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*Margin squeeze: an
above cost predatory
pricing approach*

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BACKGROUND

- Margin squeeze allegations have become of increasing importance over last 10 years notably within the recently privatised industries.
- The EU and US have two different techniques regarding this including the competition law method and regulatory method respectively.

METHODOLOGY

- Provide a different method that solves the shortcomings of the other two methods currently used, through analysing margin squeeze principally under adjusted predatory pricing standards.
- The reasoning behind why margin squeezes which are detrimental to competition in industries simulate predatory pricing strategies.

KEY FINDINGS

- Using an above-cost predatory pricing standard, that incorporates both the opportunity cost and the behaviour to be exclusionary, could diminish the issue danger of over and under deterrence. Consequently, lowering the US and EU antitrust division relating to this.

POLICY ISSUES

- Each method has its own problems. Regulatory technique increases under-deterrence and the competition law technique raising the prospect of over-deterrence. Both of which restrict firms using competitive strategies which ultimately lead to an increase in surplus and reduced prices for consumers.

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