

Monopolies - gas and electric

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Pros and Cons of Government Intervening Monopoly Businesses Pros and Cons of Government Intervening leasing Monopoly Businesses

The world economy exists in form of various market structures. Market structures dictate the manner of doing business or trade in the given specific areas. Monopoly is one of the most common market structures in various economies. Monopolistic market does have both positive and negative aspects to the given economy depending on the type of goods in sales and the ability of consumer to buy what they demand. Monopolizing business sectors like electricity industry and gas industry is both beneficial and detrimental to any economy, thus requires maximum regulation by the government of the given country.

Government's intervention leading to monopolization of the gas and electric sectors of the given country will have positive and negative implication to the general economy. Government's intervention in such businesses will ensure that consumers receive better services from the traders of the particular product (Tucker, 2011). Government will also help consumers exercise maximum sovereignty without any form of manipulation by the individual traders. In addition, government's intervention in monopoly of gas and electricity will help in ensuring that consumers get quality products and that traders comply with the safety standards.

According to Rittenberg, et al (2008), the negative experience that will occur when government intervenes, forming monopolies in gas and electricity sectors will include high cost of production as the producer will be unable to pass the costs to consumers. When costs of production rises, producers will strive to limit the use of raw materials and this may compromise innovation.

Furthermore, government's intervention in monopoly of gas and electricity may lead to skyrocketing of prices of the products due to the raised standards of services, which will have adverse effects to the lower economic class (Rittenberg, 2008). Moreover, government's intervention in monopoly trade of gas and electricity will also derail research process and spirit that a company may have to develop other ways of producing the particular product.

References

- Rittenberg, L., Rittenberg, Libby., Tregarthen, Timothy D., & Flatworld Knowledge. (2008). Principles of microeconomics. Nyak, New York: Flatworld Knowledge.
- Tucker, I. B. (2011). Economics for today. Mason, OH: South-Western Cengage Learning.