

throat" competition. When men find themselves being driven to the wall, they play for safety and an exclusive market, rather than attempt the almost hopeless task of securing a larger and more profitable trade by still keener competition. Under such circumstances, the first man who is keen enough to see the advantages of substituting combination for competition as the rule of trade, will find the people whom he approaches disposed to listen to him.

### **An Early Pool.**

Competition was keen and profits were small in the United States in the period following the Civil War. Consequently we find here the loosest kind of combination (the pool) coming into prominence in American manufacturing industry. An instance given by Ripley is the case of the Michigan Salt Association. Competition in the salt trade had proved very destructive of the capital engaged in it, and finally about 1866 we find the salt manufacturers in Michigan agreeing to sell their product to an Association which was to dispose of it for them. Thus they would cease to compete against each other in the market and would be enabled to secure enhanced profits.

### **Other Varieties of Pools.**

This selling Association is perhaps the most common, but not the only type of pool. Palgrave's Dictionary of Political Economy mentions four other classes with the principles on which they operate: first, division of the field, where each competitor agrees to take the traffic of a certain district and withdraws from competition elsewhere; second, division of traffic, where the competitors agree upon the percentage of the business to be handled by each concern; third, gross money pools, where they agree upon a percentage of gross receipts; fourth, net money pools, where they agree upon a percentage of the profits. These latter are the closest and require a system of joint book-keeping.

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