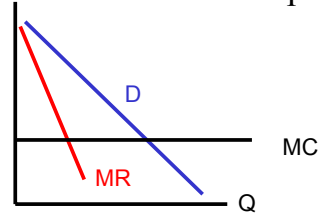
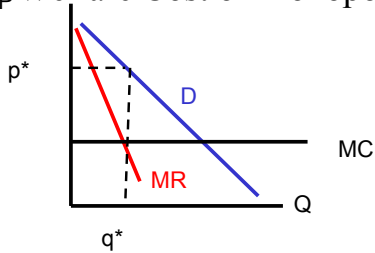


# The Economics of Monopoly

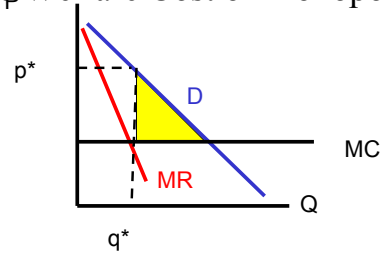
# The Welfare Cost of Monopoly



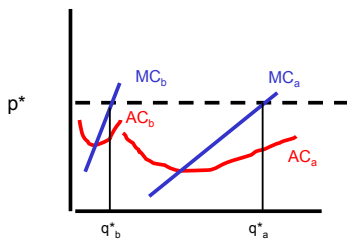
# The Welfare Cost of Monopoly



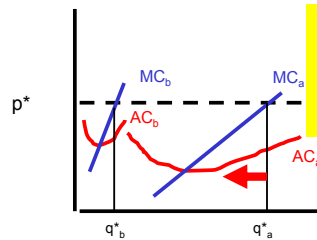
# The Welfare Cost of Monopoly



# Breaking Up Can be Bad

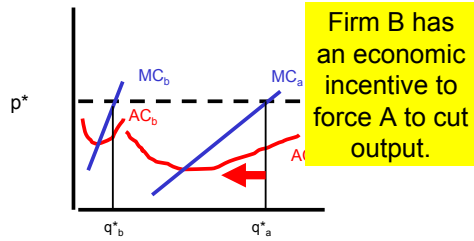


# Breaking Up Can be Bad

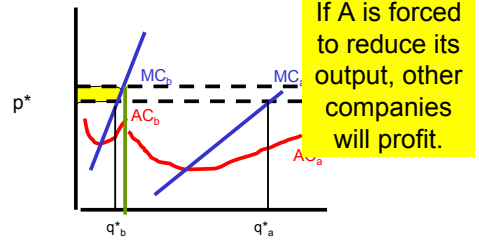


If we force A to reduce its output, we drive TC up.

## Breaking Up Can be Bad



## Breaking Up Can be Bad



## Patents and Copyrights

- Many monopolies exist because of patents or trademarks or copyrights.

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- Would the makers of a hit movie proceed in the absence of a legal monopoly on the showing of their film?

## To Summarize

- The evils of monopolies are well known.
  - However, there are cases where bigness comes from a competitive process that maximizes consumer surplus.
  - Elimination of these "monopolies" would be Hicks-Kaldor inefficient.

## To Summarize

- Firms may be tempted to use anti-monopoly legislation to eliminating and hobble competitors.
  - An anti-trust suit would benefit the competitors.
  - It would be Hicks-Kaldor inefficient.

End

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