

## 12. CRIME SERIOUSNESS RATINGS

### 12.1 CRIME SERIOUSNESS RATINGS – PRICE FIXING

#### Question

E1 Earlier in the survey you were asked to consider the following scenario:

There are two butchers in a town. In the past they have set their prices independently of each other. This has meant that if one butcher put up its prices, consumers could switch to the other butcher to find a lower price. The butchers have now reached an agreement with each other to set the prices they charge for the most popular cuts. As a result, they can charge higher prices because if consumers are unhappy with the price at one butcher, they are unable to switch to the other butcher for a better price.

You thought that an agreement between competitors on prices should be a criminal offence.

In this section we would like you to rate how SERIOUS you think a range of other crimes are, when compared with competitors agreeing on prices.

**Figure 12.1 Crime seriousness ratings – Price fixing<sup>1</sup>**

		MOST COMMON RESPONSE	
A	A person stealing another person's property is...	Just as serious	than competitors agreeing on prices
B	An insurance company denying a valid claim to save money is...	Just as serious	
C	A company director using their position dishonestly to gain personal advantage is...	Just as serious	
D	A company misleading consumers about the safety of goods is...	A lot more serious	
E	A company failing to ensure worker safety is...	A lot more serious	
F	A person killing another person is...	A lot more serious	
G	A person driving while drunk is...	A lot more serious	
H	A company evading government income taxes is...	Just as serious	
I	A person using inside information in deciding to buy or sell shares is...	Just as serious	
J	A person sexually abusing another person is..	A lot more serious	

### Comments

The respondents to this question were respondents who considered an agreement on prices should be a criminal offence. These respondents regarded none of the comparator crimes listed as less serious than competitors agreeing on prices. They regarded five crimes as 'a lot more serious': 'A company misleading consumers about the safety of goods'; 'A company failing to ensure worker safety'; 'A person killing another person'; 'A person driving while drunk' and 'A person sexually abusing another person'. The other five comparators were considered 'Just as serious'.

<sup>1</sup> n=425 (representing respondents who responded either 'Yes' to all questions on whether cartel conduct should be a criminal offence (D1A, D2A and D3A), or 'Yes' to both D1A and D2A, or 'Yes' to both D1A and D3A, or 'Yes' to D1A only.

## 12.2 CRIME SERIOUSNESS RATINGS – MARKET ALLOCATION

### Question

E2 Earlier in the survey you were asked to consider the following scenario:

This time, there are two plumbing companies that compete against each other in providing plumbing services to a town. They are the only plumbing companies in the town. In the past, if one plumbing company put up its prices, customers could switch to the other plumbing company. The plumbing companies have now reached an agreement to allocate customers between them. One company will only service buildings north of the river; the other will only service buildings south of the river. As a result, they can charge higher prices because customers can't switch between the plumbing companies when they are unhappy about the price they are being charged.

You thought that an agreement between competitors to allocate customers should be a criminal offence.

In this section, we would like you to rate how SERIOUS you think a range of other crimes are, when compared with competitors agreeing to allocate customers.

**Figure 12.2 Crime seriousness ratings – Market allocation<sup>2</sup>**

		MOST COMMON RESPONSE	
A	A person stealing another person's property is...	Just as serious	than competitors agreeing to allocate customers
B	An insurance company denying a valid claim to save money is...	Just as serious	
C	A company director using their position dishonestly to gain personal advantage is...	Just as serious	
D	A company misleading consumers about the safety of goods is...	A lot more serious	
E	A company failing to ensure worker safety is...	A lot more serious	
F	A person killing another person is...	A lot more serious	
G	A person driving while drunk is...	A lot more serious	
H	A company evading government income taxes is...	Just as serious	
I	A person using inside information in deciding to buy or sell shares is...	Just as serious	
J	A person sexually abusing another person is..	A lot more serious	

### Comments

The respondents to this question were respondents who considered an agreement to allocate customers should be a criminal offence. These respondents regarded none of the comparator crimes listed as less serious than competitors agreeing to allocate customers. They regarded five crimes as 'a lot more serious': 'A company misleading consumers about the safety of goods'; 'A company failing to ensure worker safety'; 'A person killing another person'; 'A person driving while drunk' and 'A person sexually abusing another person'. The other five comparators were considered 'Just as serious'.

<sup>2</sup> n=63 (representing respondents who responded 'Yes' to D2A only (out of D1A, D2A and D3A) or randomly allocated respondents of the group who responded 'Yes' to D2A and D3A (and did not do, or did not indicate 'Yes' for D1A), where the other question for allocation was E3).

### 12.3 CRIME SERIOUSNESS RATINGS – OUTPUT RESTRICTION

#### Question

E3 Earlier in the survey you were asked to consider the following scenario:

This time, there are two companies that compete against each other as producers of cheese. They are the only companies that produce cheese in a particular region. In the past they have decided what volume they would produce depending on how much consumers in the region wanted to buy. However, the companies have now made an agreement with each other to reduce the amount of cheese they produce. As a result of the agreement, they are no longer producing enough cheese to satisfy everyone in the region and can therefore charge higher prices. This is because consumers want to buy more cheese than is available for sale and are therefore prepared to pay more to try and get as much as they want.

You thought that an agreement between competitors to allocate customers should be a criminal offence.

In this section, we would like you to rate how SERIOUS you think a range of other crimes are, when compared with competitors agreeing to allocate customers.

**Figure 12.3 Crime seriousness ratings – Output restriction<sup>3</sup>**

		MOST COMMON RESPONSE	
A	A person stealing another person's property is...	Just as serious	than competitors agreeing to reduce production levels
B	An insurance company denying a valid claim to save money is...	Just as serious	
C	A company director using their position dishonestly to gain personal advantage is...	Just as serious	
D	A company misleading consumers about the safety of goods is...	A lot more serious	
E	A company failing to ensure worker safety is...	A lot more serious	
F	A person killing another person is...	A lot more serious	
G	A person driving while drunk is...	A lot more serious	
H	A company evading government income taxes is...	Just as serious	
I	A person using inside information in deciding to buy or sell shares is...	Just as serious	
J	A person sexually abusing another person is..	A lot more serious	

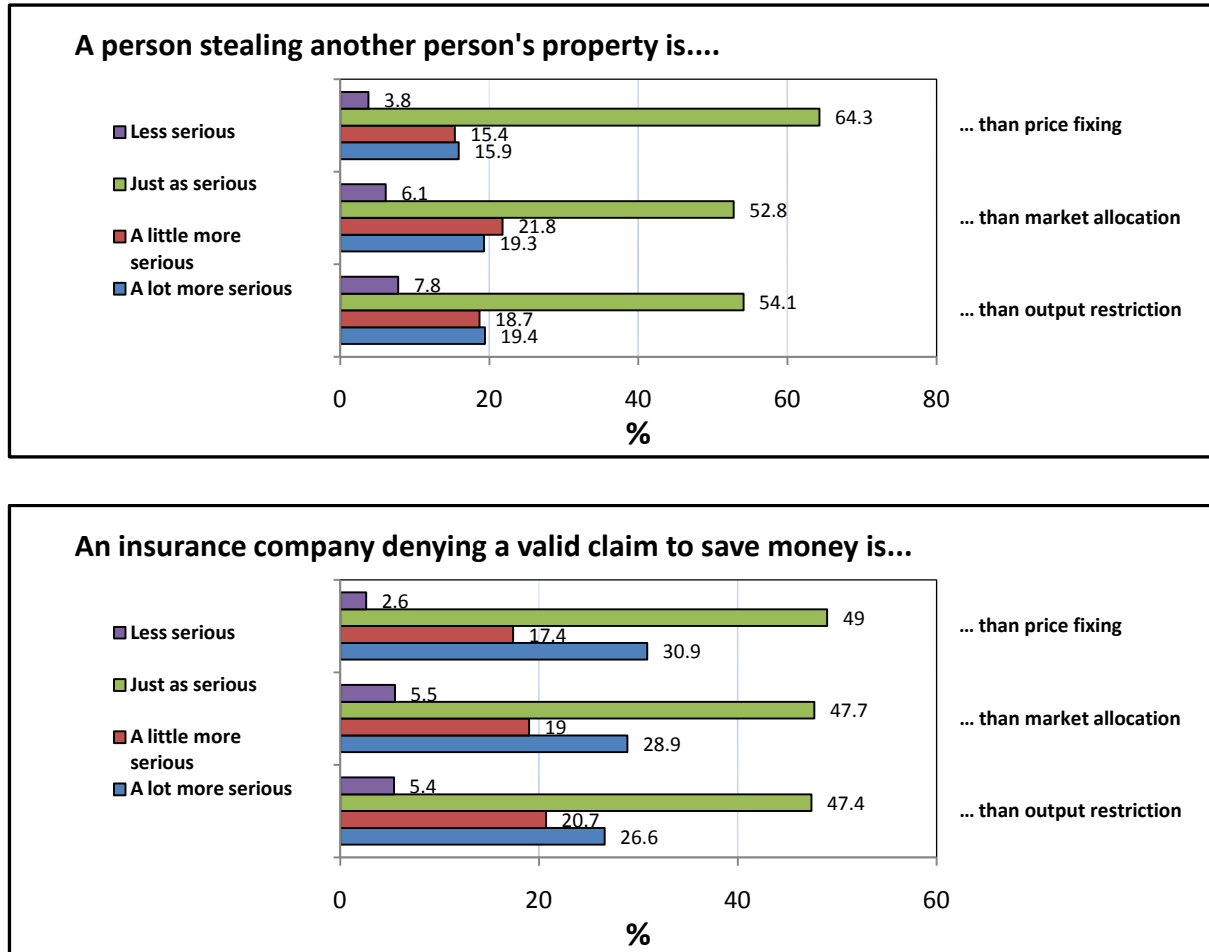
### Comments

The respondents to this question were respondents who considered an agreement to reduce production levels should be a criminal offence. These respondents regarded none of the comparator crimes listed as 'less serious' than competitors agreeing to reduce production levels. They regarded five crimes as 'a lot more serious': 'A company misleading consumers about the safety of goods'; 'A company failing to ensure worker safety'; 'A person killing another person'; 'A person driving while drunk' and 'A person sexually abusing another person'. The other five comparators were considered 'Just as serious'.

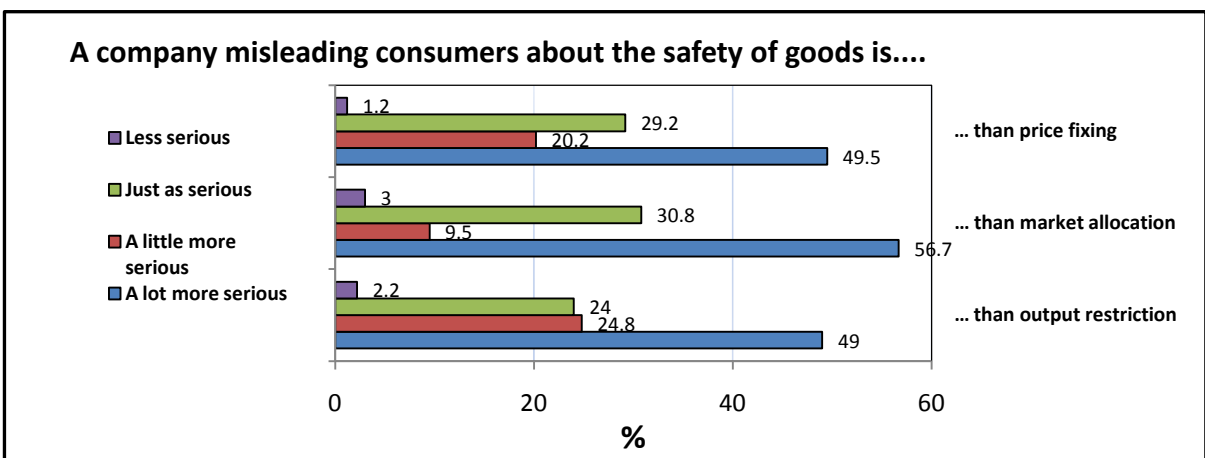
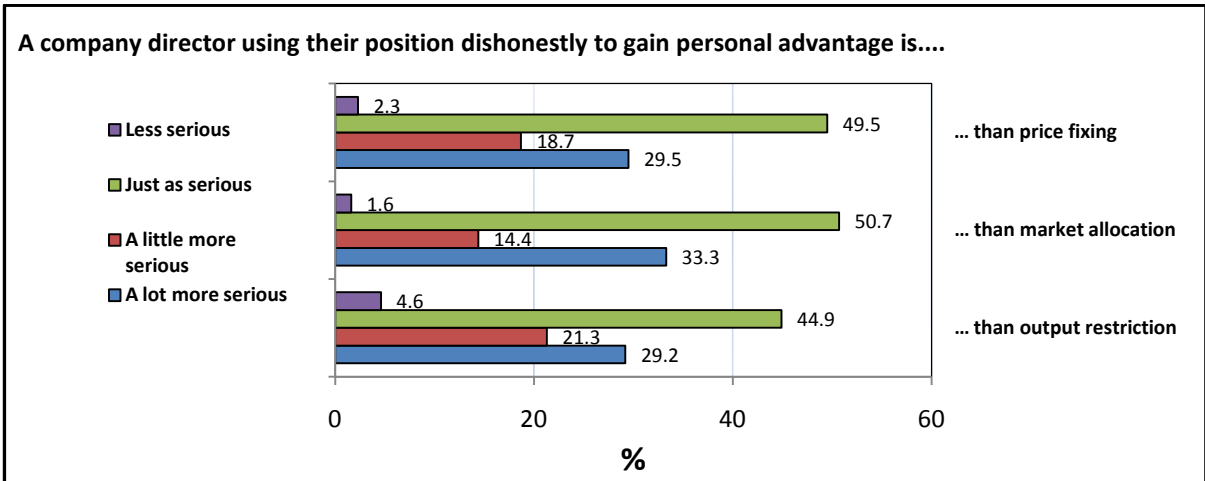
<sup>3</sup> n=126 (representing respondents who responded 'Yes' only to D2A (out of D1A, D2A and D3A) or randomly allocated respondents of the group who responded 'Yes' to D2A and D3A (and did not do, or did not indicate 'Yes' for D1A), where the other question for allocation was E2).

## 12.4 CRIME SERIOUSNESS RATINGS – COMPARISON BETWEEN TYPES OF CARTEL CONDUCT

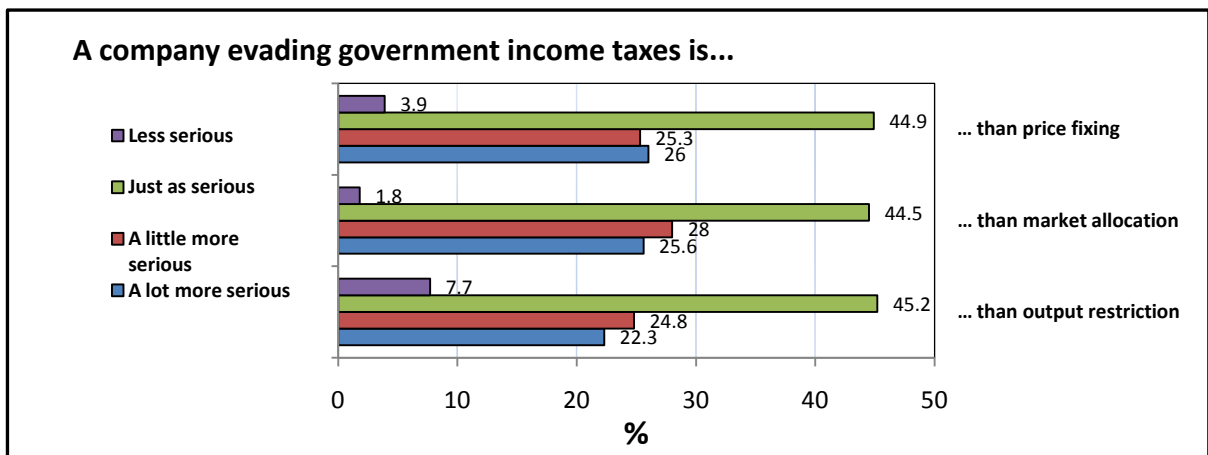
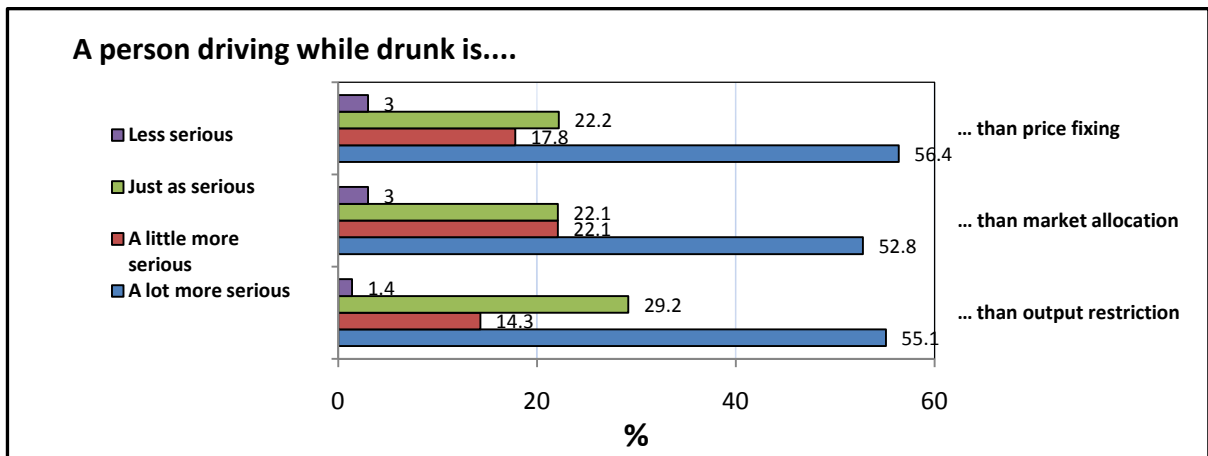
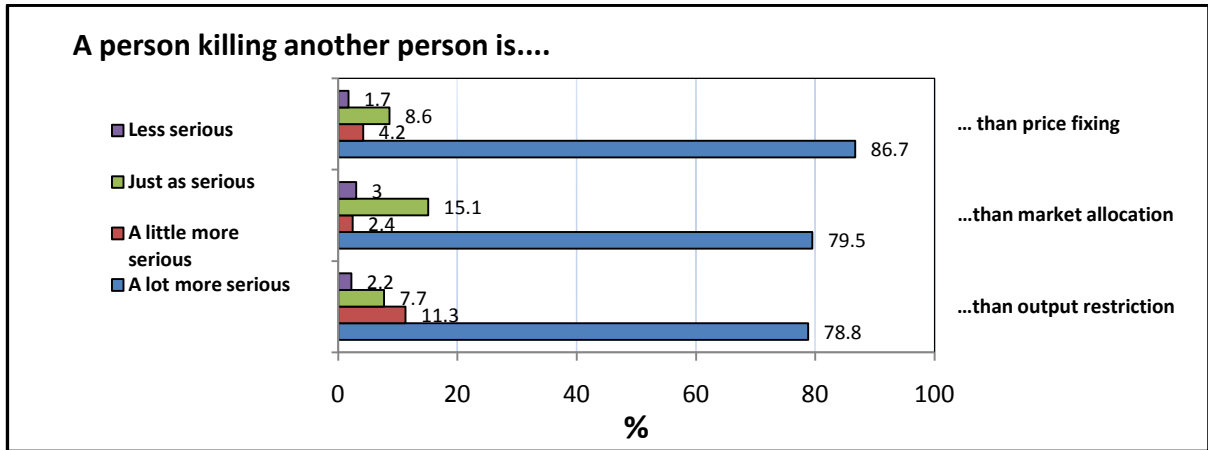
Figure 12.4 Crime seriousness ratings - Comparison between types of cartel conduct<sup>4</sup>

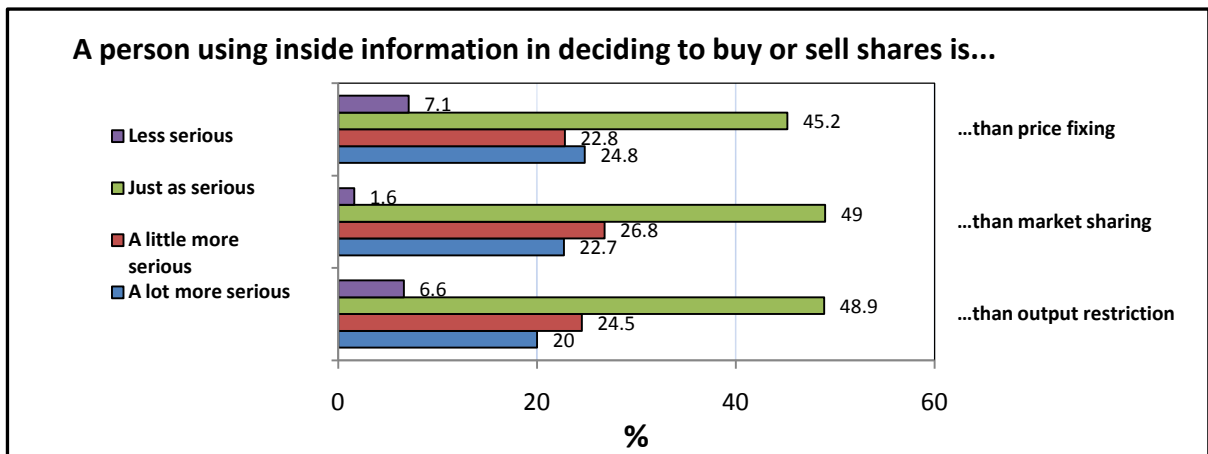
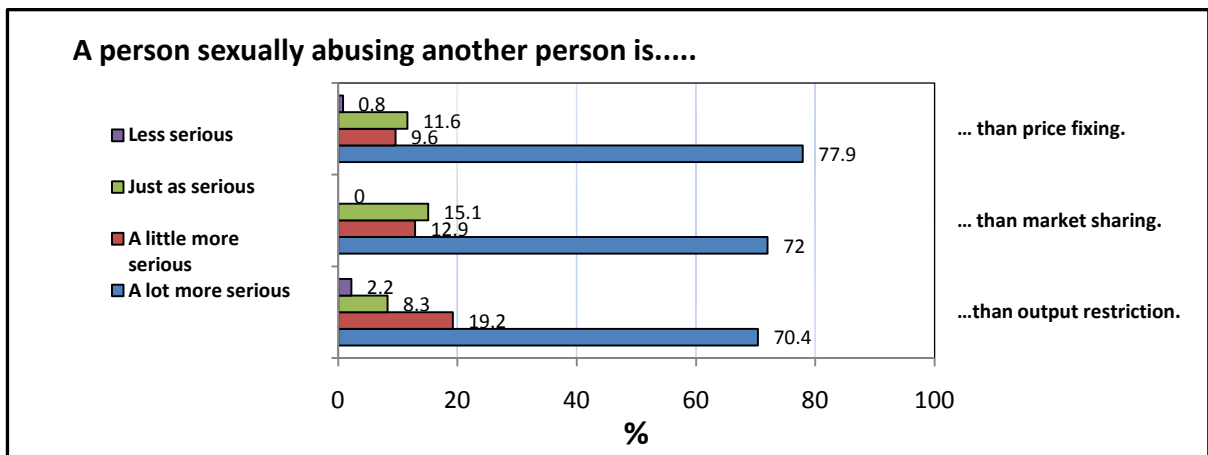
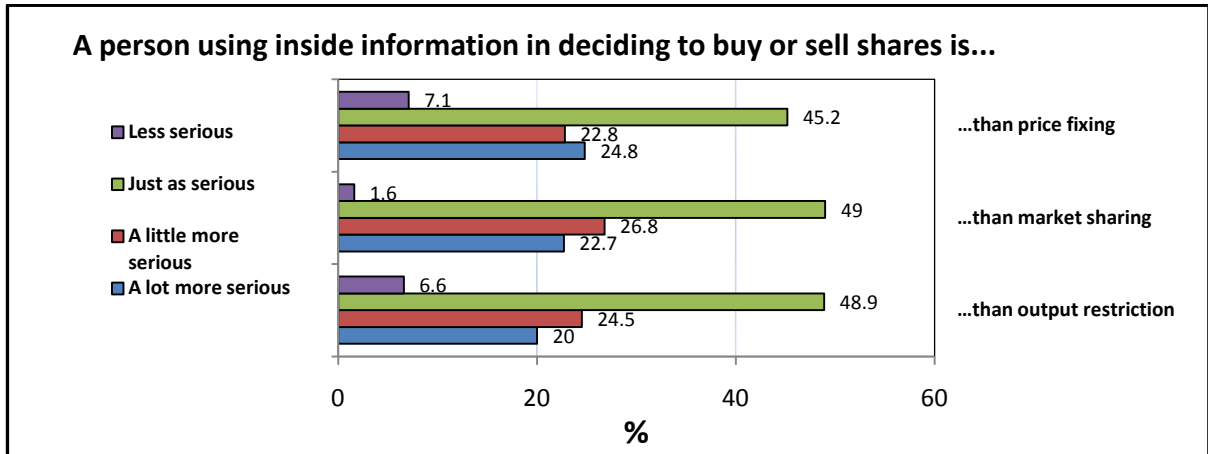


<sup>4</sup> For purposes of brevity the proportions for 'a lot more serious' and 'a little more serious' were combined (presented as 'less serious' in these figures) as overall levels of 'less serious' were very low. For price fixing, n= 425 (representing respondents who responded either 'Yes' to all questions on whether cartel conduct should be a criminal offence (D1A, D2A and D3A), or 'Yes' to both D1A and D2A, or 'Yes' to both D1A and D3A, or 'Yes' to D1A only); market allocation, n= 63 (out of D1A, D2A and D3A) or randomly allocated respondents of the group who responded 'Yes' to D2A and D3A (and did not do, or did not indicate 'Yes' for D1A), where the other question for allocation was E3); output restriction, n=126 (representing respondents who responded 'Yes' only to D2A (out of D1A, D2A and D3A) or randomly allocated respondents of the group who responded 'Yes' to D2A and D3A (and did not do, or did not indicate 'Yes' for D1A), where the other question for allocation was E2).









**Comments**

The respondents to these questions were respondents who considered an agreement [on prices/to allocate customers/to reduce production levels] should be a criminal offence. In general there were no major differences in the views of these respondents between types of cartel conduct based on ratings of seriousness of the particular conduct in relation to other types of crime. The crimes to be most commonly rated as ‘a lot more serious’ than

cartel conduct (irrespective of type of cartel conduct) were 'a person sexually abusing another person', 'a person killing another person', 'a company misleading consumers about the safety of goods', and 'a person driving while drunk'. There were high proportions of respondents (between 44% and 65%) who viewed certain crimes as 'just as serious' as cartel conduct – these were 'a person using insider information to buy and sell shares', 'a company evading government income taxes', 'a company director using their position dishonestly to gain personal advantage', 'an insurance company denying a valid claim to save money' and 'a person stealing another person's property'.