

1. Introduction

Market power is “the ability of firms to influence the price of the product or products they sell” (Martin 1989: 16). This is our contemporary definition. But what do we know about the history of this notion? What do we know about when it was defined and how it was explained in the history of economic thought?

In this paper we distinguish four different fields of enquiry in which to seek a history of ideas on the causes of market power: the first concerns the history of the models of profit maximization in imperfectly competitive markets; the second, competition policies in a historical perspective; the third, the theory of competition in economic thought; and the fourth, the development of the notion of entry barriers. This paper is of an historiographical character and places this study within the existing panorama of the secondary literature; moreover, it has been written in the conviction that in the study of economic thought one cannot restrict oneself to simply narrating a history, one must also have some very good reasons for doing so.

2. Fields of enquiry

The four possible fields of enquiry in which to seek the origins of the notion of monopoly power are to be found within the pre-history and history of industrial economics and competition policies. This is the case insofar as market power is the characteristic feature of all imperfectly competitive markets, so the natural place to look to follow its historical development is in the theory of industrial economics, as well as competition policies. Nevertheless, as we shall be seeing, also the historiography of the theory of competition will provide various ideas for a history of the sources of market power.

2.1. The History of the Models

The first field of enquiry in which it would seem natural to find a theory of the causes of monopoly power concerns the attempts to