



# COMPETITION AND MONOPOLY

**SYRACUSE UNIVERSITY**  
School of Information Studies

# TRANSACTION COSTS



1

Search costs

2

Monitoring costs

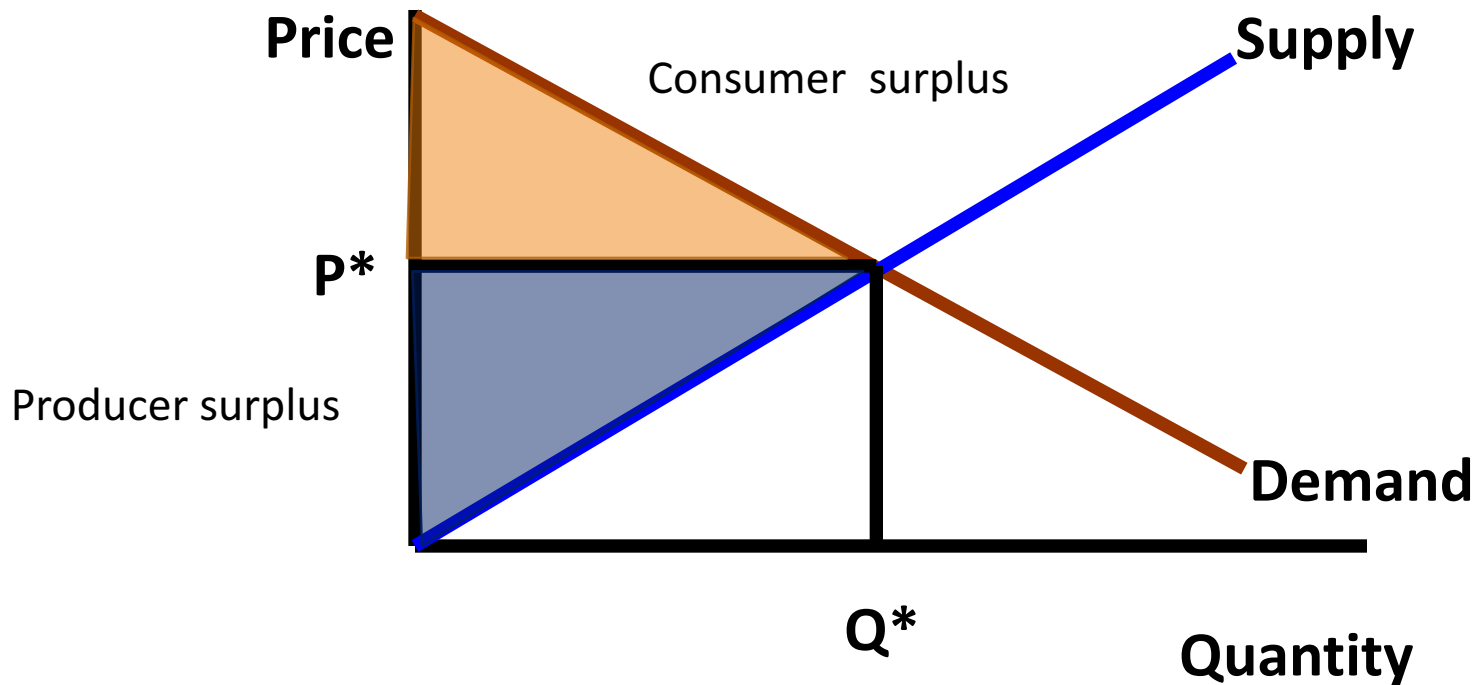
3

Enforcement cost

# WINNER TAKES ALL

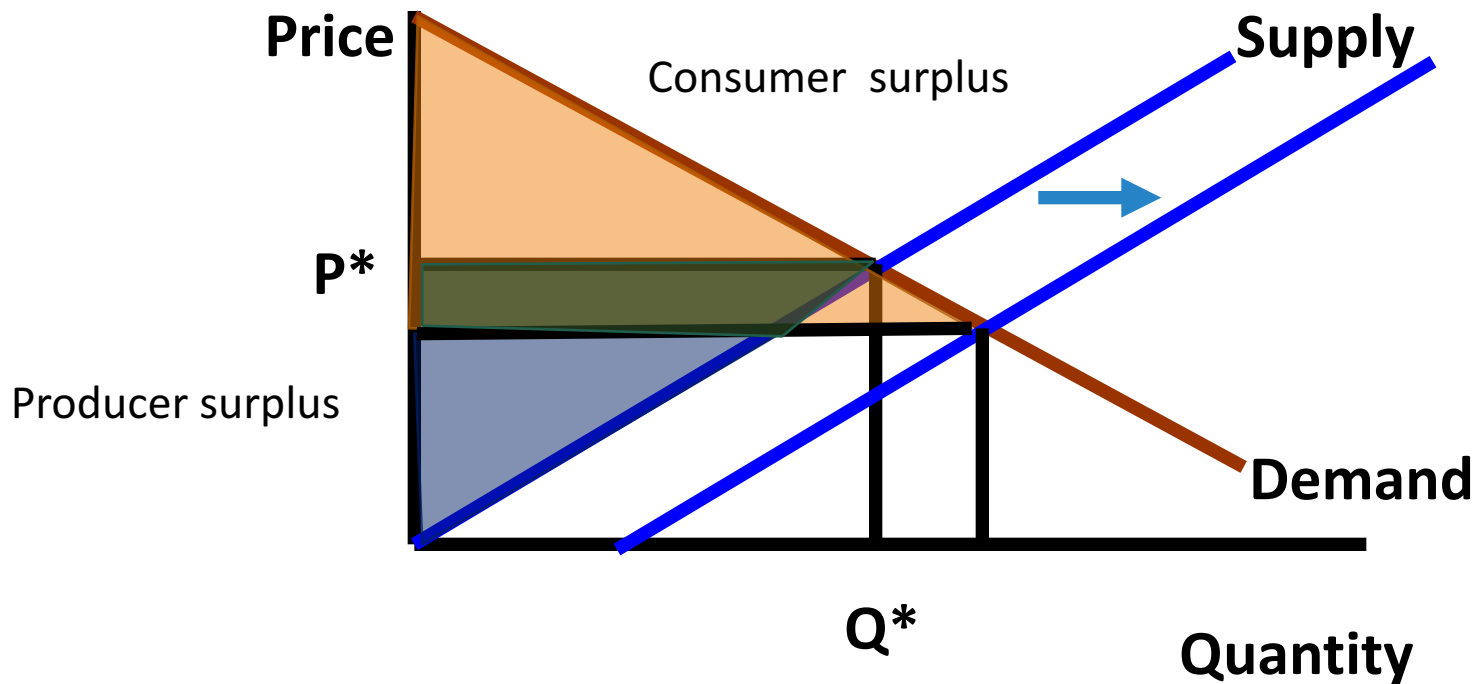


# CONSUMER SURPLUS UNDER COMPETITION

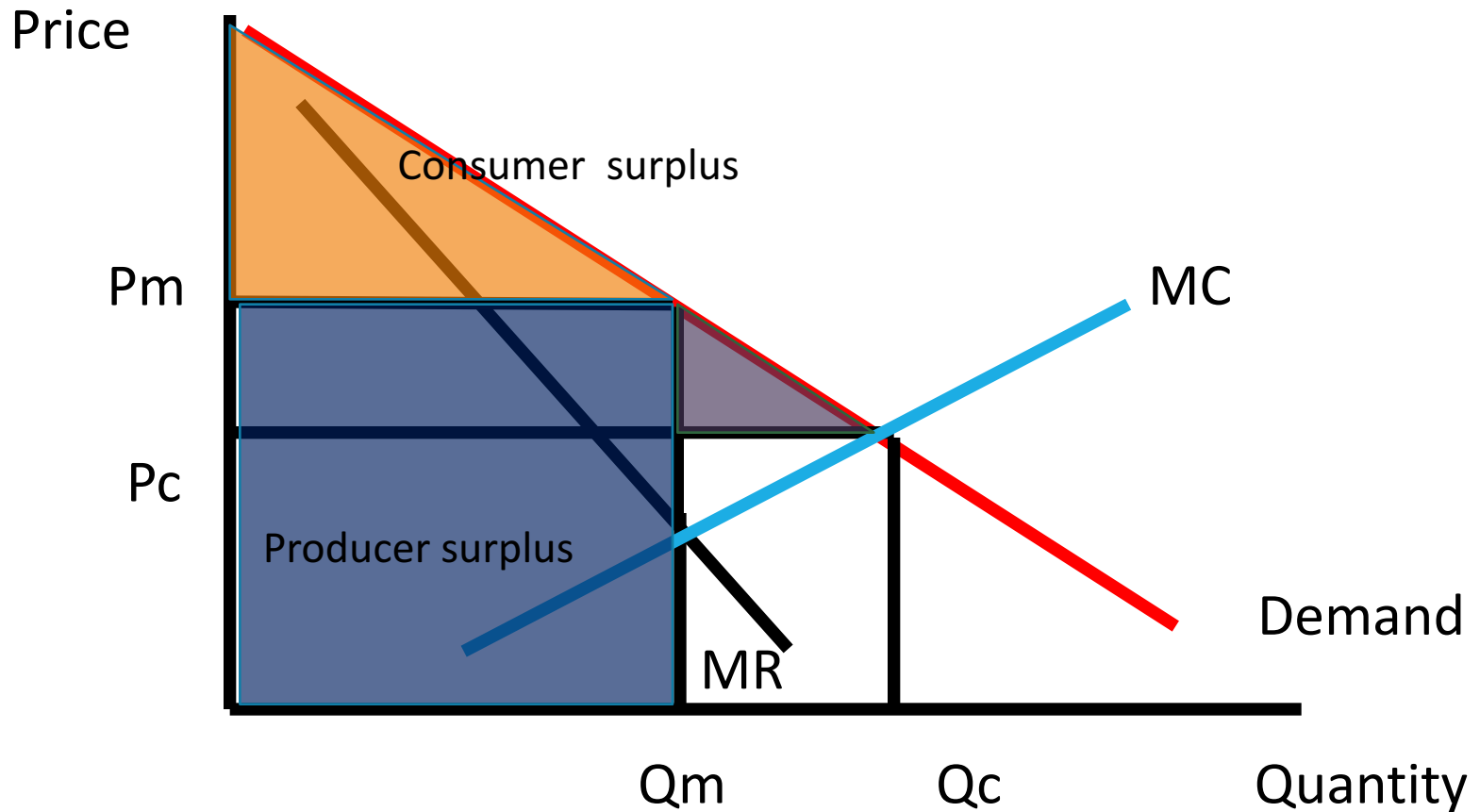


# CONSUMER SURPLUS WITH NEW ENTRY

Consumer and producer surplus, deadweight loss



# CONSUMER SURPLUS UNDER A MONOPOLY



# POLICY: PARETO EFFICIENCY VS. UTILITARIANISM

Efficiency

Pareto efficiency

Diminishing marginal utility

