

# **Big Business & Monopolies**

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**U.S. economy originally  
based on “Laissez -  
faire”**

**Means government  
did not interfere with  
the economy**

**Principle of U.S.**

**economy =**

**Capitalism Capitalism**

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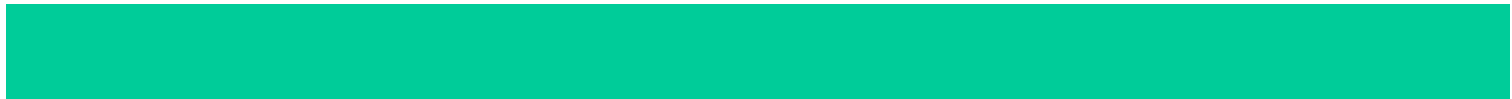
**Capitalism Capitalism**

# Capitalism

- **People own the businesses**

**Prices based on supply and demand**

**Principle - hard work will pay off**  
**- work hard to gain profits**



# **Problems with “Laissez - Faire”**

**Monopolies  
began to form**

**Monopolies - businesses that  
tried to eliminate all  
competition**

# **Problems with monopolies**

**Higher prices and fewer  
choices for consumers**

**Higher prices caused people to  
pressure the government into  
ending monopolies**

**Big  
Business  
Leaders**



**Andrew Carnegie**



**John D. Rockefeller**

**Don't Forget Don't Forget Don't Forget Don't Forget**

**J.P. Morgan**



**Government's  
effort to break up  
monopolies**

**Called**

**Trustbusting!**

**Nothing in the  
Constitution gave the  
government the power to  
break up monopolies**

**They used the provision in  
the Constitution that  
allows Congress to  
regulate interstate trade**

# Sherman Anti- Trust Acts

# Trustbusting legislation

# Interstate Commerce Commission

First Regulatory  
Commission ever formed

**Designed to oversee the railroads**

# Federal Trade Commission

**Still exists - to watch  
out for monopolies**

**Resistance to these efforts**

## **SOCIAL DARWINISM**

**Social Darwinism - business  
leaders complained that  
monopolies were natural  
survival of the fittest  
companies**

# Changing Role of the Federal Government in the Economy

**As the economy changed from an agricultural to an industrial economy the Federal government was forced to take a larger role**

**LARGER ROLE    LARGER ROLE    LARGER ROLE**

**Government used Tariffs  
to protect the economy  
from foreign competition**

**Tariffs - taxes on foreign goods to  
make them more expensive**

**Farmers generally did NOT like tariffs  
because it made manufactured goods  
more expensive**



# Corporations

**Businesses owned by  
stockholders**

**Advantage of Corporations Advantage of Corporations  
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**Advantage of Corporations -  
able to raise large amounts of  
capital**