ECONOMICS

LESSON XVII.

Trust and Monopoly Problems.

N.B.—The student should, before beginning work on this lesson, read over Lesson VII, especially the part treating of the fixation of monopoly and competitive prices.

Monopoly Profits.

IN Lesson VII it has been already pointed out that monopoly prices may quite conceivably be less than competitive prices, though this probably rarely occurs in actual business. Monopoly profits, however, will never be less than competitive profits, since the only object of monopolizing the sale of a commodity is to secure the greatest total net profit from it. Monopoly profits on a given product in a given market, will be greater than competitive profits on that article in that market, and where the monopoly is in control of an enormous market, such as that of the United States, the profits which it can make are stupendous. There is, therefore, every reason why producers who are desirous of making money and who already possess or can secure the capital necessary to establish a monopoly, should do so. If they themselves have not sufficient capital to control the situation, their best scheme is to enter into a combination with other producers for the purpose, arranging perhaps the terms on which the product shall be disposed of, or the territory in which each of the producers joining the combination shall, so far as the combination is concerned, be left in exclusive and monopolistic possession of the market.

Combinations Are Formed in Hard Times.

Producers are all the more apt to enter into such agreements and combinations if they have found themselves being driven into bankruptcy by hard times and "cut-