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History

Horizontal Integration of Industry in the Late 19th Century The 19th century was a seminal period of industrial growth in Western society. The late 19th century in the United States experienced the widespread institution of factories and mechanical production. With the emergence and rise of big business there also emerged a growing vertical and horizontal integration of large manufacturing firms. Horizontal integration is a business strategy where a firm acquires another firm’s operations at the same level in the value chain. This process functions as a means of consolidating power in an industry and can lead to monopoly situations. This essay compares and contrasts ‘ Old School’ and ‘ New School’ perspectives of horizontal integration.

The old school perspectives on horizontal business integration emerged from theorists during the early part of the 20th century until the 1970s. This is contrasted with the new school forms that took on varying paradigms between the 1970s and the present day. The old school perspectives on horizontal integration largely emphasized biographical information of the participants. For instance, in the case of Rockefeller conflicting biographical perspectives on his life were considered, with one view emphasizing his contributions to social progress and innovation, and the other casting Rockefeller as a greed obsessed shark. One considers Rockefeller’s horizontal integration through Standard Oil as he systematically Within these perspectives historians such as Mathew Josephson labeled Rockefeller a ‘ robber baron’ citing examples such as cheating and unfairness, as well as the diminished living conditions of many of the lower-tier workers involved in his operations. Still, other theorists herald these actions as cutting edge entrepreneurship.

Andrew Carnegie was another prominent individual examined by the old school and new school perspectives on industrialization. Similar to old school perspectives on Rockefeller, old school perspectives divide Carnegie's horizontal integration through his Carnegie Steel Company along critical progressive lines and that heralded him as an industrial statesman. Individuals such as Harold Livesay, writing in an old school perspective, considered him a ' master moneyman' for his financing capabilities. He is also heralded for revolutionizing internal business elements and only engaging in horizontal integration when necessary. New school approaches consider corporate this organizational structure and management strategy. Prominently articulated by Alfred Chandler, this ' Chandlerian new school view positions external market forces as a key driver of business decisions. While old school perspectives imbued moral dynamics into the equation, new school perspectives on Carnegie Steel and Standard Oil's horizontal integration worked to establish an objective interpretation of events. Specific sorts of new school insights into these individuals are that the nature of supply and demand and the increasing shifting lines of American society and capitalist production in the late 19th century deterministically propelled Carnegie and Rockefeller's venture into horizontal integration. In these instances it's not so much the character of the barons, but the social forces that compel their decisions.

Ultimately, in terms of my own perspectives on Carnegie and Rockefeller's horizontal integration practices, I currently believe that moral proscriptions are appropriate, but only to the extent that the individuals involved adhered to governmental regulations. While Carnegie may have more outwardly seemed socially responsible this can in part be attributed to external market elements. Although it is possible to retrospectively deride Rockefeller for being overly greedy, the reality is that corporate businesses are like sharks in that they must constantly be moving or die. The moral responsibility of these men then was to ensure that their businesses succeeded within the confines of governmental regulations. To this degree they were both highly successful and upstanding citizens.