

**CHAPTER 6**  
**SECTION 2**

**Section Summary**  
**THE RISE OF BIG BUSINESS**

**READING CHECK**

Name one social condition that people used Social Darwinism to justify.

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**VOCABULARY STRATEGY**

What does the word *restraint* mean in the underlined sentence? The terms *control* and *command* are synonyms of *restraint*. Use these synonyms to help you figure out the meaning of *restraint*.

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**READING SKILL**

**Identify Supporting Details**  
 What details support the opinion that big business had a negative impact on the United States?

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To take advantage of larger markets, investors developed a form of group ownership known as a **corporation**. In a corporation, a number of people share ownership of a business. Corporations had access to huge amounts of money, allowing them to fund new technology or enter new industries.

Corporations worked to maximize profits in several ways. Some corporations tried to gain a **monopoly**, or complete control of a product or service. Other corporations worked to eliminate competition by forming **cartels**. In this arrangement, businesses making the same product agreed to limit their production and thus keep prices high. Another way to increase profits was to create a giant company with lower production costs. This system of consolidating many firms in the same business is called **horizontal integration**. **John D. Rockefeller, Andrew Carnegie**, and other businessmen also increased their power by gaining control of the many different businesses that make up all phases of a product’s development. This process, called **vertical integration**, allowed businessmen to reduce costs and charge higher costs to competitors.

Gradually, consumers, workers, and the federal government came to feel that systems like **trusts**, cartels, and monopolies gave powerful businessmen an unfair advantage. At the same time, many people believed that business leaders served the nation positively. Factories, steel mills, and railroads provided jobs. The development of efficient business practices and industrialists’ support for developing technology benefited the nation’s economy, shaping the United States into a strong international leader. Finally, many business leaders were important philanthropists.

Charles Darwin’s theory of survival of the fittest was applied to the world of American capitalism and was called **Social Darwinism**. People used Social Darwinism to justify all sorts of beliefs and conditions, such as discrimination.

The federal government slowly became involved in regulating trusts. In 1890, the Senate passed the **Sherman Antitrust Act**. This act outlawed any trust that operated in restraint of trade or commerce among several states.

**Review Questions**

1. Name two methods that businesses used to increase their profits.

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2. List two reasons some people had favorable opinions about the impact of big business.

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