

Competition policy: High prices do not justify state price regulation

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At a glance

In the context of the debate on the revision of the Cartel Act, various players are repeatedly calling for measures to combat the "high price island of Switzerland". However, a factual economic analysis shows that high prices are not primarily due to market abuses and agreements.

The Institute for Economic Studies Basel (IWSB) dedicates the May issue of its commentary to the topic of high price islands and competition policy. The article shows the reasons for international price differences from an economic perspective and makes a factual contribution to competition policy. The authors come to the conclusion that price differences in the "high price island" are not simply a consequence of illegal agreements or market abuses. Instead, higher prices in Switzerland are rather due to the high purchasing power and thus the great success of the local economy, but also to the behavior of consumers.

International price differences are a fact. However, they are not automatically an indication that competition law problems exist. This must be taken into account in the ongoing revision of the Cartel Act. Accordingly, Article 7a (formerly the Birrer-Heimo motion), which is currently under discussion, should be abandoned because it is not based on an economically sound competition policy and instead seeks to introduce state price regulation. However, the current instruments of the Cartel Act can already be used to take action against abusive behavior by providers.