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## INTRODUCTION TO THE SERIES

*By the General Editor*

SHORTLY after the war of 1914-18 there seemed to be place for a Series of introductory Economic Handbooks "intended to convey to the ordinary reader and the uninitiated student some conception of the general principles of thought which economists now apply to economic problems."

This Series was planned by the late Lord Keynes under the title *Cambridge Economic Handbooks*, and he wrote for it a general Editorial Introduction of which the words quoted above formed part. In 1936 Lord Keynes handed over the editorship of the Series to Mr. D. H. Robertson, who held it until he became Professor of Economics in the University of London.<sup>1</sup>

The judgment of its originators has been justified by the wide welcome given to the Series. Apart from its circulation in the British Empire, it has been published from the start in the United States of America, while translations of the principal volumes have so far appeared in German, Spanish, Italian, Swedish, Japanese, Polish and Lithuanian.

It is symptomatic of the changes which have been taking place in recent times in the development of economic science, changes associated in a high degree with the work and influence of Lord Keynes himself, that within the brief space of fifteen years the text

<sup>1</sup> Professor Robertson now holds the Chair of Political Economy in the University of Cambridge.

of part of the Editorial Introduction should have been in need of revision. In its original version the last paragraph of the Introduction to the Series ran as follows :

“ Even on matters of principle there is not yet a complete unanimity of opinion amongst professors. Generally speaking, the writers of these volumes believe themselves to be orthodox members of the Cambridge School of Economics. At any rate, most of their ideas about the subject, and even their prejudices, are traceable to the contact they have enjoyed with the writings and lectures of the economists who have chiefly influenced Cambridge thought for the past fifty years, Dr. Marshall and Professor Pigou.”

When the Editorship of the Series was transferred to Mr. Robertson, Lord Keynes consented to the retention of his general Introduction, but subsequently re-wrote the concluding paragraph in the following form :

“ Even on matters of principle there is not yet a complete unanimity of opinion amongst professional students of the subject. Immediately after the war daily economic events were of such a startling character as to divert attention from theoretical complexities. But to-day, economic science has recovered its wind. Traditional treatments and traditional solutions are being questioned, improved and revised. In the end this activity of research should clear up controversy. But for the moment controversy and doubt are increased. The writers

## INTRODUCTION TO THE SERIES vi

of this series must apologise to the general reader and to the beginner if many parts of their subject have not yet reached to a degree of certainty and lucidity which would make them easy and straightforward reading."

Still more recent events have produced a world so far removed from that which existed when the foregoing words were written, that it has fallen to the lot of the present Editor to provide a new Introduction.

This is perhaps a good vantage point from which to survey very briefly some of the principal trends in the evolution of economic thought in this country during the past thirty years. Prior to 1914 economic theory here was largely dominated by Alfred Marshall; and economists, following him, thought in terms of the long period tendencies of the different sections of the economic system towards positions of equilibrium, even though ever-present dynamic factors were perpetually modifying the existing structure and presenting new and equally distant, if equally unattainable, goals as stimuli to change and adaptation. Moreover, in the Marshallian system, those tendencies resulted from the working of persistent underlying forces which were conceived of as largely competitive in character. The increasing trend towards monopoly was certainly affecting thought, but not so much in the realm of the theory of value, as in the emphasis which came to be laid on possible discrepancies between the private interest and the social interest. Under the influence of Professor Pigou a Welfare Economics was developing side by side with, and out of, the Value Economics of the older generation.

After 1918 the long-drawn-out agony of the depressed areas, the weakening of the position of this country in international trade, and the tremendous intensity of the economic crisis of 1930-32 (to mention but a few out of the many contributing causes) combined, on the one hand, to focus attention on problems of the short period and, on the other hand, to throw doubt on the extent to which the self-adjusting, seemingly automatic mechanism, which on the whole had operated so effectively during the nineteenth century, was capable of coping with the deep-seated maladjustments and disharmonies which characterised the post-war world. At the same time value theory itself was profoundly influenced by the emergence of a number of writers who approached value problems from the view-point of monopoly, and emphasised the unrealistic nature of an analysis which was based on the assumptions of perfect competition and a perfect market. Most of all, however, economic thought was dominated by the desire to find a solution for the problem of how to maintain the level of effective demand so as to avoid the recurrence of phases of deep depression and widespread unemployment. There was a growing feeling of impatience with the economics of the long period "in which we are all dead", and a great, perhaps even excessive, concentration on the short period in which we live and move and have our being.

The result was a remarkable ferment of ideas, the challenging of ancient orthodoxies, and "for the moment controversy and doubt [were] increased." This ferment had by no means subsided when the second war with Germany broke out in September 1939.

## INTRODUCTION TO THE SERIES ix

bringing in its train a degree of State interference with the normal peace-time working of the economic system far exceeding that reached even in the last years of the war of 1914-18.

In so far as it is possible to foresee future trends, they would seem to lie in a much greater measure of conscious public control over many aspects of economic activity than has existed in the past. It will no doubt still remain true, to quote Lord Keynes's Introduction again, that :

“ The Theory of Economics does not furnish a body of settled conclusions immediately applicable to policy. It is a method rather than a doctrine, an apparatus of the mind, a technique of thinking, which helps its possessor to draw correct conclusions.”

Nevertheless, economists may well find themselves to a greater degree than hitherto called upon to express their views on matters of economic policy, and—for a time at least—the writers of future volumes of the Cambridge Economic Handbooks may be concerned rather with specific problems than with the more general aspects of economic theory.

C. W. G.

*Cambridge,*

July, 1946.



## AUTHOR'S NOTE

MAY I make it clear that the manuscript of this book was completed before I accepted a temporary post in the Civil Service? To the delays inevitable in war-time production has been added the complete destruction of the type when it was completed and waiting to go to the machine.

E. A. G. R.

## CONTENTS

INTRODUCTION TO THE SERIES . . . . .	PAGE v
--------------------------------------	-----------

### ✓ CHAPTER I MONOPOLY PRICE

§ 1. THE SCOPE OF THIS VOLUME . . . . .	1
§ 2. THE DIFFICULTY OF DEFINING MONOPOLY . . . . .	3
§ 3. THE PRICE POLICY OF THE MONOPOLIST . . . . .	8
§ 4. AVERAGE COSTS AND MARGINAL COSTS . . . . .	11
§ 5. THE BALANCE OF COST AND REVENUE . . . . .	13
§ 6. THE EFFECTS OF MONOPOLY ON PRICE . . . . .	15
§ 7. DISCRIMINATING MONOPOLY . . . . .	18
§ 8. CONCLUSION . . . . .	21

### CHAPTER II QUASI-MONOPOLY

§ 1. THE DEMAND FOR THE OUTPUT OF A SINGLE PRODUCER . . . . .	23
§ 2. CAT AND MOUSE MONOPOLY . . . . .	24
§ 3. PRICE LEADERSHIP . . . . .	30
§ 4. IMPERFECT COMPETITION . . . . .	32
§ 5. THE INSTABILITY OF IMPERFECT COMPETITION . . . . .	35

### CHAPTER III TYPES OF MONOPOLY

§ 1. THE SOURCES OF MONOPOLY . . . . .	39
§ 2. A CLASSIFICATION OF TYPES OF MONOPOLY . . . . .	45
§ 3. LONG-TERM UNCONDITIONAL MONOPOLIES . . . . .	46
§ 4. LONG-TERM CONDITIONAL MONOPOLIES . . . . .	54
§ 5. SHORT-TERM UNCONDITIONAL MONOPOLIES . . . . .	58
§ 6. SHORT-TERM CONDITIONAL MONOPOLIES . . . . .	60
§ 7. DIFFICULTIES OF CLASSIFICATION . . . . .	61

## CONTENTS

### CHAPTER IV

## DEVICES FOR ESTABLISHING OR PROLONGING MONOPOLIES

	PAGE
§ 1. INTRODUCTORY . . . . .	63
§ 2. VERTICAL INTEGRATION . . . . .	64
§ 3. THE PREVENTION OF VERTICAL DISINTEGRATION . . . . .	65
§ 4. DEFERRED REBATES . . . . .	69
§ 5. FULL LINE FORCING . . . . .	72
§ 6. LOCAL PRICE CUTTING . . . . .	73
§ 7. UNFAIR PRACTICES . . . . .	77

### CHAPTER V

## THE FORMS OF MONOPOLY ORGANIZATION

§ 1. INTRODUCTORY . . . . .	81
§ 2. SHORT-TERM FORMS OF ORGANIZATION . . . . .	83
§ 3. TRANSITIONAL FORMS OF MONOPOLY . . . . .	87
§ 4. THE LONG-TERM FORMS OF MONOPOLY . . . . .	91
§ 5. REASONS FOR THE ADOPTION OF PARTICULAR FORMS . . . . .	95

### CHAPTER VI

## MONOPOLY AND INDUSTRIAL EFFICIENCY

§ 1. SOME INDUCTIVE INQUIRIES . . . . .	103
§ 2. A DEDUCTIVE APPROACH TO THE PROBLEM . . . . .	107
§ 3. THE TECHNICAL ECONOMIES OF MONOPOLY . . . . .	110
§ 4. THE INTRODUCTION OF NEW DESIGNS . . . . .	118
§ 5. PROBLEMS OF MANAGEMENT . . . . .	124
§ 6. THE FINANCIAL ECONOMIES OF MONOPOLY . . . . .	130
§ 7. ECONOMIES OF BUYING . . . . .	136
§ 8. MONOPOLY AND MARKETING COSTS . . . . .	138
§ 9. SOME CONCLUSIONS . . . . .	140

CONTENTS

XV

✓ CHAPTER VII

✓ MONOPOLIES AND INDUSTRIAL STABILITY

	PAGE
§ 1. INTRODUCTORY . . . . .	143
§ 2. EFFECTS OF MONOPOLY IN ONE INDUSTRY ON THE STABILITY OF THAT INDUSTRY . . . . .	144
§ 3. THE MONOPOLIST'S INCENTIVES TO STABILIZE OUTPUT . . . . .	150
§ 4. THE PROBABLE EFFECTS OF STABILIZING PRICES . . . . .	154
§ 5. SUMMARY OF THE PRECEDING ARGUMENT . . . . .	158
§ 6. MONOPOLY AND GENERAL INDUSTRIAL STABILITY . . . . .	160
§ 7. CERTAIN MORE COMPLEX CONSIDERATIONS . . . . .	165
§ 8. GENERAL CONCLUSIONS . . . . .	166

✓ CHAPTER VIII

✓ THE CONTROL OF MONOPOLY ✓

§ 1. MONOPOLY IS LARGELY A PROBLEM OF THE DISTRIBUTION OF WEALTH . . . . .	168
§ 2. MONOPOLY CAUSES A MALDISTRIBUTION OF PRODUCTIVE RESOURCES . . . . .	173
§ 3. METHODS OF CONTROL: THE SUPPRESSION OF UNFAIR COMPETITION . . . . .	177
§ 4. THE BREAK-UP OF MONOPOLIES . . . . .	179
§ 5. <u>THE REGULATION OF MONOPOLIES</u> . . . . .	180
§ 6. THE PROBLEM OF ECONOMIC POWER . . . . .	183
§ 7. THE REPLACEMENT OF PRIVATE MONOPOLY BY SOME ALTERNATIVE . . . . .	191

✓ CHAPTER IX

THE LAW AND MONOPOLY IN THE UNITED STATES OF AMERICA

§ 1. REASONS FOR THE STRENGTH OF MONOPOLIES IN THE UNITED STATES . . . . .	196
§ 2. AN ILLUSTRATION FROM THE HISTORY OF THE STANDARD OIL COMPANY . . . . .	197
§ 3. THE SHERMAN ACT . . . . .	205
§ 4. THE CLAYTON ACT AND THE FEDERAL TRADE COMMISSION . . . . .	211

	PAGE
§ 5. THE WEBB-POMERENE AND ROBINSON-PATMAN ACTS	215
§ 6. THE ROOSEVELT EXPERIMENTS	217
§ 7. MORE RECENT CHANGES	222

## CHAPTER X

## THE LAW AND MONOPOLY IN GERMANY

§ 1. REASONS FOR THE PREDOMINANCE OF THE CARTEL	225
§ 2. AN EXAMPLE FROM THE RHENISH-WESTPHALIAN COAL CARTEL	228
§ 3. THE LEGAL CONTROL OF CARTELS	234
§ 4. THE CARTEL DECREE	238
§ 5. THE CONTROL OVER TRUSTS AND CONCERNS	245
§ 6. CRITICISM AND EXTENSIONS OF THE CARTEL DECREE	247

## CHAPTER XI

## THE LAW AND MONOPOLY IN GREAT BRITAIN

§ 1. RESTRICTION ON THE GRANT OF MONOPOLY	252
§ 2. PRICE CONTROL OF PARLIAMENTARY MONOPOLIES	254
§ 3. THE REGULATION OF PRIVATE MONOPOLIES	256
§ 4. RESTRAINT OF TRADE	258
§ 5. THE EXTENT AND GRAVITY OF THE PROBLEM IN GREAT BRITAIN	265

## CHAPTER XII

## FUTURE POLICY

§ 1. POLICY CANNOT BE DERIVED WHOLLY FROM ECONOMIC ARGUMENTS	273
§ 2. A POLICY OF INACTION	274
§ 3. A POLICY OF MITIGATION	278
§ 4. A POLICY OF ABOLITION	284
§ 5. A PROBLEM OF CHOICE	285
APPENDIX—PRINCIPAL SOURCES AND SUGGESTIONS FOR FURTHER READING	291
INDEX	295

APPENDIX  
PRINCIPAL SOURCES  
AND  
SUGGESTIONS FOR FURTHER READING

(The books most suitable for immediate supplementary reading are marked with an asterisk \*.)

*Chapter I.* MONOPOLY PRICE

JOAN ROBINSON. *The Economics of Imperfect Competition.*  
Chaps. 1-3 and 6-7.

J. E. MEADE. *Economic Analysis and Policy.* Part II.  
Chaps. 1-2 and 4.

*Chapter II.* QUASI-MONOPOLY

A. R. BURNS. *The Decline of Competition.*

*Chapter III.* TYPES OF MONOPOLY

A. MARSHALL. *Industry and Trade.* Book III. Chaps.  
1-2.

D. H. MACGREGOR. *Industrial Combination.*

A. C. FIGOU. *Economics of Welfare.* Chap. 14.

F. GARDNER WILLIAMS. *The Diamond Mines of South  
Africa.*

A. PLANT. *The Cambridge History of the British Empire.*  
Vol. VIII. Chap. 29.

\*P. FITZGERALD. *Industrial Combination in Great Britain.*

\**Report of Committee on Trusts, 1919.*

**Chapter IV. DEVICES FOR STRENGTHENING MONOPOLY**

\*W. H. S. STEVENS. *Unfair Competition.*

J. E. DAVIES. *Trust Laws and Unfair Competition.*

**Chapter V. FORMS OF MONOPOLY ORGANIZATION**

\**Report of the (Balfour) Committee on Industry and Trade. Factors in Industrial and Commercial Efficiency.*  
Chap. I.

H. LEVY. *Monopoly and Competition.*

H. W. MACROSTY. *The Trust Movement in British Industry.*

G. R. CARTER. *The Tendency towards Industrial Combination.*

J. MORGAN REES. *Trusts in British Industry.*

\*J. W. F. ROWE. *Markets and Men.*

\*A. F. LUCAS. *Industrial Reconstruction and the Control of Competition.*

**Chapter VI. MONOPOLY AND INDUSTRIAL EFFICIENCY**

*National Industrial Conference Board. Mergers in Industry.*

\*E. A. G. ROBINSON. *The Structure of Competitive Industry.*

**Chapter VII. MONOPOLY AND INDUSTRIAL STABILITY**

A. C. FIGOU. *Economic Essays and Addresses.* Chap. 3.

\*J. W. F. ROWE. *Markets and Men.*

**Chapter VIII. THE PROBLEM OF THE CONTROL OF MONOPOLY**

A. C. FIGOU. *Economics of Welfare.* Chaps. 19-22.

J. E. MEADE. *Economic Analysis and Policy.* Part II, Chaps. 7-8.

A. A. BERLE AND G. C. MEANS. *The Modern Corporation and Private Property.*

**Chapter IX. THE LAW AND MONOPOLY IN THE U.S.A.**

- \*F. L. ALLEN. *The Lords of Creation.*
- \*H. R. SEAGER AND C. A. GULICK. *Trust and Corporation Problems.*
- ELIOT JONES. *The Trust Problem in the United States.*
- J. W. JENKS AND W. E. CLARK. *The Trust Problem.*
- I. M. TARBELL. *History of the Standard Oil Company.*
- J. T. FLYNN. *God's Gold.*

(The literature of the American Trust Problem is far too extensive to be summarized here. A useful bibliography will be found in Seager and Gulick.)

**Chapter X. THE LAW AND MONOPOLY IN GERMANY**

- H. LEVY. *Industrial Germany.*
- R. LIEFMAN. *Cartels, Concerns and Trusts.*
- \*A. P. L. GORDON. *The Problem of Trust and Monopoly Control.*
- A. K. MICHELS. *Cartels, Combines and Trusts in Post-War Germany.*
- D. WARRINER. *Combines and Nationalization in Germany.*
- \*H. R. SEAGER AND C. A. GULICK. *Trust and Corporation Problems.* Chaps. 24-5.

(Those who read German will find a useful summary of the German literature in an Appendix to Levy.)

**Chapter XI. THE LAW AND MONOPOLY IN GREAT BRITAIN**

- W. A. SANDERSON. *Restraint of Trade in English Law.*
- F. D. SIMPSON AND F. POLLOCK. Principles of Contract. (*Law Quarterly Review* 1 Oct., 1925.)
- C. A. COOKE. Legal Rule and Restraint of Trade (*Economic Journal* 1 March, 1936.)



**Chapter XII. FUTURE POLICY**

*Britain's Industrial Future, being the Report of the Liberal  
Industrial Inquiry, 1928.*

*The Next Five Years, 1935.*

*Britain without Capitalists.*

**V. I. LENIN.** *Imperialism—The Highest Stage of  
Capitalism.*

## INDEX

- ADVERTISING** by monopolists, 139-40  
**Agricultural Marketing Act**, 254, 255, 272  
**Allen, F. L.**, 187  
**Alternatives to monopoly**, 191-5  
**Amalgamated Anthracite Collieries, Ltd.**, 94.  
**American Sugar Refining Co.**, 209  
**American Tobacco Co.**, 68, 75, 76  
**Andrews, Samuel**, 198  
**Associations** :  
     for allocating contracts, 86  
     for regulating output, 84  
     for regulating prices, 84  
**Assumptions, about prices and other producers**, 23-4  
  
**BANKS** as promoters of monopoly in Germany, 236  
**Barnato, W.**, 49  
**Bedstead Makers' Federation**, 86  
**Belgian Congo** :  
     diamonds in, 53  
     radium in, 47-8  
     roads in, 288  
**Berle, A. A.**, 187  
**Bill of Rights**, 40, 253  
**"Bogus independents,"** 76, 204  
**Brazilian coffee**, 11  
**Break-up of monopolies**, 179-80  
**British American Tobacco Co.**, 86  
**British Broadcasting Corporation**, 280  
**Burns, A. R.**, 218  
**Buying of materials**, 136-8  
  
**CABLE Makers' Association**, 84  
**Capital** :  
     employed by bodies not operating for profit, 279  
     equipment as a source of monopoly, 43  
**Cartel, as form of organization**, 89-90  
**Cartel Court, German**, 239-48, 264-5, 289  
**Cartel Decree, German**, 238-48  
**Cartels** :  
     changed position of, under Nazis, 250-1  
     German, legal control of, 234-8  
     reasons for predominant of, in Germany, 226-8  
**Carter, G. R.**, 266  
**Cast Iron Pipe Association**, 86  
**"Cat and Mouse" monopoly**, 24-30  
**Central Electricity Board**, 280  
**Central Thread Agency**, 89  
**Chilean nitrates**, 269, 274  
**Clark, Maurice**, 198  
**Clayton Anti-Trust Act**, 211-4, 221  
**Coal Mines Act, 1930**, 55, 85, 90, 172, 254, 255  
**Coats, J. and P.**, 57-8, 89  
**Company lands**, 278, 280-2  
**Competition, restoration of**, 179-80  
**Control of industry in U.S.A.**, 187-8  
**Co-operative societies**, 194-5, 263  
**Copper Exporters Inc.**, 61, 269, 274  
**Costs, monopolist's attitude to**, 152-4  
  
**DEFERRED rebates**, 69-72  
**Definition of monopoly**, 2-8  
**Demand schedule of monopolist**, 151-2

- Depression, industrial, and survival of firms, 132-5
- Diamonds, monopoly of, 49-53
- Discriminating monopoly, 18-21
- "Disputed territories," of German coal industry, 231
- Distillers Co., 95
- Distribution :  
of income, monopoly and, 168-73  
of productive resources, monopoly and, 173
- Dunlop Rubber Co., 56, 268
- Dutch East India Company, 10
- EASTMAN** Kodak Co., 69, 75
- Economist, as judge of monopolies, 1
- Efficiency :  
measurement of, 109  
of monopolies, 103-42
- Elasticity of demand :  
definition of, 4  
dependent on assumptions about other producers, 23-4  
effect of, on monopoly price, 9
- Electric and Musical Industries, 94, 100-1
- Electricity charges, regulation of, 255
- Enforceability of contracts in restraint of trade, 206, 225, 258-65
- English Sewing Cotton Co., 89
- Engrossing, 256-7
- Entry into industry, restrictions on, 40
- Exchange of shares, 93
- FEDERAL** Trade Commission, 211-4, 215, 216, 217, 221, 222-3, 265, 289
- Federation of Master Cotton Spinners' Associations, 84
- "Fighting brands," 75
- Financial economies of monopoly, 130-6
- Fitzgerald, P., 1, 56; 83-6, 90
- Food Council, 271
- Food Prices, Royal Commission on, 270
- Food-stuffs, monopoly in field of, 269-71
- Forestalling, 256-7
- Forms of monopoly organization, 81-102
- "Full Line Forcing," 72-3
- Gas companies, regulation of charges of, 255
- Genius, British, for muddling through, 287
- Gentlemen's agreements, 83
- Germany, law and monopoly in, 225-51
- Goodwill as a source of monopoly, 44
- Government monopolies; 41
- Graham, W., 271
- Grants of monopoly under English law, 252-4
- Great Britain :  
gravity of monopoly in, 265-72  
law and monopoly in, 252-72
- Gull, born, impossibility of protecting from born crook, 282
- HOLDING** companies, 94, 99-102
- Homan, P. T., 222-3
- IMPERFECT** competition :  
equilibrium under, 32-5  
instability of, 35-8
- Imperial Chemical Industries, 94
- Imperial Tobacco Co.; 56, 86, 95, 268
- Imperialism, 285
- Improvements :  
of designs, monopolies and, 118-24  
of technique, monopolies and, 113-6
- Incentives to stabilize output, 150-4
- Income, distribution of, 168-73
- Inelastic demand, 10
- Insul, S., 94
- Interessengemeinschaften*; 91
- International Harvester Co.; 67-8, 72, 209
- Invest, inducements to, 130-2
- Investment, monopoly and, 161-6

- JONES, E., 73, 76
- KENYA, market legislation in, 256
- LAISSER-FAIRE economist, dilemma of, 277-8
- Large scale production as a source of monopoly, 44-5
- Levy, H., 266
- Liberal Industrial Inquiry, 279
- Livermore, S., 5, 103, 105-7
- London Passenger Transport Board, 280
- London Port Authority, 280
- Lucas, A. F., 1, 266
- Lyon, L. S., 218
- MACROSTY, H. W., 86, 266
- Management, business, 124-30
- Marginal :  
costs, 11-13  
revenue, 9-10
- Marketing costs, 138-40
- Marshall, Alfred, 137-8
- Means, G. C., 187
- Mergers :  
as a form of organization, 94, 99-102  
efficiency of, 141-2
- Mersey Docks and Harbour Board, 280
- Metropolitan Water Board, 280
- Mill, J. S., 10
- Monopolies :  
long-term conditional, 54-8  
long-term unconditional, 46-54  
short-term conditional, 60-1  
short-term unconditional, 58-60
- Monopoly :  
a classification of types of, 45-62  
sources of, 39-45
- Monopsony, 136-8
- "Muck-rakers" in United States, 208, 283
- NATIONAL Cash Register Co., 75, 209
- National Industrial Conference Board, United States, 103
- National Industrial Recovery Act, United States, 218
- National Light Castings Association, 86
- Nationalization of industries, 191-3
- Newcastle Coal Vend, 85, 234
- Nobel Dynamite Trust Co., 93
- North of Ireland Corn Millers' Association, 86
- "OCTOPOID" industries, 41, 108
- "Open-price" policy, 220
- Ownership and control, divorce of, 187-9
- PACHYDERMATISM of monopolists, 283
- Patents :  
as source of monopoly, 41, 252-3  
monopolies and suppression of, 118-24
- "Penumbra of uncertainty," 156
- Pipe lines, oil, as a source of monopoly, 202-3
- Plant, A., 41
- Plasticine in clockwork of State, 277
- Playing cards, grant of monopoly of, 253
- Policies, alternative, for dealing with monopoly, 273-89
- Pooling associations, 85
- Potash Syndicate, German, 90
- Power, economic, 38, 183-91
- Price :  
discrimination, 77  
effect of monopoly on, 15  
leadership, 30-2  
policy of monopolist, 8-22  
under competitive conditions, 15
- Prices, difficulties of regulating, 181-3
- Profiteering Acts, 1919 and 1920, 57, 272
- Profits, fluctuations of, 135
- Publicity, as defence against monopoly, 62, 282-3

- QUASI-MONOPOLY, 23-38**  
**RADIUM, monopoly of, 47-8**  
 Rails, stabilized price of, 155  
 Railway rates, special, as a source of monopoly, 200-3  
 Railways, regulation of charges of, 254  
 Raw materials as a source of monopoly, 43-4  
 Rees, J. M., 266  
 Regrating, 256-7  
 Regulation of monopolies, 180-3  
 Research, 123  
 Restraint of trade, 258-65  
 Restriction schemes, efficiency of, 141-2  
 Retailers, large, as monopsonists, 138  
 Rhenish-Westphalian Coal Cartel, 55, 85, 90, 92, 227, 228-34  
 Rhodes, Cecil, 49  
 Robertson, D. H., 40  
 Robinson-Patman Act, 216-17  
 Rockefeller, J. D., 198-205  
 Roosevelt, F. D., 217-22, 223  
 Roosevelt, T., 208  
 Rowe, J. W. F., 59, 85, 96  
 Rubber, Stevenson restriction scheme, 59, 254, 274  
**SALT Manufacturers' Association, 96**  
 Selling agencies, 89  
 Sherman Anti-Trust Act, 205-10, 221, 222-3, 283  
 Shipping Conferences, 69-72, 75, 84  
 Smith, Adam, 257, 258, 277  
 Socially desirable output, 174-5  
 South Africa, Union Government and diamond market, 51-3  
 South Improvement Co., 200-1  
 Special areas, 185  
 Stability, industrial, monopolies and, 143-67  
 Stabilization:  
   of price, effects of, 254-8  
   possible meanings of, 143-4  
 Standard Oil Co., 74, 76, 92, 94; 197-205, 209-10  
 Statute of Monopolies, 40, 253  
 Steed, Wickham, 45  
 Stevens, W. H. S., 72  
 Stevenson Rubber Scheme, 59, 254, 274  
 Stewart and Lloyds, 65  
 Substitutes and strength of monopolies, 5-6, 40  
 Success of mergers in U.S.A., 104-7  
 Sulphuric Acid Association, 84  
**TASTES, standardization of, 121-2**  
 Tate and Lyle, 95  
 Technical economies, 110-8  
 Terminable associations, 96-9  
 Tilling, Thomas, 94  
 Trade Unions, 42  
 "Trust-busting," 179-80, 214  
 Trusts, Committee on, British, 265, 266, 282  
**UNFAIR Competition:**  
   difficulty of defining, 79-80  
   methods of, 63-80  
   suppression of, 177-9  
 United Dairies, 56  
 United Shoe Machinery Co.; 72-3, 209  
 United States, law and monopoly in, 196-224  
 United States Steel Corporation, 116, 155, 209  
**VAN SCHWERINGEN, M. J. and O. P., 94**  
 Vereinigte Stahlwerke A.G., 90  
 Vertical disintegration, the prevention of, as a source of monopoly, 65-9  
 Vertical integration:  
   as an effect of monopoly, 230  
   as a source of monopoly, 64-5  
 Voting trusts, 92, 99, 209  
**WAGES, effects of monopoly on, 152, 170-3**  
 Webb-Pomeroy Act, 215  
 World of monopolies, distribution of resources in, 175-6