new man is just as much entitled to carry on the hat-making industry as the monopolist.

How the New Competition is Crushed.

Suppose such a case occurs. A bright young man of small capital, but considerable technical skill and business ability, begins to manufacture hats, selling them at $2.50. The monopolist cuts his price to $2.25, his rival to $2.00. The monopolist makes a further reduction to $1.75, and his rival then offers his hats at $1.50. This we will suppose is rock-bottom price for him, as he manufactures only on a small scale. The monopolist can, however, go on down to his manufacturing price of $1.30 or so. If the rival has only small capital he is apt to be ruined; if he has large capital and can stand for a considerable time the strain of manufacturing without a profit, then the monopolist will get tired of the game and the result will in all probability be some sort of arrangement between the two as to prices and quantities to be sold at those prices. Or perhaps the younger man may be taken into the monopoly, receiving stock for his interest in his factory.

Thus the monopoly or single control of the industry would be restored, and the consumer would again have to pay the monopoly price for the commodity. But it should be remembered that still another rival may arise at any moment and, if reasonably well provided with capital, may make considerable trouble for the monopolist, though in the end he is likely to be ruined or forced to sell out to the monopoly.

Greater Power of the Large Monopoly.

This is still more likely to occur when a monopoly holds the trade of a hundred communities and some local competitor begins business in one of them. Then the monopoly can easily afford to sell at a loss in that community (perhaps recouping itself by higher prices in the others), crush its competitor, and then raise its prices again to their normal level. Of course, if the new rival has capital sufficient