# Lesson 25:
# The Rise of Industry

*Did the benefits of industrialization outweigh the costs?*

# 25.3 The Rise of Big Business

- When Andrew Carnegie opened his first factory in 1865, most businesses were still owned by one person or a few partners.

- Because the owners' funds were limited, businesses were small. Owners knew their employees and often treated them like family.

# 25.3 The Rise of Big Business

- A partnership might work well for small businesses like a garment, or clothing, factory.

- However, big businesses, such as railroads, required much more capital (money to start a business) than a few partners could provide.
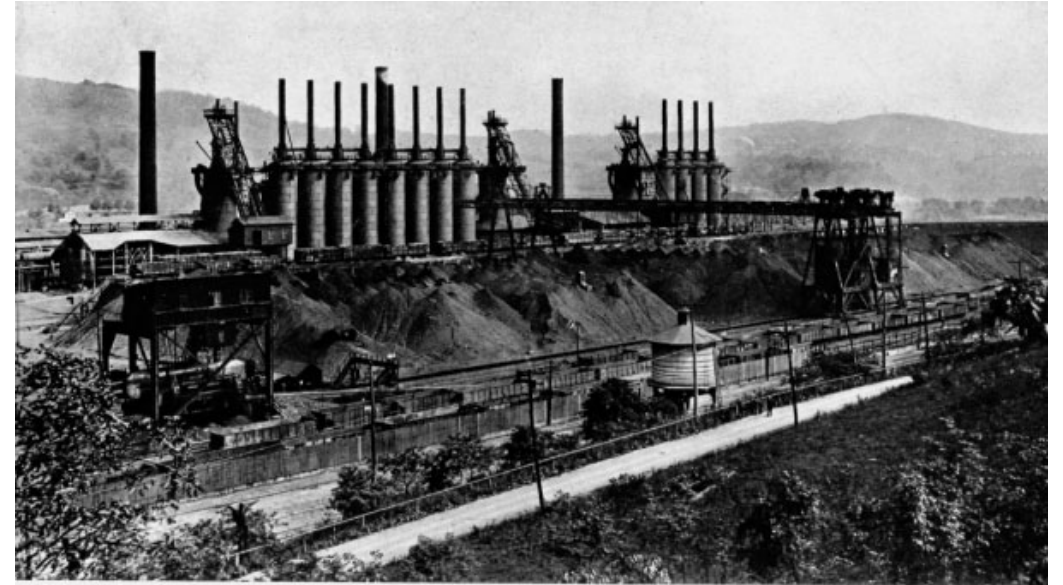
# 25.3 The Rise of Big Business

- To raise larger sums of money, entrepreneurs set up corporations.

- A <u>corporation</u> is a business that is owned by many investors, or people who help pay the business's <u>initial</u> expenses.
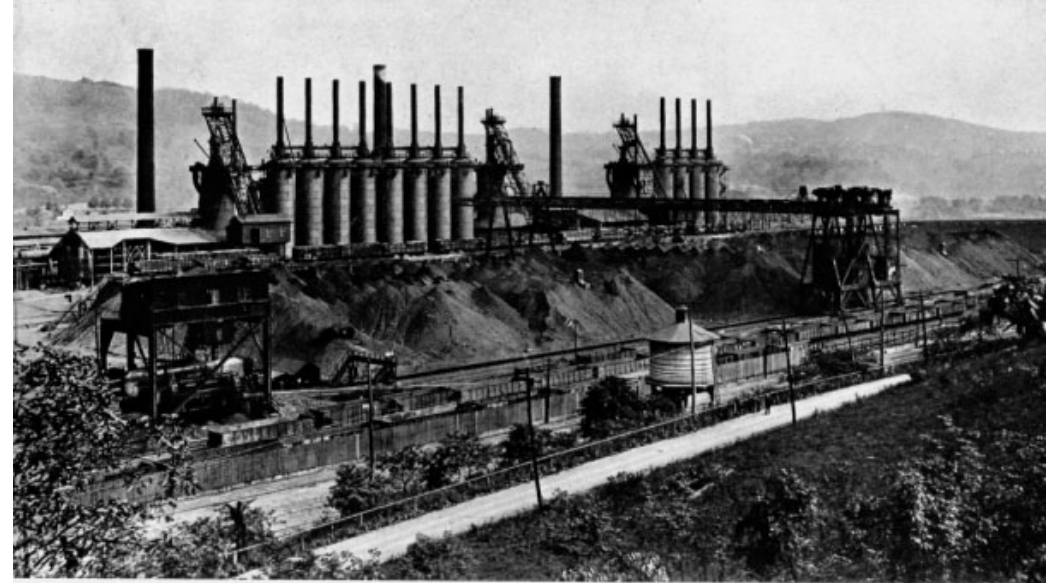
# 25.3 The Rise of Big Business

- People like Rockefeller and Carnegie grew their businesses by setting up corporations and trusts.

- They also took control of every step of their businesses.
  - For example, Rockefeller bought oil fields along with railroads, pipelines, ships, warehouses, and oil barrels.



BLAST FURNACE DEPARTMENT

# 25.3 The Rise of Big Business

- To manage his many businesses, Rockefeller combined them into the Standard Oil Trust.

- The trust made the oil industry more efficient than ever before.

- But, as a <u>monopoly</u>, the trust had the power to control oil prices, which worried people who depended on oil in their homes and businesses.



BLAST-FURNACE DEPARTMENT

# 25.3 The Rise of Big Business

- The growth of trusts alarmed many Americans who saw these monopolies as a threat to the free enterprise system.

- Henry Lloyd warned Americans that, "liberty and monopoly cannot live together."

- Lloyd was referring to the influence of trusts on the political process and warning that wealthy entrepreneurs could use their wealth to buy elections and corrupt officials.
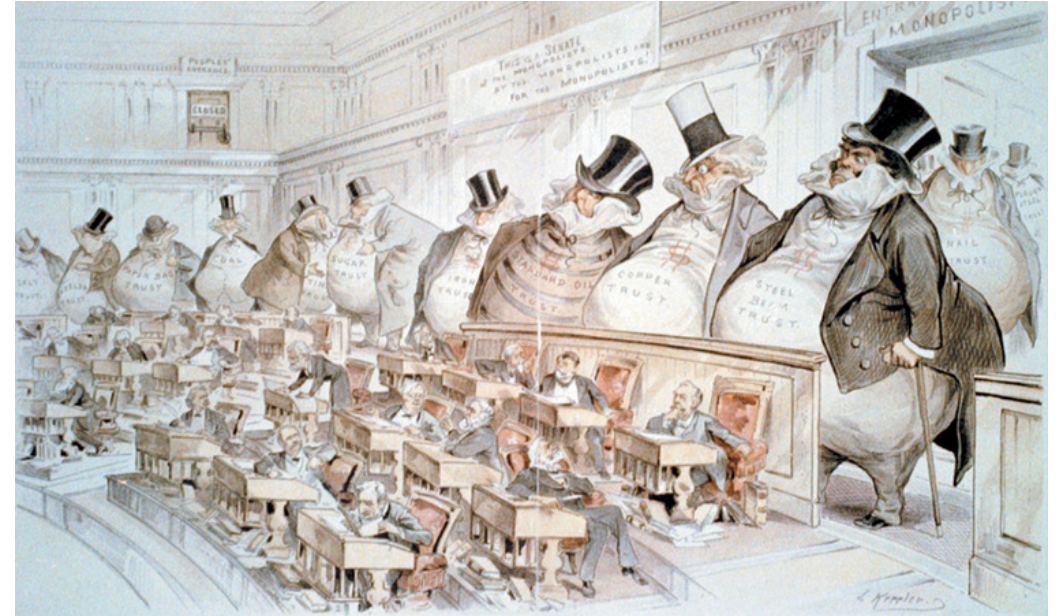
# 25.4 The Growth of Cities

- Industrialization brought with it <u>urbanization</u>, or city growth.

- Most of the nation's new industries were located in <u>urban</u> areas, causing immigrants and <u>rural</u> Americans to flock to these industrial centers looking for jobs.

- Chicago, for example, more than tripled its population between 1880 and 1900.

# 25.4 The Growth of Cities

- As urban populations increased, demand for cheap housing exploded.

- To meet this demand, developers threw up cheap apartment buildings called tenements, described by one person as "great prison-like structures of brick, with narrow doors and windows, cramped passages and steep, rickety stairs."

- By 1900, about two-thirds of New Yorkers lived in such buildings.

# 25.4 The Growth of Cities

- Tenements were unclean and even dangerous places to live.

- Only a few rooms had windows to provide light and fresh air, while the rest were dark and airless.

# 25.4 The Growth of Cities

- Many tenements lacked sewer services, and the only source of water was a single faucet in a courtyard.

- In such conditions, diseases such as typhoid and cholera spread quickly, killing infants and young children.

- Fire was another constant worry.

# 25.4 The Growth of Cities

- As cities expanded, urban land costs shot up.

- Such prices inspired builders to construct more building space on less land by expanding upward.

- Using lightweight steel beams to support walls and ceilings, builders constructed skyscrapers that rose ten or more stories into the air.

- Electric elevators whisked people and freight effortlessly from floor to floor.

# 25.4 The Growth of Cities

- Businesspeople rented space in city skyscrapers for their offices and factories.

- Factory owners preferred the top floors because rents were cheaper higher up, and the natural light was better, saving owners money on electric lighting.

- The cost of insurance was low as well because steel buildings were thought to be fireproof.

# 25.4 The Growth of Cities

- Despite their problems, cities were also exciting places to live.

- Stores were filled with products never seen by people who had grown up on farms.

- City dwellers enjoyed all sorts of entertainment, from operas and art museums to dance halls and sporting events.

# 25.4 The Growth of Cities

**Urbanization**

| | |
|---|---|
| **Demand of cheap housing** | **Increase in cost of land** |
| **Construction of tenements** | **Building of skyscrapers** |
| Dangerous conditions and quick spreading diseases | Space in skyscrapers rented to businesspeople |
| Deaths of children | Factories on the top floor of skyscrapers where space was cheapest |