

### Katherine's Notes on Monopoly:

Monopoly theory contains one of the most recent major contributions to economic theory. Up until the publication of *Man, Economy, and State*, monopoly was considered a real, albeit minor, presence in the free market. Under the prior theory the main focus was on the monopoly price and the definition that this price was necessarily higher than the market price. Though this presumption remained unchallenged for a long time, it was used to develop a theory which explored the consequences and possibilities of permanently establishing prices above market prices which was distinct from the theory of price controls. Though this latter part of the theory remains intact, Rothbard's contribution critically examines the definition of monopoly price. Rothbard shows, under the old definition that there is no a priori way of defining a monopoly price independently of a market price, thus making the entire theory of prices indeterminate. Rothbard then shows the theory can be saved by a definition of monopoly price in terms of government intervention. Thus, monopoly theory properly becomes a part of the theory of the hampered market economy. Most modern developments are based off of this new contribution. Accordingly, in what follows will be literature which take this new development and explores its applicability and implications. ASA: I would also like to stress the fact that understand monopoly theory properly really does require a good understand of production theory, the most important being the chapter from MES and extended reading likely involving people such as Bylund and Klein in *Entrepreneurship and Production* [See other Secondary categories].