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DISCUSSION TOPIC
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COLLUSION DAMAGES v REGULATION THEORY

1. LFCE. Under the Federal Law on Economic Competition (LFCE), competition authority claims that any agreement between competitors (with purpose or object to price or supply fixing, market segmentation, bid rigging, or information exchanges for such activities) is unlawful and should be sanctioned because **always** causes damages.
2. Regulation theory. Economic regulation theory establishes that a price cap is set by the regulator to somehow reflect the price that would prevail under effective competition.
3. Regulated Price Caps.

   Case 1. A government entity carries on an auction such that it will accept bids whose prices are no larger than a predetermined price cap (i.e., a competitive price).

   Case 2. The regulatory authority establishes a price cap for trading a specific good (i.e., a competitive price).
4. For both Cases, it is my claim that **if suppliers sell under regulated price caps (i.e., competitive prices) there is no damage caused whatsoever**, **even if the effective selling price results from coordinated behavior of some suppliers.**
5. Sales below the competitive price set by the regulator should be considered a benefit to consumers greater than the expected benefit estimated by the regulator.