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independent upon



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America in the 1880s, big business began to flourish due to the likes of J. P.

Morgan and Andrew Carnegie. They established this by being very successful businessman themselves, and doing what they had to do to be successful, such as cut corners, whether it be in the likes of sanitation and working conditions, or pay lower wages because of the resources provided. Naturally, some sacrifices needed to be made in order to achieve this goal. But in the long run, I believe that it was well more than worth it. Many historians and big business critics argue that they did this in selfish and corrupt ways that only hurt America. I am going to argue that what was done was necessary for the prosperity of this nation, and that this was the best alternative.

Before the 1880s, all of America was mainly independent upon themselves for the resources they needed to survive. Our economy was based on farming and livestock. Then along came the idea of big business. The changes that took place after the civil war involved more than just a change of technique and productivity. By the beginning of the twentieth century, the nations major sectors, like banking, oil refining, railroads, and steel, were controlled by a small number of larger corporations.

This rise was also accompanied by an increase in the number of millionaires. At the beginning of the Civil War, there were only 400 millionaires in the United States. By 1892, the number had risen to 4, 047.

1 The emergence of the modern corporation was accompanied by many positive developments. Between 1890 and 1929, the average urban worker put in one less day of work a week and brought home three times as much in

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pay. The proportion of families confined to the drudgery of farm life declined by half. By 1929, nine out of ten Americans had electricity and indoor plumbing, four-fifths had automobiles, two-thirds had radios, and nearly half refrigerators and phonographs. At the same time, infant mortality fell by two-thirds, and life expectancy increased by twenty years. 2 There were many differences between smaller businesses before the 1870s and the larger ones after. The most obvious, involved the corporation's larger size and capitalization.

The typical business establishment before the 1870s was financed by a single person or by several people bound together in a partnership. As a result, most businesses represented the wealth of only a few individuals. As late as 1880, the average factory had less than \$1, 800 in investment. Even the largest textile factories represented less than a million dollars in investment.

In contrast, John D. Rockefeller's Standard Oil Company was worth \$600 million and U. S. Steel was valued at \$1 billion. 2 Another contrast between the new corporate enterprises of the late nineteenth century and earlier businesses lies in the systems of ownership and management.

Before the Civil War, almost all businesses were owned and managed by the same people. In the modern corporation, actual management was increased and turned over to professional managers. Within corporations, a management revolution took place. Yet another sweeping change in business operation was the corporation's increased size and geographical

scale. Before the 1880s, most firms operated in a single town from a single office or factory. Most sales were made to customers in the immediate area.

But the new corporate enterprises carried out their functions in widely scattered locations. J. P. Morgan was one who stood out in this revolution of business. His banking house established the structure of some of the most prominent American industries in history, beginning with the railroad.

Believing that aggressive competition had to give way to order, he consolidated competing railroad lines and many other industries. He organized syndicates to propose bond and stock issues that gave rise to such companies as AT; T, General Electric, and U. S. Steel. His critics considered him a ruthless capitalist pirate, the personification of the oppressive power of Wall Street that would crucify mankind on a cross of gold.

3 But his goal was to replace cutthroat competition with economic stability. Morgan was instrumental in helping to create the modern American economy. After the Panic