

THE DARK SIDE OF AMERICAN MONOPOLIES

Monopoly, the infamous character in the study of economy, has been making its mark on American economy ever since the beginning of the 1900's. During this period, there was a sudden rise in American monopolies. As a country driven by the concept of capitalism, wherein the market was free and left entirely up to the private and corporate businesses, monopoly in American was a suicidal notion. A lot of people may not see the dark side of American monopolies, but the fact is, it is there. This dark side may be disguised by the big, shiny names of the monopolizing businesses, but it cannot be ignored any further. It is a good thing that some American monopolies have been broken up, such as AT&T, which was finally overtaken by other, jumpstarting companies.

Another such classic example of the controversy behind American monopolies is the issue of monopoly in American agriculture. For years, American agriculture has been battling against monopoly through an anti-monopoly crusade. The politics behind the United States' agriculture is continuously caught between the importance of competition and the dominating monopoly and capitalism that is in place.

In retrospect, monopoly is a market situation in which there is only one provider of a certain good. Monopoly is caused by lack of competition and the lack of substitute goods as well. People have no other choice but to buy a certain product, and to buy a particular brand. It is also caused by low barriers to entry into the particular industry. In a market that is ruled by a monopoly, the prevailing market price is determined by the goods or service provider. Without monopoly, on the other hand, the price settles at an equilibrium that is not controlled by anyone. The buyer and the seller both have to play within rules set by the market itself.

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Anyone would agree that the disadvantages of monopoly and its negative effects on the entire economy of a country far outweigh its advantages. Looking at the issue closely, it seems that monopoly only benefits the producers, or the corporate businesses. With the lack of competition, consumers have no other choice but to patronize the products of the monopolizing producer. This gives the producer complete and total control over the price of the particular product. With the absence of any other options, most consumers are willing to buy the products even at a higher price. Producers, as businesses, will definitely jump at the chance to increase their profits from every unit sold by increasing the prices. Businesses can justify the price increases by saying that such an increase will enable and empower them to produce more products that are better in quality. The question is, does this really happen? Do they really give back to the market what the market gives them?

The other, darker side of American monopolies can be seen through its many disadvantages. Springing from the previous discussion regarding higher market price, these higher prices are definitely a disadvantage to consumers. Although most consumers are willing to pay a high price for the particular product, there will still be some who will not be able to afford the product by any means. This will then be a reason for these people to just forego the product. However, what if the product answers to a person's basic need? What will the person do?

Aside from the disadvantage to the economic situation of the consumers, the question of whether the monopolizing companies are giving back to the market through more and better products is still unanswered. This is the issue tackled by the societal marketing concept, wherein the efforts of companies are evaluated based on their effects to the society in the long run. "Complacent giants", another term that is well-known in the study of economy, is often used to refer to the monopolizing companies or producers. Because of the absence of competition, both direct and indirect, these producers become complacent about their

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products. With the lack of challenge from competitors, they do not feel the need to improve and upgrade their products anymore. They also do not see the importance of quality anymore. They now lack the motivation to innovate. This is because they are fully aware that the consumers will still purchase whatever kind of product they come out with, since these consumers simply have no other choice. This is very harmful to the entire market and even to the country's economy. Such a lack of motivation to innovate will hinder any further improvements in the particular market.

When they become complacent, they become less efficient in production. The products may suffer either in quantity or quality. This is ultimately harmful to economy as a whole. This is why competition and the lack of monopoly are considered very important. The competition is healthy for the economy, because it motivates improvements and encourages the market to move forward. Looking at a world where hunger and poverty are prevailing, and resources are lacking due to the weakening of the environment.

It has been a well-known fact that monopoly is bad for the economy. At the present, as the markets continue to thrive, several monopolies are slowly breaking up. The new economy is welcoming the arrival of a greater variety of goods and services available for the market to exhaust. Thus, the monopolies that are in place are starting to lose their hold on the market. Aside from AT&T, another well-known example of American monopoly is Standard Oil. During recent years, Microsoft also became the center of the anti-monopoly controversy, when it was faced with the anti-trust law to regulate its monopolistic tendencies. The monopoly of Microsoft, and even of Internet Explorer, which people believed was its partner in monopolizing the computer and Internet industry, was slowly broken up by the said regulatory law. American economists are relying on the aggressiveness of the markets so that not one producer would be able to maintain a monopoly over a particular product. Most people believe that the

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breaking up of monopolies is essentially necessary for America's further economic development.