Department of Economics Seminar

“Denying Leniency to Cartel Instigators: Costs and Benefits”

Prof. Thomas W. ROSS
Senior Associate Dean, Special Projects
UPS Foundation Professor of Regulation and Competition Policy,
Sauder School of Business,
The University of British Columbia

Date: 15 May 2014 (Thursday)
Time: 4:30 pm - 6:00 pm
Venue: WYL101, Dorothy Y. L. Wong Building

Abstract:
A large number of countries have introduced leniency programs into their competition law enforcement to encourage members of collusive agreements to come forward with evidence that will help convict price-fixers, restore competition and deter future violations. In many cases these programs have been overwhelmingly active and have, in fact, become the leading weapon for detecting cartel conduct. A growing theoretical literature has been studying leniency and exploring various elements of these programs including the extent of leniency granted, how many parties may enjoy leniency, and the point in an investigation at which it becomes “too late” for a cartel member to apply. This paper explores an additional feature of many of these programs that has received relatively little attention: the inclusion of what we term “No Immunity for Instigators Clauses” (NIICs), provisions that deny leniency benefits to parties that instigate cartel behavior or function as cartel ringleaders. Our results show that NIICs can lead to increased or decreased levels of cartel conduct. By removing the instigator’s benefit from cooperating with the authorities, a NIIC undoes some of the benefit the leniency program was intended to generate and furthers cartel stability. On the other hand, the instigator faces an asymmetrically severe punishment under a NIIC and this can reduce the incentive to instigate in the first place.

All Are Welcome

For enquiry: 26167190 (Yuki)