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Chapter 1 : A History Of U.S. Monopolies

Both political machines and reform governments, she reveals, bias the system in favor of incumbents, effectively establishing monopolies that free governing coalitions from dependence on the support of their broader communities.

A History Of U. Monopolies By Andrew Beattie January 15, â€" 2: Monopolies came to the United States with the colonial administration. The large-scale public works needed to make the New World hospitable to Old World immigrants required large companies to carry them out. These companies were granted exclusive contracts for these works by the colonial administrators. Even after the American Revolution, many of these colonial holdovers still functioned due to the contracts and land they held. A monopoly is characterized by a lack of competition, which can mean higher prices and inferior products. However, the great economic power that monopolies hold has also had positive consequences for the U. This act banned trusts and monopolistic combinations that lessened or otherwise hampered interstate and international trade. The act acted like a hammer for the government, giving it the power to shatter big companies into smaller pieces to suit its own needs. However, during this same period, the antitrust legislation was used to attack several monopolies with varying levels of success. The general trend with the use of the act seemed to have been to make a distinction between good monopolies and bad monopolies, as seen by the government. The Benefits of a Monopoly Case Study 2: Rockefeller and his partners took advantage of both the rarity of oil and the revenue produced from it to set up a monopoly without the help of the banks. The business practices and questionable tactics that Rockefeller used to create Standard Oil would make the Enron crowd blush, but the finished product was not near as damaging to the economy or the environment as the industry was before Rockefeller monopolized it. Back when there were a lot of oil companies competing to make the most of their find, companies would often pump waste products into rivers or straight out on the ground rather than going to the cost of researching proper disposal. They also cut costs by using shoddy pipelines that were prone to leakage. The benefits of having a monopoly like Standard Oil in the country was only realized after it had built a nationwide infrastructure that no longer depended on trains and their notoriously fluctuating costs, a leap that would help reduce costs and the overall price of petroleum products after the company was dismantled. The size of Standard Oil allowed it to undertake projects that disparate companies could never agree on and, in that sense, it was as beneficial as state-regulated utilities for developing the U. The profits of Standard Oil and the generous dividends also encouraged investors, and thereby the market, to invest in monopolistic firms, providing them with the funds to grow larger. The Limitations of a Monopoly Case Study 3: Morgan bought his steel company and melded it into U. A monstrous corporation approaching the size of Standard Oil, U. Steel actually did very little with the resources in its grasp, which can point to the limitations of having only one owner with a single vision. The corporation survived its court battle with the Sherman Act and went on to lobby the government for protective tariffs to help it compete internationally, but it grew very little. Steel stagnated in innovation as smaller companies ate more and more of its market share. To read more about Rockefeller and J. The founders and management of so-called "bad monopolies" were also enraged by the hands-off approach taken with International Harvester. In response, the Clayton Act was introduced in Among these were interlocking directorships, tie-in sales, and certain mergers and acquisitions if they substantially lessened the competition in a market. This was followed by a succession of other acts demanding that businesses consult the government before any large mergers or acquisitions took place. Although these innovations did give business a slightly clearer picture of what not to do, it did little to curb the randomness of antitrust action. Major League Baseball even found itself under investigation in the s, but escaped by claiming to be a sport rather than a business and thus not classified as interstate commerce. End of a Monopoly Era? The last great American monopolies were created a century apart, and one lasted over a century. MSFT , on the other hand, was never actually broken up even though it lost its case. The case against it was centered on whether Microsoft was abusing its position as essentially a non-coercive monopoly. A non-coercive monopoly only exists as long as brand loyalty and consumer apathy keep people from searching for a better alternative. Even now, the Microsoft monopoly is looking chipped at the edges as rival operating systems are gaining ground and rival software, particularly open source software, is threatening the bundle business model upon which Microsoft was built. The Bottom Line Globalization and the maturity of the world economy have prompted calls for the retirement of antitrust laws. Over the years, these calls have been coming from people like economist Milton Friedman , former Federal Reserve Chairman, Alan Greenspan and everyday consumers. If the history of government and business is any indication, the government is more likely to increase the range and power of antitrust laws rather than relinquish such a useful weapon. Trading Center Want to learn how to invest? Get a free 10 week email series that will teach you how to start investing. Delivered twice a week, straight to your inbox.

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Chapter 2 : Monopoly or Democracy?

asks why and how coalitions establish political monopolies, it investigates the consequences monopolies have for the communities that house them, and it explores why they collapse. 2.

Generation after generation of moneyed elites have persisted in trying to take wealth and power from the workaday majority and concentrate both of those things in their wealthy hands to establish a de facto American aristocracy. Every time, the people have rebelled in organized mass struggles against the monopolist and financial royalists â€" literally battling for a little more economic fairness, social justice, and equal opportunity. And now, the time of rebellion is upon us again, for We the People are suddenly in the grip of a brutish level of monopolistic power. Apple, which just became the first U. A recent gold rush of corporate mergers has created mega-firms and shriveled competition in most industries, including airlines, banks, drug companies, food, hospitals, hotels, law firms, media, oil and more. The results of fewer and bigger corporations is that those few attain overwhelming power over the rest of us. Yet, in the stunningly short period of the last couple of decades, corporate political money and the public officials it bought have enshrined monopoly power as a legitimate form of business in our land, aggressively protected from public "meddling" by lawmakers, regulators and judges. For example, after our grassroots economy was crushed in by the greed of too-big-to-fail Wall Street banksters, officials bailed out the villainous banks at the taxpayer expense and deliberately made them bigger, more powerful and more dangerous than ever. Today, just five banks control nearly half of all financial assets in the U. Three decades ago, 50 large media conglomerates controlled 90 percent of the media. This year, after yet another merger of giants is completed, just 5 mega-media monopolists will control 90 percent of what we see, hear and read. It is not in their interest to inform the public about the threat that monopolies pose to our democracy. As a paragon of journalistic integrity, A. Liebling, warned nearly 40 years ago, "Freedom of the press is guaranteed only to those who own one. This is the world we cover. Because of people like you, another world is possible. There are many battles to be won, but we will battle them togetherâ€"all of us. Common Dreams is not your normal news site. We want the world to be a better place. If you can help todayâ€"because every gift of every size mattersâ€"please do.

Chapter 3 : British East India Company

Armenian Revolutionary Federation-Dashnaktsutyun (ARF-D) has issued a statement regarding the domestic political developments in the country to present its approaches and position over a number of issues. First the party referred to the decision to be part of the national solidarity government which.

The politicians of the world would like to offer anyone dead set on controlling an entire industry the chance to shine. So come one, come all â€" government agencies, cronies, and all their friends â€" as we present the five best ways to create a monopoly and to ensure you never have to compete again. When the cost of doing business is high, make it higher. Then hire a lobbyist in Washington. But, when the government is paying for it, the lunch sure does taste free. Subsidies offer an alternative, consumer-driven focus to acquiring monopoly status. Arbitrary revenue-boosts from the government will allow you to reduce prices to essentially nothing, all while maintaining profitability. Your competitors, however, will have to make do with reality. It will only take a few weeks before your competitors begin to default on paychecks and other loans without transaction revenue. You can also take this route without the government revenue injections if you have a contingency plan in the form of a bailout. Shout out to government officials! The easiest and most straightforward way to create a monopoly is to simply write the monopoly into law. Neighbors can be annoying. Some are loud and others are strange, but the absolute worst neighbors are the ones who compete with you in the marketplace and then win. In the beautiful Southwest, this neighbor is Mexico. Companies south of the border produce certain commodities much more cheaply than American companies do, and they have the nerve to think that they can export their inexpensive products to the United States on a whim. If you have a good idea, why let anyone else have the same one? Take that idea, write it down in the broadest words possible, and send it straight to the United States Patent and Trademark Office, where public officials will hopefully grant you the exclusive right to use it. Even if someone halfway across the globe comes up with the same idea independently Put a huge price tag on that beast and feel free to ignore quality. What are consumers going to do: We wish you the best of luck in your venture.

Chapter 4 : BRIA 16 2 b Rockefeller and the Standard Oil Monopoly - Constitutional Rights Foundation

Does the political monopoly not use its control of government to establish favorable trade agreements and deals for its establishment cronies at the expense of true free trade? Does the political monopoly not accept tons of favors and donations from lobbyists to unfairly restrict or support mergers and acquisitions designed specifically to.

In building the giant Standard Oil monopoly, John D. Rockefeller made up his own rules. His father was a peddler of doubtful medical cures, a bigamist, and possibly a horse thief. When he was around, however, "Devil Bill" as the neighbors called him carefully instructed John how to keep meticulous account of his money and to outwit any business competitor. A deeply religious woman, she taught him to be charitable. John lived in an age when owners of industries operated without much interference from government. Even the income tax did not exist. Rockefeller built an oil monopoly by ruthlessly eliminating most of his competitors. This made him the richest man in the world. But he spent his retirement years giving away most of his money. The unlikely match between "Devil Bill" and Eliza Rockefeller produced a son who would paradoxically become the most hated and admired man in America. The company made much money during the war. In , he and his partner invested in another business that refined crude oil from Pennsylvania into kerosene for illuminating lamps. By , Rockefeller and new partners were operating two oil refineries in Cleveland, then the major oil refining center of the country. The partners incorporated under a charter issued by the state of Ohio and called their business the Standard Oil Company. To give Standard Oil an edge over its competitors, Rockefeller secretly arranged for discounted shipping rates from railroads. Many argued that as "common carriers" railroads should not discriminate in their shipping charges. But small businesses and farmers were often forced to pay higher rates than big shippers like Standard Oil. The oil industry in the late s often experienced sudden booms and busts, which led to wildly fluctuating prices and price wars among the refiners. More than anything else, Rockefeller wanted to control the unpredictable oil market to make his profits more dependable. In , Rockefeller helped form a secret alliance of railroads and refiners. They planned to control freight rates and oil prices by cooperating with one another. The deal collapsed when the railroads backed out. But before this happened, Rockefeller used the threat of this deal to intimidate more than 20 Cleveland refiners to sell out to Standard Oil at bargain prices. When the so-called "Cleveland Massacre" ended in March , Standard controlled 25 percent of the U. He said it illustrated "the battle of the new idea of cooperation against competition. Rockefeller planned to buy out as many other oil refineries as he could. To do this, he often used hardball tactics. In , Standard started acquiring new oil pipeline networks. This enabled the company to cut off the flow of crude oil to refineries Rockefeller wanted to buy. When a rival company attempted to build a competing pipeline across Pennsylvania, Standard Oil bought up land along the way to block it. Rockefeller also resorted to outright bribery of Pennsylvania legislators. In the end, Rockefeller made a deal with the other company, which gave Standard Oil ownership of nearly all the oil pipelines in the nation. By , Standard Oil owned or controlled 90 percent of the U. But in achieving this position, Standard violated its Ohio charter, which prohibited the company from doing business outside the state. Rockefeller and his associates decided to move Standard Oil from Cleveland to New York City and to form a new type of business organization called a "trust. The trustees directed the management of the entire enterprise and distributed dividends profits to all stockholders. Rockefeller often paid above-average wages to his employees, but he strongly opposed any attempt by them to join labor unions. During the s, Standard Oil divided the United States into 11 districts for selling kerosene and other oil products. To stimulate demand, the company sold or even gave away cheap lamps and stoves. It also created phony companies that appeared to compete with Standard Oil, their real owner. When independent companies tried to compete, Standard Oil quickly cut prices--sometimes below cost--to drive them out of business. Then Standard raised prices to recoup its losses. But Standard Oil while Rockefeller was in command also usually provided good quality products at fairly reasonable prices. At the same time, a wave of anti-monopoly sentiment swept the United States. Farmer organizations, labor unions, muckraking journalists, and many politicians attacked such combinations as the sugar and tobacco trusts. But they especially targeted the "mother trust," Standard Oil. By this time, nearly 30 states and the federal government had passed antitrust laws that attacked monopoly abuses. These laws usually rested on a set of legal and economic assumptions: The common law, inherited from England, condemned the restraint of trade. Monopolies tended to restrain trade by keeping prices high, suppressing product improvements, and making excessive profits. Competition among many independent firms was necessary to assure fair prices, high-quality products, and reasonable profits. Starting with Ohio in , 10 states and the Oklahoma Territory filed 33 separate lawsuits against companies affiliated with the Standard Oil Trust. In most cases, Standard lost in court. Since state lawsuits against Standard Oil were going nowhere, muckraking journalists pressed for federal action against the trust. She detailed how John D. Rockefeller ruthlessly forced his competitors to "sell or perish. Called "Miss Tarbarrel" and "this poison woman" by Rockefeller, Tarbell helped push the federal government to investigate the Standard Oil Trust. While publicly attacking Standard Oil and other trusts, President Theodore Roosevelt did not favor breaking them up. He preferred only to stop their anti-competitive abuses. On November 18, , the U. The suit was filed under the Sherman Antitrust Act of Under this federal law, "Every contract, or combination, in restraint of trade or commerce among the several States, or with foreign nations, is hereby declared to be illegal. More than witnesses testified. The government produced evidence that the Standard Oil Trust had secured illegal railroad discounts, blocked competitors from using oil pipelines, spied on other companies, and bribed elected officials. Although Rockefeller was technically president of Standard Oil, he had retired from active management in But he remained the single largest stockholder. Rockefeller testified that Standard Oil achieved its position because its combination of cooperating companies was more efficient and produced a better product than its rivals. When cross-examined on how Standard Oil grew so dominant, the year-old Rockefeller frequently stated that he could not remember. Attorneys for Standard Oil contended that the large combination of companies making up the trust had developed naturally and actually saved the industry from destructive price wars. They also argued that since Standard Oil was a manufacturing business, it was exempt from the Sherman Act, which only addressed interstate commerce. Both the trial judge and a unanimous federal appeals court agreed that Standard Oil was a monopoly violating the Sherman Antitrust Act. Standard Oil then appealed to the U. On May 15, , the Supreme Court unanimously upheld the federal appeals court and ruled that the Standard Oil Trust was a monopoly that illegally restrained trade. All but one justice, however, went on to hold that only monopolies that restrained trade in "unreasonable" ways were illegal. United States] The Supreme Court justices concluded that to restore competition in the oil industry, the Standard Oil Trust would have to be broken into independent companies. But the government permitted Standard Oil stockholders to each receive fractional shares in all 34 companies that were formed. This meant that each of these companies had exactly the same stockholder owners. These companies were then supposed to compete with one another. In reality, the companies had little real incentive to do this and acted together in setting prices for a decade or more. Following new petroleum discoveries in the United States and abroad, independent oil companies finally brought real competition to the industry. When the Supreme Court broke up the Standard Oil Trust in , electric lights were rapidly replacing kerosene lamps. But the gasoline-driven automobile was just beginning to appear. Gasoline, up to that time a useless byproduct of oil refining, made the companies formed from the trust wealthier than they had ever been. In retirement, Rockefeller made a science of philanthropy. He and his son gave away most of the Rockefeller millions, mainly to medical research, public health, and educational institutions. Even so, he bitterly objected to the federal income tax when it began in Economist Robert Heilbroner once described John D. Rockefeller as "an agent for better and worse in the immense industrial transformation of America. Rockefeller died in , a few weeks short of his 98th birthday. Rockefeller was "an agent for better and worse" in American history. Why or why not? In , the Supreme Court ruled that only monopolies "unreasonably" restraining trade were illegal. Today, do you think that all monopolies should be illegal?

Chapter 5 : What's so bad about monopoly power? - CBS News

YEREVAN. - Naira Zohrabyan, who is the first in "Prosperous Armenia" party list of election candidates to the Council of Elders in Yerevan, calls Yerevan citizens to stop any political power from gaining political monopoly. When meeting with the voters of Friday, Zohrabyan said Armenian PM.

In a monopoly, all the power is concentrated in the hands of a select few. Monopolies, in many cases, have been vital to getting large jobs done. Unfortunately, they also have been known for abusing the same power that makes them so effective. When All Business Was Small Business Through most of human history, the formation of business monopolies, or even powerful monarchies, was precluded by the limitations of transportation and communication. In this same way, businesses were limited in most cases to the village or even the neighborhood in which they were physically located. Shipping by horse, boat or on foot were possible, but this added costs that made the shipped goods more expensive than locally produced products. In this sense, many of these small businesses enjoyed monopolies within their own towns, but the extent to which they could fix prices was restricted by the fact that the goods could be bought from the next town over if prices went too high. Also, these small businesses were mostly family or guild operations that put the emphasis on quality rather than quantity, so there was no pressure to mass-produce and expand the market to other towns. Ancient Rome The reign of the Roman Empire introduced the world to the best and worst of concentrated power. These included shipping, salt and marble mining, grain crops, public construction and many other aspects of Roman industry. The senators who were granted monopolies were responsible for reporting revenues and assuring a steady supply, but they were not very involved in the business except to skim profits. In many cases, the labor and the management were supplied through slavery, with the highly educated slaves doing most of the administration. These slave-supported monopolies helped Rome expand its infrastructure at an amazing speed. Toward the end of the Roman Empire, the increased infrastructure was all put at the disposal of a succession of unstable and corrupt emperors who used their excellent roads to drain conquered foes through taxation until they rebelled. The monopolies also caused problems as they granted too much power to citizens who used the proceeds to bribe their way up the ladder. Monopoly and Monarchy The first modern monopolies were created by the various monarchies in Europe. Charters written by feudal lords granting land holdings and the accompanying revenues to loyal subjects during the Middle Ages became the titles and deeds that landed nobles displayed to cement their status by right of lineage. In the late s, however, royal charters extended into private business. A number of monarchs granted royal charters that gave exclusive shipping rights to private firms. The majority of these firms had someone on the board with ties to nobility or some other connections with the crown, but the investors and venture capitalists that actually funded the firms were largely from the newly rich merchant classes bankers, moneylenders, ship owners, guild masters, etc. Rule Britannia Royal charters allowed the Dutch East India Company to corner the spice market as well as later allowing the British East India Company to do the same in addition to giving them considerable power over shipping and trade regulations. The monopolies created by charters were, with the exception of the British East India Company, very fragile. When royal charters expired, competing companies quickly undercut the established company. These price wars often cut too deep for all involved, depressing the whole industry until venture capitalists put up money to get fresh companies into the decimated market. The Birth of Stock Exchanges. Government and Business The British East India Company was an exception because it was associated with the ascendant British government and acted like a nation, having an army unto itself. Even when the charter expired, the ultra-wealthy company bought up controlling interests in any company that sought capital to compete with it. The company and the British government grew almost indistinguishable from one another as many of its investors were also the business and political pillars of Britain. But the company, like the Roman Empire, suffered from its own success. Despite years of huge revenue, it was teetering on the edge of bankruptcy when its shoddy administration of countries under its imperial rule caused famines and labor shortages that the company lacked capital to cover. This contributed to the Boston Tea Party and added to the fervor that lead to the American Revolution. The British government then formalized its relationship with the British East India Company by taking it over in a series of acts and regulations. The company maintained some of its privileges by managing the tea trade for a few more decades, but it became a toothless lion lounging at the heels of the British Parliament, which began stripping the company of all its charters, licenses and privileges between to In , the British East India Company finally dissolved. The Bottom Line Much of the economic prosperity enjoyed by England from the s to the early s was due to the one-way trading systems that the British East India Company imposed on its colonies around the world. The goods from the American colonies, for example, were in raw forms that were processed in English factories and sold back at a premium. It is hard to say the monopoly created the British Empire, but it certainly sustained it. And, although it was claimed that the sun never set on the British Empire, it eventually did. 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Chapter 6 : Early Monopolies: Conquest And Corruption

The problems with monopolies go beyond the economic effects. Many large, economically powerful companies also have considerable political influence and the ability to "capture" the political and.

Classifying customers[edit] Successful price discrimination requires that companies separate consumers according to their willingness to buy. Asking consumers directly is fruitless: The two main methods for determining willingness to buy are observation of personal characteristics and consumer actions. As noted information about where a person lives postal codes , how the person dresses, what kind of car he or she drives, occupation, and income and spending patterns can be helpful in classifying. The natural price , or the price of free competition , on the contrary, is the lowest which can be taken, not upon every occasion indeed, but for any considerable time together. The one is upon every occasion the highest which can be squeezed out of the buyers, or which it is supposed they will consent to give; the other is the lowest which the sellers can commonly afford to take, and at the same time continue their business. Monopoly, besides, is a great enemy to good management. Because the monopolist ultimately forgoes transactions with consumers who value the product or service more than its price, monopoly pricing creates a deadweight loss referring to potential gains that went neither to the monopolist nor to consumers. Given the presence of this deadweight loss, the combined surplus or wealth for the monopolist and consumers is necessarily less than the total surplus obtained by consumers by perfect competition. Where efficiency is defined by the total gains from trade, the monopoly setting is less efficient than perfect competition. The theory of contestable markets argues that in some circumstances private monopolies are forced to behave as if there were competition because of the risk of losing their monopoly to new entrants. It might also be because of the availability in the longer term of substitutes in other markets. For example, a canal monopoly, while worth a great deal during the late 18th century United Kingdom , was worth much less during the late 19th century because of the introduction of railways as a substitute. Natural monopoly A natural monopoly is an organization that experiences increasing returns to scale over the relevant range of output and relatively high fixed costs. The relevant range of product demand is where the average cost curve is below the demand curve. An early market entrant that takes advantage of the cost structure and can expand rapidly can exclude smaller companies from entering and can drive or buy out other companies. A natural monopoly suffers from the same inefficiencies as any other monopoly. Left to its own devices, a profit-seeking natural monopoly will produce where marginal revenue equals marginal costs. Regulation of natural monopolies is problematic. The most frequently used methods dealing with natural monopolies are government regulations and public ownership. Government regulation generally consists of regulatory commissions charged with the principal duty of setting prices. By average cost pricing, the price and quantity are determined by the intersection of the average cost curve and the demand curve. Average-cost pricing is not perfect. Regulators must estimate average costs. Companies have a reduced incentive to lower costs. Regulation of this type has not been limited to natural monopolies. Government-granted monopoly A government-granted monopoly also called a " de jure monopoly" is a form of coercive monopoly , in which a government grants exclusive privilege to a private individual or company to be the sole provider of a commodity. Monopoly may be granted explicitly, as when potential competitors are excluded from the market by a specific law , or implicitly, such as when the requirements of an administrative regulation can only be fulfilled by a single market player, or through some other legal or procedural mechanism, such as patents , trademarks , and copyright [69]. Monopolist shutdown rule[edit] A monopolist should shut down when price is less than average variable cost for every output level [70] â€” in other words where the demand curve is entirely below the average variable cost curve. Please help improve this section by adding citations to reliable sources. Unsourced material may be challenged and removed. June Main article: Competition law In a free market, monopolies can be ended at any time by new competition, breakaway businesses, or consumers seeking alternatives. Public utilities , often being naturally efficient with only one operator and therefore less susceptible to efficient breakup, are often strongly regulated or publicly owned. You may improve this article , discuss the issue on the talk page , or create a new article , as appropriate.

September Main article: Competition law does not make merely having a monopoly illegal, but rather abusing the power a monopoly may confer, for instance through exclusionary practices i. It may also be noted that it is illegal to try to obtain a monopoly, by practices of buying out the competition, or equal practices. If one occurs naturally, such as a competitor going out of business, or lack of competition, it is not illegal until such time as the monopoly holder abuses the power. Establishing Dominance[edit] First it is necessary to determine whether a company is dominant, or whether it behaves "to an appreciable extent independently of its competitors, customers and ultimately of its consumer". Establishing dominance is a two stage test. The first thing to consider is market definition which is one of the crucial factors of the test. Relevant Product Market[edit] As the definition of the market is of a matter of interchangeability, if the goods or services are regarded as interchangeable then they are within the same product market. Since some goods are too expensive to transport where it might not be economic to sell them to distant markets in relation to their value, therefore the cost of transporting is a crucial factor here. Other factors might be legal controls which restricts an undertaking in a Member States from exporting goods or services to another. Market definition may be difficult to measure but is important because if it is defined too broadly, the undertaking may be more likely to be found dominant and if it is defined too narrowly, the less likely that it will be found dominant. Market shares[edit] As with collusive conduct, market shares are determined with reference to the particular market in which the company and product in question is sold. It does not in itself determine whether an undertaking is dominant but work as an indicator of the states of the existing competition within the market. It sums up the squares of the individual market shares of all of the competitors within the market. The lower the total, the less concentrated the market and the higher the total, the more concentrated the market. By European Union law, very large market shares raise a presumption that a company is dominant, which may be rebuttable. The lowest yet market share of a company considered "dominant" in the EU was If a company has a dominant position, then there is a special responsibility not to allow its conduct to impair competition on the common market however these will all falls away if it is not dominant. Each of them cannot be taken separately as if they are, they will not be as determinative as they are when they are combined together. They are actual competitors that relates to the market position of the dominant undertaking and its competitors, potential competitors that concerns the expansion and entry and lastly the countervailing buyer power. The dynamics of the market and the extent to which the goods and services differentiated are relevant in this area. So, market shares may not be useful in accessing the competitive pressure that is exerted on an undertaking in this area. The potential entry by new firms and expansions by an undertaking must be taken into account, [81] therefore the barriers to entry and barriers to expansion is an important factor here. Countervailing Buyer Power Competitive Constraints may not always come from actual or potential competitors. Sometimes, it may also come from powerful customers who have sufficient bargaining strength which come from its size or its commercial significance for a dominant firm. Exploitative Abuse It arises when a monopolist has such significant market power that it can restrict its output while increasing the price above the competitive level without losing customers. Exclusionary Abuse This is most concerned about by the Commissions because it is capable of causing long- term consumer damage and is more likely to prevent the development of competition. Single Market Abuse It arises when a dominant undertaking carrying out excess pricing which would not only have an exploitative effect but also prevent parallel imports and limits intra- brand competition.

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Chapter 7 : What is a monopoly? by The Linux Information Project (LINFO)

*Political Monopolies in American Cities: The Rise and Fall of Bosses and Reformers [Jessica Trounstine] on blog.quintoapp.com *FREE* shipping on qualifying offers. >Around the same time that Richard J. Daley governed Chicago, greasing the wheels of his notorious political machine during a tenure that lasted from to his death in*

Email Google GOOG has been negotiating with European regulatory authorities since in an attempt to settle an antitrust case concerning its search engine, and its third attempt to settle the case has been rejected. Microsoft MSFT has also been the subject of a long-running battle in Europe over market dominance issues. When firms have such power, they charge prices that are higher than can be justified based upon the costs of production, prices that are higher than they would be if the market was more competitive. With higher prices, consumers will demand less quantity, and hence the quantity produced and consumed will be lower than it would be under a more competitive market structure. The bottom line is that when companies have a monopoly, prices are too high and production is too low. In addition, the tactics used to establish monopoly power, such as driving competitors out of business or thwarting potential entrants, can also cause considerable harm to households who own the businesses that are forced to close their doors. For instance, a firm with deep pockets can set prices below costs and absorb losses until competitors can no longer survive. Then, once the competition is eliminated, the surviving firm can raise prices high enough to more than cover the losses it took while establishing its now-dominant market position under antitrust regulation, such tactics are prohibited. The problems with monopolies go beyond the economic effects. Many large, economically powerful companies also have considerable political influence and the ability to "capture" the political and regulatory process. This allows a powerful firm to tilt the legal and regulatory processes against any potential threat to its market power, and to bring about changes that further enhance the profits it earns. It can get health and safety regulations removed, have licensing requirements imposed that make it harder for new firms to enter a market, avoid state sales taxes for online retailers, or get invited to speak at congressional hearings on matters such as immigration and corporate taxation. When an industry has just a few dominant firms, or a single dominant firm, market power can be significant. But when the number of companies is sufficiently large, the power of any one is considerably muted. However, a small degree of monopoly power may even be desirable. Whenever there is variety, and hence some amount of brand loyalty, firms will have some market power, i. So, the cost of variety is that firms will have some degree of pricing power. But the benefit is a wide variety of goods to choose from. Consumers certainly seem to have a taste for variety, so this benefit must be weighed against the market power that companies get from differentiated products. However, when the number of firms is smaller so that oligopolies a few dominant firms or monopolies a single dominant firm appear, the likelihood that the benefits outweigh the costs is substantially diminished and scrutiny from regulators is needed. One case where scrutiny is certainly needed is one economists call a "natural monopolies. It happens naturally, often because of economies of scale that are still in effect even after the entirety of market demand has been satisfied. A dominant firm in an industry could, for example, face substantial new entrants and competition if it attempts to raise its prices and exploit its dominant position in the marketplace. But firms that exploit their market power or undertake strategic behaviors that make it more difficult for other companies to compete should come under the careful watch and, when appropriate, receive penalties from regulators charged with promoting the public interest.

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Chapter 8 : The Political Monopoly: How the Democrats and Republicans Keep Out Competition

Monopoly, or the exclusive control of a commodity, market or means of production, is an integral part of history. In a monopoly, all the power is concentrated in the hands of a select few. (See.

A Brief Introduction Monopoly is a term used by economists to refer to the situation in which there is a single seller of a product i. The word is derived from the Greek words monos meaning one and polein meaning to sell. Governmental policy with regard to monopolies e. Two Extreme Cases It can be useful when thinking about monopoly to look at two extreme cases. One is a pure monopoly, in which one company has complete control over the supply or sales of a product for which there are no good substitutes. The other is pure competition or perfect competition, a situation in which there are many sellers of identical, or virtually identical, products. There are various degrees of monopoly, and rarely does anything approaching pure monopoly exist. Thus, the term is generally used in a relative sense rather than an absolute one. For example, a company can still be considered a monopoly even if it faces competition from 1 a few relatively small scale suppliers of the same or similar product s or 2 somewhat different goods or services that can to some limited extent be substituted for the product s supplied by the monopolist. A business that produces multiple products can be considered a monopoly even if it has a monopoly with regard to only one of the products. In contrast, a company with exclusive rights to sell a product for which there are few if any good substitutes e. For a product characterized by perfect competition or nearly perfect competition , each supplier or seller must set its price equal to or very close to those of its competitors. This equilibrium price tends to be close to the cost of producing the product due to price competition among its many sellers. It is difficult for any seller to charge a higher price than its competitors because it would be easy for buyers to purchase from other sellers instead. It is likewise difficult for a seller to charge a lower price, because profit margins i. Naturally, all businesses, regardless of their degree of monopoly power, generally want to be as successful as possible, and thus they attempt to maximize their profits. However, it is much easier for a monopolist to make large profits through profit maximizing behavior than it is for a firm in a highly competitive industry. The reason is that the former has much greater flexibility in setting prices than does the latter, which has little if any control over prices. The monopolist has this flexibility because there is little or no direct competition to force the price down close to the cost of production. Of course, the monopolist will be acutely aware of the fact that the higher the price it charges, the smaller will be the number of units sold what economists refer to as the law of demand 3. This is because at higher prices some purchasers will just decide to buy fewer units or no units at all. A reduction in the number of units sold will eventually occur when the price rises to a sufficiently high level, regardless of how much buyers think they want the product, because buyers are ultimately limited by their incomes and savings. Assuming unrealistically, but for the sake of simplification that a monopolist could only charge a single price for a product, it would find the unique price that maximizes its profits. Raising the price above that level would reduce profits because the negative effect of the reduction in the number of units sold due to the higher price would more than offset the positive effect from the higher price. Likewise, the volume of output and sales would be substantially lower than in a competitive situation. The monopoly power of a company for a product is commonly thought of in terms of its market share for that product. However, it can also be measured by the ability that a company has to set the price for the product. In fact, this is the measure of monopoly used by some government agencies when studying competition in various industries. Price Discrimination A seller of a product in a competitive industry i. However, monopolists not only have the ability to charge a higher price than would competitive firms supplying the same product, but they also have the ability to charge significantly different prices to different customers for the same product. Monopolists are invariably well aware both of this ability and of the fact that by taking advantage of it they can often gain much greater profits than they could by just charging a single price to all customers. That is, a monopolist can maximize its profits by charging a separate profit-maximizing price for each type or group of customers e. This behavior is termed price discrimination. The ability to engage successfully in price discrimination depends on the degree of separation of markets, that is, how difficult or costly it is for buyers to transfer the product among themselves. For example, small, easily transportable items e. If a product is easy for buyers to resell, then businesses or individuals who can buy it at lower prices would have a profit incentive to resell it to others who would be charged a higher price by the monopolist. Monopolists generally are strongly opposed to such transferring of their products among buyers, and they tend to devote considerable effort to attempting to stop or minimize it. Among the many tactics used by monopolists to attempt to separate their markets are the use of warranties that are only valid in the country of purchase and labeling a product and manuals for it only in the local language for each country or region. For example, a software developer could charge a relatively low price for its product in Thailand a relatively low income country and discourage its transfer to Singapore or Japan relatively high income countries for resale there in competition with the higher prices it charges in those countries by having the software operate only in the Thai language, which is generally not understood by people outside of Thailand, rather than having it be adjustable by the user to operate in any of a number of languages. Region codes for computer games and DVDs digital versatile disks are also an attempt at price discrimination. These are codes that incorporated into the games and disks as well as into the players for them. They are designed to allow any game or disk to play only in the region in which it was sold, thereby allowing the sellers to control release dates and charge the profit maximizing price for each region. However, this is not always effective because some countries have outlawed the practice and required that players sold in their country be able to play games or disks from any region. Also, some users have been able to circumvent such regional lockout by modifying their players so that they can play games or disks from any region. Another common example is student discounts, which are often available for some products, such as computer software, because suppliers of such products are well aware that the profit maximizing price for this class of customers is lower than that for people who work full time. Sale of the products at the special student prices is restricted through the requirement of student identification at the time of purchase, and subsequent resale is discouraged through such means as identification checks in order to use warranties and obtain upgrades. Lower prices on some products are likewise often available for senior citizens, because, as is the case with students, the profit maximizing price is lower for them as a group due to their lower average income. Such recipients of lower prices will, of course, feel happy and feel as if they are receiving something special. This will help make a monopolist seem benevolent and can create goodwill for it. However, what is often being overlooked is the fact that this is not necessarily just benevolence although it might be in some cases , but it is definitely profit maximizing behavior. In any event, the recipients of the lower prices will still likely be paying much more than the actual cost of providing the product. Airlines are very efficient at separating their markets. This can be seen by the fact that tickets to any given destination are typically sold for a wide range of prices generally with little relationship to the cost of providing the trip , even for adjacent seats on the same airplane. For example, a number of techniques are used to charge higher fares for business travelers who are typically more concerned about convenience and time saving than about fares than for leisure travelers who are usually on tighter budgets , including by charging higher fares for people not making reservations far in advance or not willing to stay at a destination through a weekend both of which business travelers often prefer not to do. The airlines are able to prevent the reselling of their tickets and thereby maintain their separation of markets through the use of identification checks at check-in and boarding times5. Types of Monopoly Monopolies can be classified in various ways, including according to the degree of monopoly power, the cause of the monopoly, the structure of the monopoly and whether the monopoly is with regard to selling or buying. Frequently, instead of a single company, a monopoly consists of a group of companies that collude to control prices and quantities. In particular, an oligopoly is a situation in which sales of a product are dominated by a small number of relatively large sellers who are able to collectively exert control over its supply and prices. A cartel is a type of oligopoly in which a centralized institution exists for the purpose of coordinating the actions of several independent suppliers of a product. This is because there is a strong incentive for each individual supplier to cheat and supply more than its allotted quota; this instability tends to be greater the larger the number of participants. In the latter half of the nineteenth century trusts became a popular way to form monopolies in the U. A trust was an arrangement by which stockholders in several companies transferred their shares to a single set of trustees. In exchange, the stockholders received a certificate entitling them to a specified share of the consolidated earnings of the jointly managed companies. The trusts came to dominate a number of major industries. The largest and most infamous of these was Standard Oil , but trusts were also formed in numerous other industries including railroads, coal, steel, sugar, tobacco and meatpacking. Although monopoly is most often thought of as referring to sellers, it can also apply to buyers. A monopsony is the opposite of a conventional monopoly in the sense that there is only a single buyer or only one dominant buyer for a product for which there are multiple sellers. Some companies are both monopolies and monopsonies. By being also a monopsonist, a monopoly can increase its profits even further i. It is relatively easy for a monopolist to also become a monopsonist in some cases because, by definition, a monopolist has one or more unique products, and thus it is possible that it would also need some unique inputs to produce those unique products. Even if a monopolist does not require unique inputs, however, it can still wield considerable monopsony power if it is a large company. Causes of Monopoly Monopolies have existed throughout much of human history. This is because powerful forces exist both for the creation and maintenance of monopolies6. At the root of these forces is the natural human desire for wealth and power together with the fact that monopolies can be immensely profitable and provide their owners with tremendous financial, political and social power. Monopolistic power existed even in primitive societies because limited technical knowledge, poor transportation and small, scattered populations left little room for the emergence of numerous, competitive suppliers for some goods and services. In medieval Europe, guilds arose as transportation improved, economies grew and competition increased. Guilds were cartels formed by artisans and merchants for the purpose of controlling output, setting prices and establishing restrictions on new producers and sellers. When nation-states began to emerge in the late Renaissance, monopolies proved to be a useful device for their leaders to acquire the resources to maintain large armies and extravagant life styles. Major European nations also granted monopoly powers to private trading companies in order to stimulate the exploration and exploitation of new lands in the Americas, Asia, Africa, etc. Monopolies can arise in some circumstances as the result of normal business practices that are characteristic of firms in a highly competitive industry. Or they can arise as a consequence of what economists term anti-competitive practices, that is, behavior that is intended to destroy competition through means other than competing on the basis on price and quality including the quality of services associated with the product. More specifically, monopolies can arise in any of the following, non-mutually exclusive, ways: This can occur as a result of a purchase, merger or research and development. An example is pharmaceuticals, which can be extremely expensive and risky to develop and which are also protected by patents , thereby locking out all but a few large, well funded companies with ample talent. Closely related to this is control over a unique input for a product, such as a unique natural resource. This can result from having a more efficient i. In some cases, a greater efficiency is the result of economies of scale , which means that the production cost per unit of product declines as the volume of output increases due to the ability to use some resource more intensively e. This category includes natural monopolies. A natural monopoly exists for a product for which there are sufficient economies of scale such that the product can be produced or supplied by a single company at lower cost than by multiple, competing companies. Examples include utilities such as railroads, pipelines, electric power transmission systems and wired telephone systems. It is often wasteful for consumers and the economy to have more than one such supplier in a region because of the high costs of duplicating the infrastructure e. Horizontal integration is the gaining of control by one company over other producers or sellers of the same product. The acquired companies can appear to be quite diverse. Often the acquisition of control is not publicized, and sometimes different branding is used to create the illusion of competition. Such seeming diversity can also offer offer other benefits to a monopolist. In particular, it can be valuable in separating markets, thereby allowing the monopolist to charge separate, profit maximizing prices in each. It can also make the existence of a monopoly less conspicuous and less of a target for public criticism, government intervention and the emergence of new competitors. A platform is a standardized specification for a product that allows its providers and users and their products to interoperate without special arrangement. This reduces the overall costs of conducting transactions by removing some of the costs of matching up products with buyers.

Chapter 9 : Monopoly - Wikipedia

America's Monopolies Are Holding Back the Economy. monopolies" and vowed to appoint they were also establishing a set of political economic checks and balances that helped citizens.

In it I write to how we as a nation can peacefully use the elements of our tattered legal system to reclaim our government from the establishment for the people it was designed to serve. Right now, we are at a critical crossroads politically in our nation. The other road is small, difficult to navigate, and is very rough, but ultimately leads us back to a better place and salvation as a nation. The question is will America make the hard choices necessary for long term prosperity and freedom or will it like so many other nations collapse into tyranny, corruption, poverty, and bloodshed. Ominously, if historical precedent is any indicator, the future of our nation is a bleak. I want everyone to think about how detrimental the consolidation of power by the establishment into two overtly separate, but covertly unified political parties in the US has been to our freedoms and liberties. For over two hundred years we have been witness to a perpetual erosion of rights and freedoms while the government has exponentially grown, stolen incalculable amounts of wealth from its citizens, and created an insulated political class of elites. All this time, as the power of the US Government was being consolidated into fewer and fewer hands, the government has perpetually attacked giant corporate monopolies and broke them into smaller companies. This was done allegedly to promote fair competition, which has been generally viewed as acceptable government regulation of business for the good of the people. Whether oil, telecommunications, or transportation the government has for over a hundred years waded into disputes using antitrust laws to regulate the conduct and organization of corporations to promote fair competition for the benefit of the people. Ironically, nowhere is there a greater monopoly acting deliberately to limit fair competition at the expense of the people than in our two-party political system. If you want a peaceful solution to fix our broken, corrupt, and rigged political system, it is absolutely critical, we the people, open antitrust lawsuits against these modern day political robber barons of our most precious liberties. Word of the day: And do it the old fashion way, like our fore-fathers did it and succeed long before us , because what lies ahead of us will require all the help we can get. Why no one has suggested using the antitrust legal route to break up the political control of the party elites is up for debate. However, I for one am going to lobby strongly for it and ask each of you to do your part to demand suit is brought against both parties. Not once has this bar against monopolies been equally applied to our political system where it is needed most. By suing both the Republican and Democrat National Committees as a business monopoly operating at the expense of the people, we actually could use the force of law to break the gridlock in our political system. For the first time in generations a real election, with real candidates, could be put forward by the actual citizens of the US to run for office. There could actually be a chance to see genuine quality candidates compete for the duty to serve their fellow citizens. First, antitrust acts are specifically designed to restrict the formation of cartels and prohibit other collusive practices regarded as being in restraint of trade. Second, they restrict the mergers and acquisitions of organizations which could substantially lessen competition. Third, they prohibit the creation of a monopoly and the abuse of monopoly power. Considering the purpose of antitrust acts, do they relate to our current political system? Does the political monopoly in the US not represent a cartel that uses its influence to destroy any competition and rig the system like a cartel? Does the political monopoly not put in place rules and regulations that prevent other parties and independent candidates from challenging their status quo control of power? Does the political monopoly not abuse its power to favor the elites? Does the political monopoly not openly reject the will of the people in popular elections and claim the ability to appoint whomever they choose to office? Does the political monopoly not obliterate the ability to have free and open democratic elections? Does the political monopoly not restrain free trade? Does the political monopoly not use its control of government to establish favorable trade agreements and deals for its establishment cronies at the expense of true free trade? Does the political monopoly not accept tons of favors and donations from lobbyists to unfairly restrict or support mergers and acquisitions designed specifically to substantially lessen competition? Ultimately, does the political monopoly not harm the citizens of this nation? Both the Democrat and

Republican political parties are every bit of a political monopoly and are a direct detriment to not just free trade, but a free republic. If we can wake enough people up to the fact these corrupt parties of the establishment are no different than a giant cartel and should be broken apart using antitrust acts, we may have a legal avenue to directly attack the entrenched establishment at its core. I see no quicker way to break up the political stranglehold these two parties have over our nation than to have a court rule against them in favor of the people using the legal precedents established in our antitrust acts. The parties have had over two hundred years to make the rules of the game work in their favor. However, the establishment missed this legal vulnerability. Please become active and take concrete steps to create this debate and push for antitrust action against both political parties. At this point, we must exhaust all peaceful options at our disposal to try and avert the collapse of our country into a cesspool of leftist tyranny. If this sounds like a no win situation, you are right. Everyone will pay a steep price before there is any chance of order, prosperity, and freedom being restoredâ€¦if ever. Most importantly, we did this once in the US and ran out some, but not enough of the monarchists. In Russia the royal family was wiped out during the Russian Revolution. Unfortunately, in both Russia and France the countries then descended into a chaos and bloodshed ending with a dictator. At least in the case of France, the people eventually shook off Napoleon and formed their republic after immense bloodshed. Countries can and do get through these cataclysmic times, but it requires brilliant leadership, careful planning, and an unwavering moral underpinning. Foreign support, heavy weapons, and a lot of luck also help. Conspiracy 10 Comments Post navigation.