Funding the Future

Why monopolies are harmful

https://www.taxresearch.org.uk/Blog/2024/04/30/why-monopolies-are-harmful/
Published: January 12, 2026, 8:30 pm

I posted this video on YouTube this morning.

As I said of it on YouTube:

Monopolies exist when one or a very few companies or organizations control a market and can exploit consumers as a result. The modern economy is riddled with monopolies, many of which are very powerful. Until governments are willing to stand up to them we are all at risk of being ripped off.

https://youtu.be/w9BDH-qS6NA?si=HZtPiwHDh-eOS2PM

The transcript says:

Monopolies are always bad news when it comes to economics.

What do I mean by a monopoly? A monopoly exists whenever one or a few companies - when technically we call it oligopoly, but it amounts to much the same thing - one or a few companies control a marketplace so that effectively they can control the prices that you and I, as consumers, will pay, and they can make sure that other people cannot enter the market to provide effective competition to them. That's what a monopoly is.

Now, there are some natural monopolies. Water supply is one. Education is another if everyone is to benefit from it. Railway companies are a natural monopoly because you can't run lots of parallel sets of tracks between places to create genuine competition. But we also see monopolies in many other parts of the economy as well.

Let's be blunt, Amazon is a monopoly because frankly they totally dominate the online delivery market.

Some of our retailers look remarkably close to monopolies, or at least to oligopolies.

There aren't very many supermarkets and yes, they might say they price compete with each other, but that doesn't mean to say they can't put a ceiling below prices at which they guarantee that we'll all still pay sufficient so that none of them can fail.

In other words, they still have the opportunity to abuse us, even if there appears to be some veneer of competition laid over it.

Our banks are in much the same position. Most of them offer remarkably similar prices. products and services. The downside of this is that we can be exploited. They have all the power.

They are large.

They have economic clout.

We, as individuals, can't go elsewhere.

We can be exploited.

This means that any government has to have a policy to manage monopolies.

Now, those that are so natural, like water and rail, and education and health care for everyone, need to be run by the state. There is no way around that. Those are so strong as monopolies and the need is so essential that the state must nationalise them.

In other sectors, there must be strong regulation of the companies involved to guarantee they don't exploit this. This needs a genuine Competition Commissioner who can control prices, control profits, and if necessary, demand that there be a real opportunity for other companies. to allow competition to enter the marketplace if they are dominant in certain places. Rarely does this happen at present in the UK; normally only on takeovers.

We need to have more aggressive control by governments of monopolists to make sure that we aren't exploited, because at present it's almost certain that we are.