

### How Competition Declines.

One of the hatters, who by hard work and forethought, we will say, has got ahead of the others, finds himself able to save money. He has got his advantage in one or more of the ways which we have described, and by giving better values to his customers has so increased his sale of goods that his aggregate profit is more than before. He finds himself, then, in a fairly comfortable position; his income is considerably higher than his expenditure, and he thus has money to invest. If, as his previous record indicates, he is an ambitious person, he will turn his savings into his business, in order to make his plant more efficient, and to secure the advantages detailed in the last lesson as proceeding from large scale production. Then, producing on a larger scale than his competitors, he will be able to manufacture much more cheaply than they, and will be able to sell his goods at a price at which they are unable to compete. In this way, then, he may gradually get control of the hat trade of the community. The weakest hat maker, who has least technical and business skill, may find it impossible to make a living in the business at all—possibly he may become an employee of his more successful rival. The other two, we will say, survive with difficulty, just managing to exist on the new lower prices which have been set for the community by the large scale producer.

Time goes on. The first manufacturer becomes keener and keener for enlarged profits, but, strong as he is, he does not venture to raise prices and drive people to trade with his still struggling competitors. Others also might find it profitable to enter the industry if he were to put up the prices. So things go on for a time, until finally the happy thought strikes him: "Why not buy out the others? They will sell out cheaply because they are making so little money. Then I shall be in sole control of the market and may put prices where I please." So he tries this scheme, if he has the ready cash to put it through. If he has not, then he may amalgamate the three industries into a company, of which the other two perhaps receive cumulative