

Assignment example



Monopoly Monopoly is defined as a market situation where only a single firm produces and controls the supply of a particular good or service; and there are no closely competing substitutes. Consequently, buyers are forced to buy goods or services at the prices determined not by the market forces but by the seller. Monopolies can be good in certain consumer sectors. Many economists believe that government-owned or government-regulated public utilities—such as the Water Companies, natural gas, electric companies, postal services and local telephone companies—can be appropriate examples to describe a positive side of monopoly. By having monopolies in these sectors, economies of scale can be achieved; which means the cost of per unit production of a product or service declines as the output volume increases. Having more than one supplier would often be wasteful for consumers and economies; besides, this would increase the cost aggregate (info, web). In the United States of America, the United States Postal Service is a government-owned entity that has a monopoly over postal services for a given reason. The regulated monopoly of the American Telephone & Telegraph Company, commonly known as AT&T, and its Bell System efficiently worked in its initial period of history. The AT&T came into existence in 1875, with founder Alexander Graham Bell's invention of the telephone (Corp. att. web). It enjoyed the monopoly in the telecommunication industry due to its technological advancements at that time and there was no other firm that could become able to secure that kind of technology. As a result, telephones and telecommunication fast spread across America. Monopolies facilitate investment in research and development. Microsoft experienced monopoly by introducing the latest technology in the shape of MS-DOS and Windows operating systems in its early era of the 1990s and 2000s. Due to its

monopolistic position, Microsoft heavily invested into the research and development of different versions of disk operating systems and windows. As a result, today we enjoy the latest and fastest windows, meeting the needs of speed and time in the required way. References 1. Brief History: The Bell System, 31 March, 2011, Web. 2. Monopoly: A Brief Introduction, 31 March, 2011, Web.