Vertical relations in cartel theory: managerial incentives, buyer groups & antitrust damages
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A cartel is a group of firms collectively attempting to restrict competition among them. Cartel members most commonly do so by fixing prices, sharing markets, or rigging bids.

Competition policy

Competition policy is the set of legal measures to fight cartels and to protect fair competition in the market. This dissertation aims to contribute to the theoretical basis of competition policy.

Vertical relations

I extended the basic horizontal model of cartels by allowing for vertical relations within part I and among (parts II & III) firms.

Cartel theory

The horizontal model in cartel theory assumes that firms interact as profit-maximizing black boxes on the market.

PART I managerial incentives

Virtually all discovered cartels are operated by managers whose incentives may not be fully aligned with those of the owners. Part I investigates the impact of managerial incentives on the stability and behavior of cartels.

PARTS II & III buyer groups & antitrust damages

Part II develops a model of buyer groups effectively functioning as cartels. Part III studies how the economic damages resulting from a cartel are distributed along a vertical production chain.

key results

Well-designed corporate compliance programs can complement leniency programs by triggering a "vertical race to the courthouse"

Short-term employment contracts can facilitate cartels

Intra-firm strategic delegation can improve cartel stability

A buyer group on the input market can induce cartel profits on the output market without engaging in per se illegal interaction

The overcharge imposed by a cartel on its direct purchasers is an improper proxy for antitrust harm suffered by indirect purchasers

Background material to this dissertation is available at carteltheory.com. You can find my research and papers in their most updated form, as well as media files on cartels, such as a Netherlands Competition Authority (NMa) film on leniency programs; the trailer of cartel movie The Informant featuring Matt Damon; and undercover FBI footage of the Lysine Cartel's secret hotel meetings (Lysine Tapes).