

Lecture: *Trusts & Government Corruption*

Rise of Industrial Trusts

- **Corporation:**

- A form of _____ organization that enables a _____ of individuals to operate as a _____ “artificial legal person” It can sue and be sued, hire and fire, buy and sell, manufacture and trade.

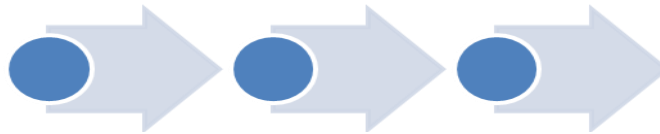


- **Advantages:**

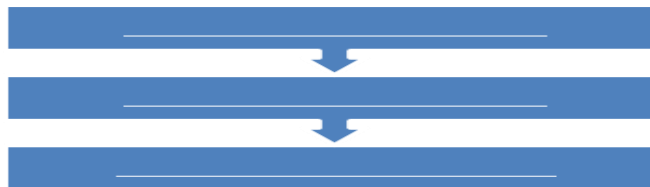
- Securing of _____: Can buy stocks and bonds
- Limited _____
- One can easily _____ of corporation buy selling shares
- Perpetual _____

- **Merger: the consolidation of _____ companies into a _____ corporation**

- **Horizontal Integration:** Companies producing _____ products merge



- **Vertical Integration:** Companies producing _____ products merge

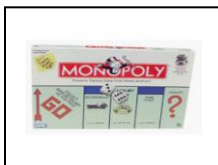


- **Monopoly**

- The elimination of _____.
- _____ corporations in order to control prices, production, and sales of territory

- **Pool:** a _____ agreement among _____ companies to fix prices and output, or to divide sales territory.

- By the Interstate Commerce Act (1887) railroad pools were declared illegal



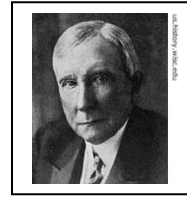
- **Trust:** Stockholders of competing companies turned their _____ over to a board of trustees and in exchange received trust certificates. In this way, the board of trustees gained _____ and managed the member companies in such a way as to _____.

– The Sherman Anti-Trust Act (1890) made trusts _____.

• Examples of Business Consolidations

– OIL: John D. _____: Standard Oil Company

- By 1879 controlled _____ of the country's oil refineries



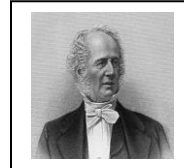
– STEEL: Andrew Carnegie: Carnegie Steel Company

- 1900 – producing _____ of countries steel



- J.P. Morgan: formed a steel _____: The U.S. Steel Corporation

– RAILROAD: Cornelius Vanderbilt: _____ Eastern RR's.



• Advantages of Big Business

– Mass Production

- Ex. _____ line, division of labor, standardization of parts

– Wide Distribution

- Used _____ and sold products across nation

– Efficient Management

- Able to hire best _____, maintain costly _____ laboratories and raise _____ for expansion

• Abuses of Big Business

– Elimination of _____

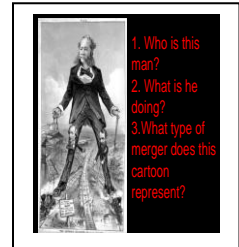
- Large corporations drove out _____ businesses

– Power over the consumer

- Could force consumer to pay _____ prices and accept _____ quality

– Exploitation of _____

- Pay _____ wages, long _____ hours, prevented them from forming _____



• Influence over the government

– Manipulated government at _____, _____ and _____ levels

– Industrial giants _____ for government offices, made _____ contributions to political candidates, and _____ legislatures

– Political “_____” and “bosses” – political _____ given in exchange for _____.