

Exercise walk-through

6.6

The Rise of Industrial Capitalism

AP United States History

How could industry grow in different ways?

Teacher-written cases, grounded in CED Topic 6.6

- A** A business adopts new machinery and management methods to produce more goods.
- B** Several firms are brought under the control of a large trust or holding company.
- C** Better transport and communication connect producers with more distant markets.

Try it: Explain what changes in each case: production, ownership or access to markets. Which case most directly shows **consolidation** ?

Worked mechanisms: output, ownership and markets

A: Production. Technology and redesigned management could raise output. More goods alone do not prove that fewer owners control the industry.

B: Ownership. Trusts and holding companies were **corporate structures** used to consolidate firms. Control and wealth became more concentrated.

C: Markets. Transport and communication networks connected production with wider markets. Businesses also sought markets and resources outside the United States.

Growth involved interacting changes in technology, organisation, labour, markets and government policy. Explain the relevant mechanism.

Could living standards and inequality both rise?

Teaching evidence, paraphrased from CED Topics 6.6–6.7

Many goods became cheaper. Workers' real wages increased, and many Americans could afford more goods and services. At the same time, the gap between rich and poor grew and corporate consolidation concentrated wealth.

Claim A: “If workers could buy more, economic inequality must have fallen.”

Claim B: “If inequality grew, no worker's living standard could improve.”

Try it: Assess both claims. Distinguish purchasing power from the distribution of wealth.

Worked judgment: gains did not mean equal benefits

Purchasing power: Lower prices could let wages buy more goods and services. This could improve living standards without making workers as wealthy as business owners.

Distribution: Wealth could become more concentrated while many workers' purchasing power improved. Neither claim follows from the evidence.

Policy: Some defended **laissez-faire**, arguing that competition promoted long-term growth and opposing intervention during downturns. Pro-growth government policies also helped industrial development.

Laissez-faire was an argument about government policy. It does not mean that government was absent from industrial growth.

The Rise of Industrial Capitalism, continued

Many living standards improved alongside **rising inequality**. Economic downturns and labour conflicts also prompted debates over government policy.

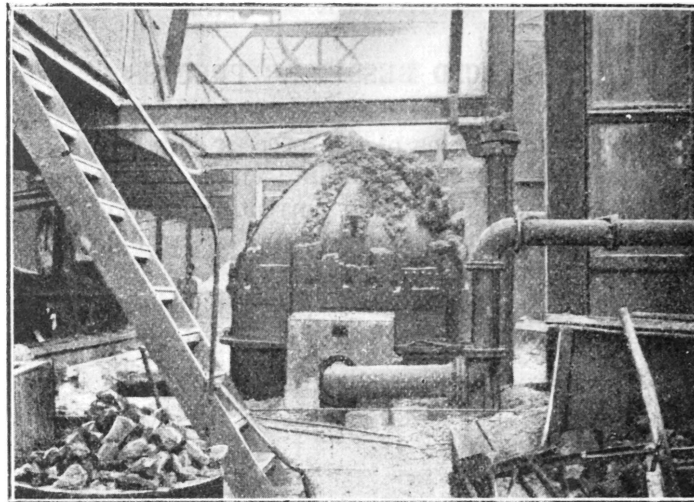


Fig. 30.—Bessemer Converter while Blowing.

a Bessemer converter blowing

Exercises 2.1·2.2

2.1 Name the three things that accompanied large-scale industrial production. [3]

2.2 Name the three organisational changes businesses made. [3]

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2.1

- massive technological change; expanding international communication networks; pro-growth government policies
-

2.2 Name the three organisational changes businesses made. [3]

2.2

- redesigned financial and management structures; advances in marketing; a growing labor force

Exercise 2.3 (a)

2.3 Consolidation had a consequence.

(a) State the motive and the consequence.

[2]

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[2]

(a)

- increased profits was the motive; further concentration of wealth was the consequence

Exercise 2.3 (b)

2.3 Consolidation had a consequence.

(b) Name the regions businesses looked to.

[1]

Exercise 2.3 (b)

2.3 Consolidation had a consequence.

(b) Name the regions businesses looked to.

[1]

(b)

- the Pacific Rim, Asia and Latin America

Exercises 3.1-3.2

3.1 Consolidation into trusts and holding companies further

[1]

☐

A concentrated wealth

B distributed wealth

C reduced production

D ended competition permanently

3.2 Businesses looked outside U.S. borders towards the Pacific Rim, Asia and

[1]

☐

A Latin America

B Africa

C Antarctica

D Scandinavia

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- A Latin America
- B Africa
- C Antarctica
- D Scandinavia

3.2 A

- Latin America

Exercise 3.3 (a)

3.3 A government adopts pro-growth policies while businesses consolidate.

(a) State the CED's relationship between them.

[1]

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[1]

(a)

- both accompanied large-scale industrial production and generated rapid development and consolidation

Exercise 3.3 (b)

3.3 A government adopts pro-growth policies while businesses consolidate.

(b) Explain the connection to the next period.

[2]

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[2]

(b)

- businesses looking abroad for markets and resources supplies the economic origin of period 7's imperialism debate