Monopoly power is advantageous. Monopoly power is disadvantageous. Monopoly power is neutral.

Figure 1: The Suspicion Effect: When is Monopoly Advantageous Relative to Competition?
Figure 2: The Publisher's Bargaining Surplus
Figure 3: Equilibrium Market Structure Without Mergers—Dominant Profit Motive
A Monopoly

B Monopoly

No Entry

Competition

B enters for buyout

A enters for buyout

Both A as well as B monopoly are equilibrium

competition changes to monopoly

Figure 4: Equilibrium Market Structure Allowing Mergers—Dominant Profit Motive
Figure 5: Alpha=1, mergers allowed

- A monopoly
- B monopoly
- Competition
- B enters for buyout
- A enters for buyout
- No Entry