**Chapter 17 - Industrial Expansion and Concentration**

1. The considerable rise of manufacturing in the last half of the 19th century has become known as

a. the Great Leap Forward.

b. the Industrial Revolution.

c. the Second Industrial Revolution.

d. the Ascendancy of Manufactures.

2. Which of the following statements provides the *most* accurate description of the employment growth rate in various sectors of the economy between 1860-1910?

a. All major sectors grew with the exception of agriculture and construction.

b. All major sectors grew, and agriculture grew the most.

c. The manufacturing sector grew the most, followed by railroads, but agricultural employment decreased.

d. All major sectors grew, and railroads grew the most.

3. Between 1860 and 1910, value added by the top ten manufactures roughly

a. doubled.

b. tripled.

c. increased by 500% (a factor of five).

d. increased by 1000% (a factor of ten).

4. Between 1860 and 1910, output in manufacturing, mining, and railroad freight hauling

a. expanded more rapidly than the labor force in these sectors.

b. grew at about the same rate as the labor force in these sectors.

c. grew more slowly than the labor force in these sectors.

d. expanded, while the labor force in these sectors declined.

5. By the eve of World War I, the United States was the leading producer of manufactured goods and accounted for more than \_\_\_ of the world's industrial production.

a. 15%

b. 30%

c. 60%

6. In 1910, the largest U.S. industry as ranked by value added was

a. machinery.

b. cotton goods.

c. tobacco manufactures.

d. railroad cars.

7. During the 1870s and 1880s, which technological innovation was NOT introduced?

a. the roller mill to process oatmeal

b. steel-bottomed stills

c. long-distance pipelines

d. the typewriter

e. All of the above are correct.

8. Between 1860 and 1910, the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ industry showed the greatest percentage increase in value added per worker.

a. cotton textile

b. men’s clothing

c. lumber

d. machinery

9. In the late 19th century, increases in productivity in the \_\_\_\_\_\_\_\_\_ industry were driven mostly by innovation (the adaptation of new technological ideas to existing products and services), while increases in productivity in the \_\_\_\_\_\_\_\_ industry were driven by both invention and innovation.

a. men’s clothing; grain milling

b. boot and shoe; cotton textile

c. cotton textile; boot and shoe

d. boot and shoe; men’s clothing

10. During the 1870s, \_\_\_ surpassed \_\_\_ as the leading source of power.

a. animals; humans

b. water; animals

c. steam; water

d. electricity; steam

11. In the late 1800s, the Goodyear welt process vastly increased productivity in the \_\_\_\_\_\_ industry.

a. steel

b. boot and shoe

c. tire

d. cotton textiles

12. On the eve of the Civil War, \_\_\_\_\_\_\_\_\_\_ power was more important than \_\_\_\_\_\_\_\_\_\_\_\_\_ power, but by the end of the 19th century, 90 percent of manufacturing energy came from \_\_\_\_\_\_\_\_\_.

a. animal; water; steam

b. steam; water; electricity

c. wind; water; petroleum

d. water; steam; coal

13. Many late 19th century managerial innovations were first developed by

a. the automobile industry.

b. the railroads.

c. the textile industry.

d. the iron and steel industries.

14. The McCallum management principles advocate the use of

a. time-motion study to determine the most productive way to perform job-tasks.

b. employee stock-purchase programs.

c. internal accounting systems and performance evaluations.

d. leveraged buy-outs to increase the firm's control of an industry.

15. Henry Ford is *most* recognized for:

a. inventing new technology to further the steel production process.

b. developing the first investment banks.

c. implementing the first progressive, moving assembly-line system for large, complex final products.

d. playing an integral role in developing the first American factory.

16. Mass production integrates

a. continuous flow and interchangeable parts.

b. economies of scale and scientific management.

c. the McCallum principles.

d. the Taylor premises.

17. Frederick Taylor argued that worker efficiency could be improved by analyzing in detail the movements required to perform a job and he

a. studied the movements of workers as they performed job tasks.

b. advocated the use of incentives for superior performance.

c. carried on experiments to determine the optimum size and weight of tools.

d. developed principles pertaining to the correct routing of work and accurate scheduling of production orders.

e. All of the above.

18. "Taylorism" has been described as

a. dehumanizing.

b. the exploitation of labor.

c. using science to increase production.

d. All of the above are correct.

e. Only b and c are correct.

19. As a means of gaining monopoly power, holding companies were preferable to gentlemen’s agreements and pooling because

a. holding companies did not have an adverse impact on employment.

b. holding companies were able to reduce competition from imported goods.

c. holding companies were legal in most states.

d. holding companies were not subject to corporate profits taxes.

20. A \_\_\_\_\_\_\_\_\_ is an agreement under which stockholders of several formerly-competing companies turn over their shares to a group that exercises voting control over the companies.

a. trust

b. gentleman’s agreement

c. holding company

d. pooling arrangement

21. Which of the following statements best describes the concentration movement between 1875-1905?

a. There were two phases, the first of which had relatively more horizontal mergers and the second had relatively more vertical mergers.

b. The first phase focused on vertical mergers, the second was a period of relative inactivity in acquisitions, and the third decade was one of horizontal mergers.

c. There were three phases, the first of which had relatively more vertical mergers and the second had relatively more horizontal mergers.

d. There were two waves of mergers. In the first wave most mergers were motivated by the desire to obtain monopoly profits and the second wave was obtained through greater economies of scale.

22. A horizontal merger

a. combines similar firms that serve separate markets.

b. combines firms that produce similar products.

c. enables a company to control each stage of the production process: from raw materials to the final marketing

d. enables similar firms to form a cartel.

23. Which of the following is an example of a horizontal merger?

a. the consolidation of marketing, processing and purchasing departments by Armour Meat Company

b. the purchase of E.C. Knight Company by American Sugar Refining Company

c. the purchase of Colorado silver mines by the Tiffany Jewelry Company

d. Federal Steel Company’s alliance with American Bridge Company

24. John D. Rockefeller is *most* recognized for:

a. developing the oil industry.

b. being an early promoter of the computer industry.

c. lobbying the government for the abolition of slavery.

d. inventing new technology to further the steel production process.

e. being an initial supporter of minimum wage laws.

25. Which of the following statements presents accurate information about the Standard Oil merger?

a. The Standard Oil merger is an example of a vertical merger.

b. Standard Oil was initially organized as a holding company.

c. The petroleum refining industry was never particularly competitive, and was dominated by a few large firms even prior to the Standard Oil merger.

d. Following the merger, Standard Oil controlled 90 percent of U.S. refining capacity.

e. All of the above.

26. Andrew Carnegie is *most* recognized for:

a. being the first manufacturer to utilize the assembly line in large-scale production.

b. being a leader in the steel industry.

c. helping implement many of FDR's New Deal policies.

d. being a prominent Civil War general.

27. A “vertically integrated firm” is a firm that

a. combines firms which formerly competed.

b. manages all stages of production, from the production of raw materials to the marketing of the final product, within the firm.

c. earns zero economic profits due to the highly competitive market within which it operates.

d. has representatives on its board of directors from many of the companies that it buys from and sells to.

28. In 1901, U.S. Steel was created through the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ merger of three steel firms. U.S. Steel combined Carnegie Steel, which had acquired iron ore and coal mines through previous \_\_\_\_\_\_\_\_\_ mergers, with National Steel and Federal Steel, both of which had strong \_\_\_\_\_\_\_\_\_\_ alliances.

a. horizontal; backward vertical; forward vertical

b. vertical; horizontal; backward vertical

c. horizontal; horizontal; forward vertical

d. vertical; forward vertical; horizontal

29. In *U.S. v. Addyston Pipe and Steel Company* (1898), the Supreme Court ruled that

a. horizontal mergers were a violation of the Sherman Act.

b. vertical mergers were a violation of the Sherman Act.

c. collusive agreements among competing firms were a violation of the Sherman Act.

d. mergers that created “corporate monoliths” were a violation of the Sherman Act.

30. What best describes the changes in steel production from 1860-1910?

a. The Bessemer process replaced earlier methods of production and became the dominant method of producing steel by 1910.

b. The Bessemer process replaced older methods of production and was later displaced by the open-hearth process.

c. The open-hearth process, the first method of producing steel, was replaced by the Bessemer process.

d. The Grandy process replaced both the open-hearth process and older technologies.

31. “Trust busting,” including the prosecution of the American Tobacco Company and Standard Oil, was a high priority of \_\_\_\_\_\_\_\_\_’s administration.

a. Franklin Roosevelt

b. Ulysses S. Grant

c. James Garfield

d. Theodore Roosevelt