

# 6-1 Discussion: Economic Impact of Oligopolies

The United States has a variety of regulations to address the economic harm resulting from monopoly power in an industry. This includes the Sherman Act of 1890, the Clayton Act of 1914, and the Federal Trade Commission Act of 1914. These acts were aimed at restricting the formation of cartels and monopolies to protect consumers and ensure competition. The article [The Oligopoly Problem](#) argued that oligopolies fall through the cracks of these regulations and leave consumers unprotected from harmful business practices where industries are highly concentrated. Read the article and respond to the following in your initial post:

- What are examples of firms in an oligopolistic market that abuse their power? Explain how they abuse their power and describe the impact on consumers.
- Do you agree with the author's feelings about increased government oversight of such industries? Why or why not?

In your response posts to peers, comment on your own experiences with such industries and on their impact on you. Additionally, discuss whether you agree or disagree with your peer's stance on regulation, explaining why.

To complete this assignment, review the [Discussion Rubric](#) document.

## Rubrics

[Discussion Rubric: Undergraduate](#)

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### Apples and Windows and Droids Oh My!

Valerie Leon posted Oct 7, 2019 10:33 PM [Subscribe](#)

I think a good example of an oligopolistic market is the operating systems we rely on for mobile phone/tablet devices. As consumers, we have choices when making a purchase of phone styles, data storage, and operating systems, however, we are still victim to the frequent generation changes of devices and versions of operating systems. It is costly to keep up with the changes. As an iPhone user, I can certainly take good care of my phone and keep it for years but as new generations are released the functionality of my phone and battery life decline. I believe this because the new operating systems are designed for bigger and better phones and my 'older' phone can't handle the new bells and whistles. For that reason, perhaps the government should have some oversight to protect consumers. I think the new generation of phones should have significant changes in order to justify a new release. By significant, I mean more than offering the new phone in an "exclusive" color. Regulation can be a good thing when administered with good intentions. I think consumers are being distracted by colors and literal flashy lights of a new camera feature.

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Last post yesterday at 9:20 AM by Malick Diarrassouba

### 6-1 Discussion

Cassidy Gonzales posted Oct 9, 2019 1:09 PM [Subscribe](#)

There are many oligopolies in the world today. I am going to give an example of mass media. Everyone watches media on television and everyone has their favorite ones to watch and get information from. Ninety percent of U.S. media outlets are owned by six corporations: Walt Disney (DIS), Time Warner (TWX), CBS Corporation (CBS), Viacom (VIAB), NBC Universal, and News Corporation (NWSA). The problem with mass media is that it has progressively fewer individuals or organizations control increasing shares of the mass media. If the companies dominating a media market choose to suppress stories that do not serve their interests, the public suffers, since they are not adequately informed of some crucial issues that may affect them. If mass media increased government oversight, then I think that the government may reduce the accountability of information to the consumers.

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### 6-1 Discussion: Economic Impact of Oligopolies

Thomas Wine posted Oct 9, 2019 7:25 PM [Subscribe](#)

The biggest example of an oligopoly that I can think of is in the online marketing. Google and Facebook combine for 59.3% of all digital ad revenue according to industry site emarketer.com(Feb. 2019). If a business wants to effectively grow its business by advertising online, these two firms alone can make or break your ad budget. Because these two firms can essentially dictate ad prices without too much competition, a small business may find it difficult to break into digital advertising at a reasonable cost. This would stop smaller businesses from getting their names out to potential consumers without being bullied into paying inflated click and search prices. They are also able to deem any ad they want to be inappropriate and ban a company from advertising on the platforms Which could mean a death sentence to some small business or start-ups. Business would need to raise prices on consumers to offset advertising costs. These two firms will combine to control over 50% of the market in all advertising by 2022 according to research by The Philadelphia Inquirer.

I normally do not want the government to get involved in businesses making business decisions, but I believe the government has a role in keeping things fair for all parties in a market. I do believe that in some cases, regulators should step in to ensure that even if a company is not a monopoly, that they are not using their considerable financial clout to hold other businesses down.

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Reflect in ePortfolio

#### Activity Details

- Task: Reply to this topic
- Starts Oct 5, 2019 11:59 PM

Assessment

[Discussion Rubric: Undergraduate](#)