Production of raw materials (oil is pumped out of the ground)
2. Transportation of raw materials (crude oil moves to refineries)
3. Processing (refineries transform crude oil into kerosene, lubricating oil and paraffin)
4. Transportation (finished products go to retail stores)
5. Sale to consumer

Steps in petroleum production/distribution

Vertical integration

Horizontal integration
U. S. Corporate Mergers
New Financial Businessman

The Broker:
- J. Pierpont Morgan
Wall Street – 1867 & 1900
The Reorganization of Work

Frederick W. Taylor

The Principles of Scientific Management (1911)
The Reorganization of Work

The Assembly Line
% of Billionaires in 1900
% of Billionaires in 1918
The Protectors of Our Industries
The ‘Bosses’ of the Senate
The ‘Robber Barons’ of the Past
Can't I do what I want with my money?
The public be damned!

What do I care about the law? H'aint I got the power?
The Gospel of Wealth: Religion in the Era of Industrialization

- Wealth no longer looked upon as bad.
- Viewed as a sign of God’s approval.
- Christian duty to accumulate wealth.
- Should not help the poor.

Russell H. Conwell
“On Wealth”

$ The Anglo-Saxon race is superior.
$ “Gospel of Wealth” (1901).
$ Inequality is inevitable and good.
$ Wealthy should act as “trustees” for their “poorer brethren.”

Andrew Carnegie
Regulating the Trusts

1877 \( \rightarrow \) *Munn. v. IL*

1886 \( \rightarrow \) *Wabash, St. Louis & Pacific Railroad Company v. IL*

1890 \( \rightarrow \) *Sherman Antitrust Act*
- in “restraint of trade”
- “rule of reason” loophole

1895 \( \rightarrow \) *US v. E. C. Knight Co.*
Relative Share of World Manufacturing

1880:
- Britain: 38.5%
- United States: 14.7%
- Germany: 22.9%
- France: 7.8%
- Russia: 7.6%
- Other: 8.5%

1900:
- Britain: 29.1%
- United States: 23.6%
- Germany: 18.5%
- France: 13.2%
- Russia: 6.8%
- Other: 8.8%

1913:
- Britain: 25.3%
- United States: 32%
- Germany: 14.8%
- France: 13.6%
- Russia: 8.2%
- Other: 6.1%
Modern ‘Robber Barons’??