

# ***Economics: A Christian Worldview – Impossible Monopoly Questions***

## **(TEACHER INSTRUCTIONS/KEY)**

### **Purpose**

To show students that a government commission tasked with breaking up “monopolies” would face many questions impossible to truthfully answer.

### **Time**

10-15 minutes.

### **Instructions**

1. Print this page for yourself (no student handout).
2. **Explain to students:** If a government decides it’s going to break up a “monopoly,” it has a lot of practically impossible questions to answer. We’ve already seen that no one agrees on what exact percentage of the market means that a company has a “monopoly.” Here are more questions that monopoly-busters have to answer. Tell me why it’s practically impossible or absolutely impossible to answer these questions.
3. Read the questions in bold, and let students answer.

### **Questions/Key**

1. **What exactly counts as “the market”?** For example, is Amazon a monopoly in books? Online retail? All retail? Shipping? All of these? How wide or narrow should the definition be?  
*Changing the definition can instantly create or eliminate a “monopoly.”*
2. **How do you measure market share in a constantly changing economy?**  
*Markets change daily: New competitors enter, technology changes industries, consumer tastes shift. What snapshot in time should be used?*
3. **How can officials know what future competition might appear?**  
*A company might look dominant today. But tomorrow a new technology appears, a startup disrupts the industry, consumers switch products, and so on. How can regulators predict unknown innovation?*
4. **How can regulators know what consumers actually want?**  
*If millions of people voluntarily buy one product, is that consumer satisfaction or illegal dominance? Who decides whether consumers are “allowed” to prefer something?*
5. **When is a company simply successful instead of monopolistic?**  
*If a company makes the best product, offers the lowest price, and/or provides great service...should success itself be treated as suspicious?*
6. **How do regulators determine whether profits are “too high”?**  
*What level of profit is acceptable? 5%? 10%? 25%? Profits vary wildly between industries and time periods.*
7. **How can regulators know the “correct” price of a product?**  
*If a company charges \$9.99, how can officials know whether the price is fair, too high, too low, or exactly what consumers prefer? Prices emerge from millions of voluntary transactions.*
8. **How do officials know whether competitors failed because of “unfair behavior” or because they were simply worse?**

*Did rivals disappear because they were inefficient, their product was inferior, consumers preferred something else?, or because of “unfair tactics”? How does anybody prove the difference?*

**9. How can officials know whether current dominance will disappear naturally?**

*History shows many “monopolies” vanish without government action: MySpace, AOL, Netscape, Blockbuster, etc. How can regulators know whether market forces would fix the issue naturally?*

**10. How can regulators stop consumers from voluntarily buying what they want?**

*If people freely choose a product, regulators must effectively say this: “You are not allowed to buy this product from this company.” How can that be justified?*

**11. How can regulators calculate the “correct” number of competitors?**

*Is the ideal number 3 firms? 10 firms? 100 firms? Markets naturally fluctuate, so there is no universally optimal number.*

**Wrap-up**

**The big problem:**

For an anti-monopoly commission to work perfectly, it would need to know:

- every consumer preference
- every production cost
- every future innovation
- every potential competitor
- every unseen consequence of intervention

In other words, it would need **knowledge of the entire economy—past, present, and future**. That level of knowledge is **far beyond the capacity of any government agency**.