

Analyze and discuss  
a monopoly



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**MONSANTO'S MONOPOLY** Monsanto is the world's largest agricultural biotechnology company, which produces a huge amount of genetically modified seeds, animal hormones, herbicides and pesticides. Its headquarters are located in St. Louis, Missouri.

The company has been very criticized because of its lobbying practices and the large number of lawsuits, but the main object of the criticism is the monopoly they hold on 'glyphosate', a chemical ingredient used to produce 'Roundup', the most commonly used pesticide active ingredient in the United States, according to the U. S. Environmental Protection Agency ('2000-2001 Pesticide Market Estimates: Usage (Page 2)', United States Environmental Protection Agency, <http://www.epa.gov>), as well as their patented genetically altered seeds like corn, cotton and oilseeds (soybeans and canola). Monsanto is specialized in biotechnology and produces genetically engineered seeds. As they were pioneers in this area, they took advantage in the mid 90s genetically altered seeds' fever and patented all the modifications they had introduced. One of the main characteristics of these seeds is that they are not useful from one harvest to the next, which forces farmers to buy new seeds every year. To maintain their monopoly they firstly patented all their genetic modifications; then, they bought the most important seed companies in the U. S. 'As a result, two firms, Monsanto and Pioneer ([] purchased by DuPont), now dominate the U. S. seed business' ('Monsanto: The Bad Seed--Rachel's Environment & Health Weekly', Organic Consumers Association, <http://www.organicconsumers.org>). One of their allies was the U. S. government, which promoted the use of genetically modified seeds and allowed the sold of genetically modified food without labeling it as modified.

Cases like the Monsanto Canada Inc. vs. Schmeiser (2004), in which Monsanto sued a Canadian farmer for illegally using Monsanto's patented modified seeds and won have also helped this company to maintain their control over genetically altered seeds. They also sell their seeds to developing countries, talking them about their advantages and then making them completely dependent on their produces. And of course, their lobbying activity, which is well-known throughout the world, with groups like AFACT (American Farmers for the Advancement and Conservation of Technology). 'A monopoly is an enterprise that is the only seller of a good or service' ('Monopoly', Stigler, George J., The Concise Encyclopedia of Economics, Library of Economics and Liberty, <http://www.econlib.org>). This allows the enterprise to set the prices and to control the access to the good or service they provide, which can be very risky in the case of basic need items (such as energy or water) and means that they have the total control of the market of a particular produce. Companies that hold monopolies are usually extremely worried about their exclusiveness in market and the maximization of profits, tending to the super protection of their produces, for example, by patenting them. It usually leads them to bad practices and frequent lawsuits.

Competition is the most efficient way to end up a monopoly, because it represents a reference point to the monopolizing enterprise, which will have to lower prices to compete with the new rival and a new choice for customers. As for the government, it can enforce antitrust laws and fix the prices of the market in competitive levels, so they do not favor monopolies.

Sources:

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