Vertical relations in cartel theory: managerial incentives, buyer groups & antitrust damages

Han, M.A.

Publication date
2011

Citation for published version (APA):

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**vertical relations in cartel theory**

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

**cartel theory**

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

**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 inexact proxy for antitrust harm suffered by indirect purchasers

**imperative incentives, buyer groups & antitrust damages**

**Firm 1**

**Firm 2**

**Consumers**