

“Denying Leniency to Cartel Instigators: Costs and Benefits”

(in English)



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Time: 4:30 pm - 6:00 pm

Venue: WYL101, Dorothy Y. L. Wong Building

Biography:

Tom Ross is Senior Associate Dean (Special Projects), the UPS Foundation Professor of Regulation and Competition Policy and the Director of the Phelps Centre for the Study of Government and Business in the Sauder School of Business at the University of British Columbia. An economist, he did his undergraduate work at the University of Western Ontario and earned his doctorate at the University of Pennsylvania in 1981. Professor Ross worked at the University of Chicago and Carleton University before moving to U.B.C. (in 1992) and spent a year as the first holder of the T.D. MacDonald Chair in Industrial Economics at the Competition Bureau in 1990-91 and a year as a National Fellow at the Hoover Institution at Stanford University from 1987-88. From 1993 to 1996 he served as the Chair of the Policy Analysis and Strategy Division of the Sauder School. He has received awards for his research from the Sauder School (Faculty Research Prize, 2001) and the University of British Columbia (Killam Research Prize, 2005) as well as teaching awards from the Sauder School (CGA Graduate Teaching Award, 2004) and from the MBA Class of 2004 (Outstanding Professor Award).

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

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