A group of firms can act together and damage the market and produce unwelcome welfare effects. This is known as a ‘cartel’ or ‘cartelization’. However, multi-firm conduct is often a more difficult phenomenon to analyse and identify than single firm or monopoly behaviour. This chapter discusses horizontal restraints, vertical agreements, and vertical restraints. Horizontal agreements may raise concerns that competition is being harmed, but collusion may be difficult to detect. The problems of policing horizontal conduct may be exacerbated in oligopoly markets, where there are few competitors which frequently mimic each other’s conduct without necessarily coordinating. Cartel arrangements may be difficult to put in place, but may have long-term success. Vertical agreements are less likely to raise competitive concern, unless they are
8. The economics of agreements, collusion, and parallel conduct

linked to the exercise of market power, or contribute to the exclusion of competitors from a market.

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