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Monopolies and Voice

Hirschman believes that monopolies are not as bad as his colleagues in the field of economics might believe. Because of his belief in voice of a group over them choosing to exit, and his understanding that in an economy many switch from company to company, he sees a monopoly as a mechanism to encourage voice. The definition of a monopoly, to my understanding, is a high level, if not total, control over a specific market. This means that a consumer or a group of individuals do not even have the option to exit if they want what the monopoly produces. Instead, they must voice their opinions and form groups to encourage the monopoly to change.

What incentive exists for the monopoly to change if it already owns the market? If enough of the population is upset with the quality of the product being produced, they will began to choose to live without it; another form of exiting. It may take some time for competition to form, but the significant number of customers being ignored (and leaving) will cause the monopoly to receive economic losses. Instead, the monopoly will listen to voice. According to Hirschman, this system will increase the number of people who use voice instead of exit since the monopoly is unwilling to lose the economic influence it has worked for and the mass of consumers have desired the product for so long. The scenario where they do exit is only occurring in extreme cases, e.g. where the monopoly has failed.

Some monopolies might be ‘lazy monopolies’ as deemed by Hirschman and may allow some room for exiting. If the monopoly does not wish to address all of the concerns, it may provide specific 'membership benefit' to the complainers in an attempt to make them quiet. This destroys their voice, and in actuality helps, for them, exit the complaint system. A monopoly might also be willing to give up some of its economic dominance allowing another company to form to address the needs of a few consumers who voiced. They would exit the monopoly to receive the desired outcome that the other smaller company provides.

In a sense, it forces the market to adapt and increase efficiency and productivity. When everyone, for the most part, is voicing their complaints, and the monopoly is listening, then innovation and improvements are being made. The monopoly stays in power, and so it is just as satisfied as the consumer base. This can even be paralleled to politics, where two party systems have two monopolies. Voicing complaints must be heard, otherwise a third party forms and takes power from one of the two parties (or both). Being a worst nightmare for a monopoly, the monopoly is generally willing to listen to voice more than exit.

Relating this to other economists, I agree with the notion that Hirschman argues about voice and exit, and the role of monopolies. I do not see why multiple monopolies can not coexist within a specific economy or political (or even social if I were to stretch the definition) situation. As far a two monopolies existing, that is how I view political parties described earlier, and concept of three monopolies existing is similar to the positive sum gain model described by Olson. When multiple monopolies coexist they are forced to strike compromise. For example, the Labor, Business, and Government triad must always work together to obtain more resources for themselves. This example would need empirical research to expand upon this idea.