

The history of technological advances in america that benefited the economy

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In Alfred D. Chandler's article, *The Beginnings of "Big Business" in American Industry*, he discusses the way in which integration as well as the formation of large corporations came in to control so quickly. He breaks down the processes of the increased development of major innovations, explaining the expansion of the production in each.

He focuses on the business economy at the time and the motivations of businessmen to develop new products and increase product production efficiency. This article also explains how these expansions led to businesses choosing to supply their own raw materials as well. The new national railroad was one of the biggest driving factors in the rise of big business in the United States due to the access it gave producers to a larger market scale.

This new era occurred between the mid 1800s and the early 1900s. In the 1870s, when only a few companies were using the railroads, small firms were generally only manufacturing their products for nearby markets. A few firms that had become vertically integrated ran the major industries.

Railroads were the major factor that created the national market, providing efficient transportation as well as an easy way to move crops, bring supplies, and open new territories for agriculture. New major cities were developed and urban expansion increased the demand for newly developed products. Urban populations nearly tripled in total population from 1860 to 1880.

Vertical Integration began to occur in two different ways, the first being in the development of products that were new and fitted to serve the urban market and the second being the building of large markets and purchasing of organizations. The major processes that became integrated were production

or purchasing of raw materials, manufacturing distribution and finance activities. Many small businesses also merged together to create larger ones.

Companies were able to grow so large due to the creation of nation-wide marketing and distribution organizations. Competitors worked to keep up with one another, taking each new innovation and expanding on it.

Advanced technology used for production began to often outrun the supply of resources, resulting in a need to expand markets and supplies. Successful companies concentrated activities in locations that were likely to meet growing urban demands.

American cities became the primary markets and demand for urban lighting, heat, power, communications, water, sewage, and other products increased. Changes in the market led to the shift in America's largest steel plant from rails to structures. New York and Chicago were the major places companies focused production on. Bankers played a key role in this new integration by providing the funds for mergers and expansion, allowing the investors to acquire some control over the industrial corporations.

A major reason companies such as Standard Oil began to produce their own raw material were in order to assure having a steady supply of the materials in the future. When one company took these steps, competitors quickly followed in order to keep up. In industries such as steel, defensiveness does seem to be a major motivation of the integration in its production.

In the copper industry, integration was due factors including the combination of its operating activities, the railroads opening new western mining areas, and the increase in demand for copper due to new electrical and telephone businesses. In the paper, explosives, and coal industries, the motivation for consolidation and combination was to lower the costs of production.

Concerns over the availability of supplies were a major cause for change because the users of semi-finished materials were insecure about the growing combinations of their suppliers. Almost all steel-fabricating combinations consolidated into single operating organizations. Cancelled contracts with steel producers by companies that were beginning to produce their own led to companies such as Carnegie's developing plans to produce their own.

General Motors also began producing its own parts in order to provide security by assuring the availability of parts at all times. Fords insistence on an integrated mine to market organization concentrated at one huge plant is known to be one of the most costly mistakes in American business history.

The major innovations in America after 1900 came in industries involving sciences such as in new sources of power, electricity, and combustion engines.

By 1903 the merger movement had nearly ended and the industries processing agricultural products had developed patterns of internal organization as well as external competition, which would remain for a long time. Electricity was also becoming a significant source of industrial power and automobiles were beginning to revolutionize transportation. Major

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companies had also moved in to being managed by corporate offices while being supervised from a central office.

The new large industrial organizations required a large consumer market to sell their products to in order to support the increased overhead costs. Once certain companies began to move toward vertical integration, its competitors were forced to follow the lead. The majority of technological advancements were developed in order to meet the demand of the large markets and the creation of large corporations was a direct result of the building of a national railroad network.