

AN ECONOMIC INTERPRETATION OF NEOCLASSICAL MONOPOLY THEORY IN THE LIGHT OF AUSTRIAN SCHOOL

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Abstract:

The paper summarizes the contributions of the neoclassical and Austrian school of thought in the field of monopoly theory arguing that the first uses non-operational concepts in describing the entrepreneur's actions on the market. The Austrian economic theory of free competition is the opposite of perfect and pure competition which is the model used in most of policy recommendations and also the intellectual legacy of neoclassicism. After proving that the monopoly price can't be scientifically determined and neither the consumer loss of welfare, the paper raises the issue whether public policy should intervene in a case of monopoly.

Keywords: monopoly, property rights, monopoly price, utility, consumer

JEL codes:: B53, D41, P14