



## Monopoly

- Monopoly:
  - A market structure characterized by a single seller, selling a unique product in the market.
    - No competition
    - No close substitutes for the good
    - High or no barriers to entry
    - Price maker and price discrimination
    - Influence the quantity supplied
  - A sector or industry dominated by one corporation, firm or entity
    - A group becoming so large that they own all or nearly all of the market for a particular type of product or service.
- How to control monopolies?
  - Government imposing price controls
  - Nationalization
  - Breaking up the monopoly into two or more competing firms
- Types of Monopolies
  - **Simple Monopoly:** The seller sets a single price for all consumers and there is no price discrimination in a given market.
  - **Complex Monopoly:** A situation where a number of firms act as though they were a single firm (multiple firms raising prices at the same time).
  - **Discriminating Monopoly:** The seller charges a different price so different consumers for the same product.
  - **Absolute Monopoly:** Also known as a pure monopoly, the seller controls the entire market and faces no competition. This often happens when an industry has large barriers to entry.
  - **Imperfect Monopoly:** A firm controls the entire supply of a good that does not have a close substitute but may have a remote substitute that consumers will purchase for the right price.

ALCHANATI CAMPBELL & ASSOCIATES LLC



## Monopoly

- **Natural Monopoly:** A firm owns a single infrastructure such as gas or electricity
- **Legal Monopoly:** A firm has a copyright, trademark, patent right, or another form of reignition that their good is protected. This often leads to companies having a temporary monopoly of a small industry.
- **Public Monopoly:** A government agency or government corporation is the sole provider of a particular good or service and competition is prohibited by law.
- **Technological monopoly:** A single firm controls manufacturing methods necessary to produce a certain product, or has exclusive rights over the technology used to manufacture it.

ALCHANATI CAMPBELL & ASSOCIATES LLC

The text above has been gathered or is based on text from multiple sources and Alchanati Campbell & Associates LLC makes no claim to this text. It is strictly for educational purposes.