This chapter considers the economics of monopoly abuse. A monopolist is a firm which is the sole supplier in a relevant market. Monopolists are able to determine the market price. This will be higher than the competitive price, with the quantity supplied being lower. This situation leads to a loss of welfare to society as a whole, and also a redistribution of income from some of the monopolist’s customers to the monopolist. The monopolist may also engage in wasteful strategic behaviour to protect its privileged position. In both the EU and UK regimes, competition enforcement is largely complaint driven. This forces the courts, and therefore economists as expert witnesses, to consider the (anti-)competitive impact of short-run activity that might be expected to have little in the way of long-run repercussions.
13. The economics of monopoly abuse

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