

Second, the market in the U.S. was becoming physically integrated as the railroads linked the country. In this sense, the U.S. was the first *common market* of a continental scale, allowing freedom to trade across state lines. Trade flourished.

4.1 From fairness to structuralist efficiency

4.1.1 The individualist frontier

As people moved westward in the U.S., there was an atmosphere of frontierism. Both the railroaders and the people they served were self-interested individualists. The process of deeper market integration across the U.S. states helped the economy become more self-sufficient and independent from England and the rest of the world.

● **Trusts: the erosion of equity and freedom**

The railroad owners created monopolies and strengthened their market power through predatory pricing. Businesses formed trusts to drive out their rivals and to increase their profits. As small businesses and farmers lost out to trusts, the distribution of income in the U.S. tilted in favour of big business. Equity issues surfaced and the related policy questions became sharper.

- First, responding to the populist reaction, the U.S. government in the 1880s passed the Interstate Commerce Commission Act, which was aimed to prevent the railroads from using their monopoly power.
- Second, having put the boots to the railroads, the U.S. government's next significant act was the passage of the antitrust laws.

● **Antitrust: restoring equity**

Antitrust laws were demanded by the dominant frontier mentality in the U.S.. Small landowners argued that the trusts had hiked industrial prices relative to farm prices. Bork states that: