

Laissez-faire assignment

[Environment](#), [Air](#)



Profit, which equals the cost on a business minus by revenue, is one of the most important things to a business owner. The business and products I talk here are all long-term. One of the simplest ways to get more profit is to decrease the cost on a product. First, and the simplest one is to decrease the money you pay for the workers, especially for companies have huge number of products and little profit on every single good. (Actually, most companies are like this.) Consider if every company is doing the same thing.

At first, because the less you pay to the workers, the lowest price of your products can be lower, the easier you can sell your goods, but as the money become less and less, workers cannot afford the products and the demand of your products starts to decrease which will cause the price keep reducing and the amount of good you sold also get lower and lower. As the result, you have to pay your workers even much lower to keep your cost less than your revenue. For workers, the wage getting lower also causes a lot of disaffection to the company. It will become a vicious circle and finally cause the whole company's bankruptcy.

Another way is use less people, which means automation. The big problem here is unemployment, more and more people will lose their job and income, which will also cause the demand decreases and become the same ending as the first theory. Let's talk about competition between different companies. If the government doesn't have any limit to the companies, bigger companies with more power and money will start to gobble up other small ones, these things keep repeating, large enterprises get larger, and the small ones get smaller or even are swallowed up by others.

Finally, the largest company will monopoly the whole market and controls the price of these products. Because there is only one company, they can get the price as high as they want, (all the supply is from the same source, so they can control the amount they provide to the market and the price they want for the goods.) The company become more and more powerful and affects the whole market which will not be an open, competitive market anymore. Another way to explain the disadvantage of monopoly is that most countries today have their antitrust laws to anti-monopoly.