

10. FACTORS BEARING ON SERIOUSNESS OF CARTEL CONDUCT

10.1 FACTORS BEARING ON SERIOUSNESS – PRICE FIXING

Question

D1E. Now we would like you to consider the following additional facts to see if they change your view.

All things considered, please tell us how you would view an **agreement between competitors on prices** if.....:

Figure 10.1 Factors bearing on seriousness – Price fixing¹

	Less serious	Just as serious	More serious	MOST COMMON RESPONSE
Prices did not go up as a result of the conduct	40.7	57.8	1.5	Just as serious
The conduct included bullying another company into joining the agreement	1.1	16.1	82.8	More serious
The reason for the conduct was that it would prevent factories from closing and would save jobs	46.2	49.3	4.5	Just as serious
The companies involved in the conduct were small businesses	16.5	79.9	3.6	Just as serious
Elaborate steps were taken to make sure the authorities did not find out about the conduct	1.4	20.3	78.2	More serious
The profits from the conduct were used to make products that are environmentally friendly	15.8	79.2	5.1	Just as serious

¹ n=952 (representing respondents who responded 'Yes' to 'Do you think that an agreement between competitors on prices should be against the law?', Question D1).

Comments

In terms of the most common response, none of the factors were seen as making an agreement between competitors on prices 'less serious', although a significant minority (40.7% and 46.2% respectively) of respondents considered that it would be 'less serious' when 'Prices did not go up as a result of the conduct' and 'The reason for the conduct was that it would prevent factories from closing and would save jobs'.

In terms of the most common response, the only two factors that were considered to make the conduct 'more serious' were 'The conduct included bullying another company into joining the agreement' and 'Elaborate steps were taken to make sure the authorities did not find out about the conduct' (82.8% and 78.2% respectively).

In two cases where 'the companies involved in the conduct were small businesses' and 'The profits from the conduct were used to make products that are environmentally friendly' the clear majority (79.9% and 79.2% respectively) considered the conduct 'just as serious'.

10.2 FACTORS BEARING ON SERIOUSNESS – MARKET ALLOCATION

Question

D2E. Now we would like you to consider the following additional facts to see if they change your view.

All things considered, please tell us how you would view an **agreement between competitors to allocate customers** if....

Figure 10.2 Factors bearing on seriousness – Market allocation²

	Less serious	Just as serious	More serious	Most common response
Prices did not go up as a result of the conduct	43.1	54.9	2.1	Just as serious
The conduct included bullying another company into joining the agreement	1.1	18.2	80.7	More serious
The reason for the conduct was that it would prevent factories from closing and would save jobs	41.0	54.8	4.2	Just as serious
The companies involved in the conduct were small businesses	14.5	82.0	3.5	Just as serious
Elaborate steps were taken to make sure the authorities did not find out about the conduct	1.6	24.0	74.4	More serious
The profits from the conduct were used to make products that are environmentally friendly	15.6	80.7	3.7	Just as serious

Comments

In terms of the most common response, none of the factors were seen as making an agreement between competitors to allocate customers ‘less serious’, although a significant minority (43.1% and 41% respectively) of respondents considered that it would be ‘less serious’ when ‘Prices did not go up as a result of the conduct’ and ‘The reason for the conduct was that it would prevent factories from closing and would save jobs’.

² n=898 (representing respondents who responded ‘Yes’ to ‘Do you think that an agreement between competitors to allocate customers should be against the law?’, Question D2).

In terms of the most common response, the only two factors that were considered to make the conduct 'more serious' were 'The conduct included bullying another company into joining the agreement' and 'Elaborate steps were taken to make sure the authorities did not find out about the conduct' (80.7% and 74.4% respectively).

'Just as serious' was the most common response by a clear majority where 'The profits from the conduct were used to make products that are environmentally friendly', and 'The companies involved in the conduct were small businesses' (80.7% and 82% respectively).

10.3 FACTORS BEARING ON SERIOUSNESS – OUTPUT RESTRICTION

Question

D3E. Now we would like you to consider the following additional facts to see if they change your view.

All things considered, please tell us how you would view an **agreement between competitors to reduce production levels** if...

Figure 10.3 Factors bearing on seriousness – Output restriction³

	Less serious	Just as serious	More serious	Most common response
Prices did not go up as a result of the conduct	33.0	64.0	3.1	Just as serious
The conduct included bullying another company into joining the agreement	1.0	19.1	79.9	More serious
The reason for the conduct was that it would prevent factories from closing and would save jobs	38.8	57.0	4.2	Just as serious
The companies involved in the conduct were small businesses	13.1	82.7	4.2	Just as serious
Elaborate steps were taken to make sure the authorities did not find out about the conduct	1.4	22.3	76.3	More serious
The profits from the conduct were used to make products that are environmentally friendly	17.1	78.1	4.8	Just as serious

Comments

None of the factors were regarded by respondents as rendering an agreement between competitors to reduce production levels as 'less serious', although a significant minority felt that where prices did not go up or the agreement was to prevent loss of jobs did feel that the conduct would be less serious (33.0% and 38.8% respectively).

In terms of the most common response, the only two factors that were considered to make the conduct 'more serious' were 'The conduct included bullying another company into

³ n=920 (representing respondents who responded 'Yes' to 'Do you think that an agreement between competitors to reduce production levels should be against the law?', Question D3).

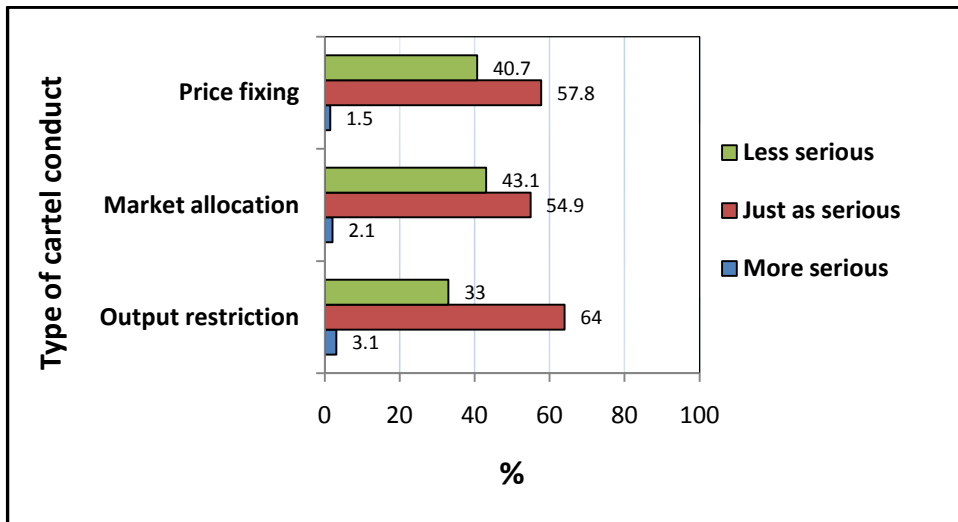
joining the agreement' and 'Elaborate steps were taken to make sure the authorities did not find out about the conduct' (79.9% and 76.3% respectively).

'Just as serious' was the most common response for a clear majority where 'The profits from the conduct were used to make products that are environmentally friendly', and where 'The companies involved in the conduct were small businesses' (78.1% and 82.7% respectively).

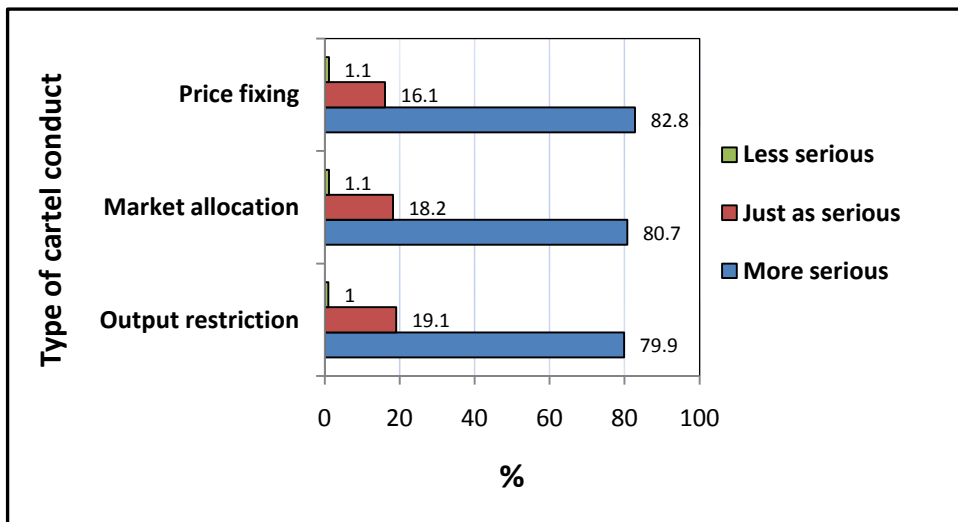
10.4 FACTORS BEARING ON SERIOUSNESS - COMPARISON BETWEEN TYPES OF CARTEL CONDUCT

Figure 10.4 Factors bearing on seriousness - Comparison between types of cartel conduct⁴

Prices did not go up as a result of the conduct

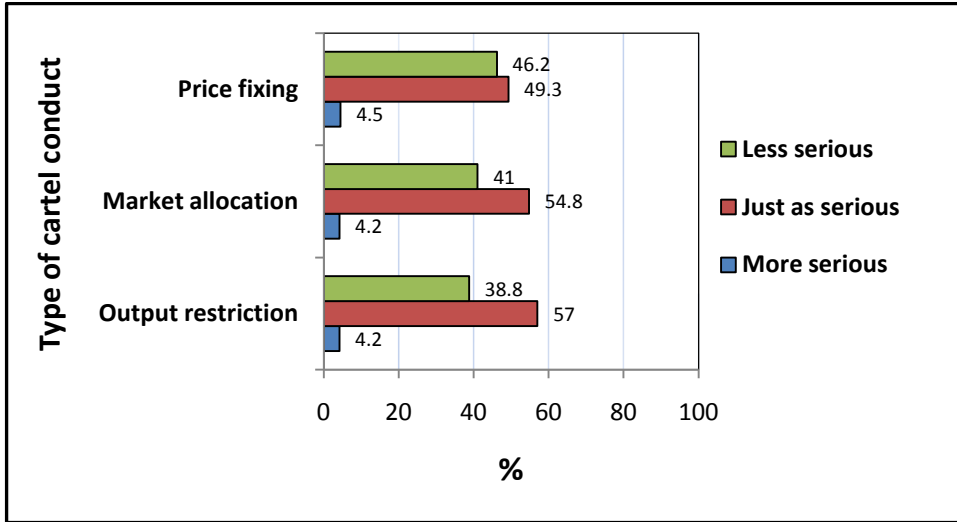


The conduct included bullying another company into joining the agreement

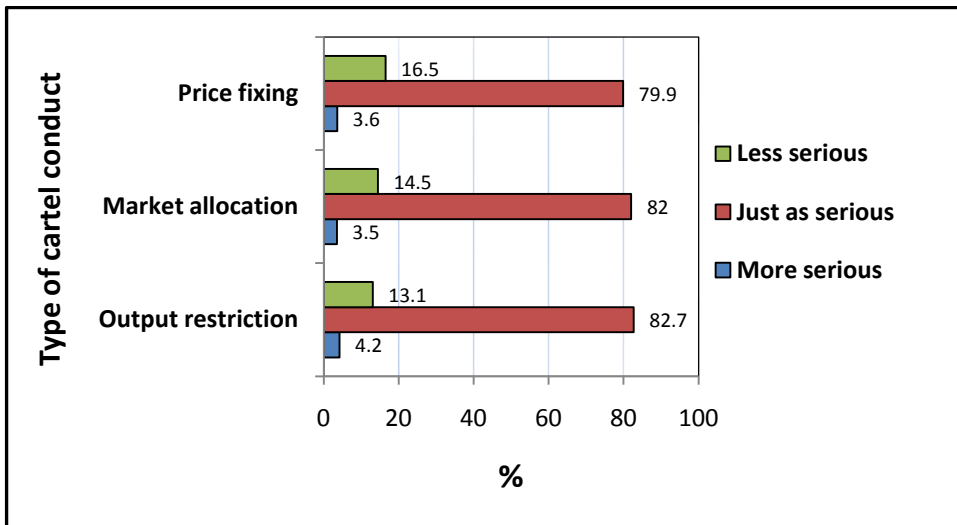


⁴ For price fixing, n=952 (representing respondents who responded 'Yes' to 'Do you think that an agreement between competitors on prices should be against the law?', Question D1); market sharing, n=898 (those representing respondents who responded 'Yes' to 'Do you think that an agreement between competitors to allocate customers should be against the law?', Question D2); output restriction, n=920 (those representing respondents who responded 'Yes' to 'Do you think that an agreement between competitors to reduce production levels should be against the law?', Question D3).

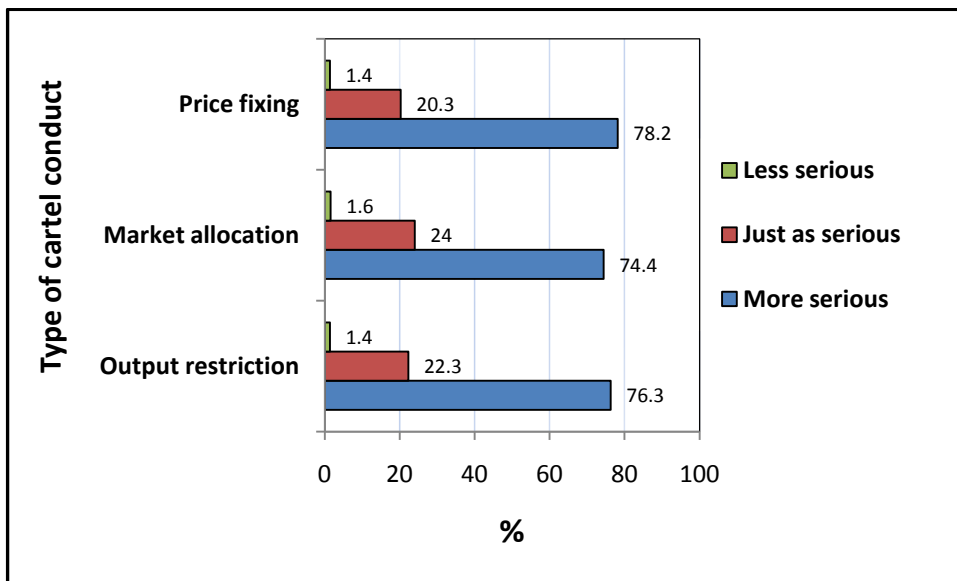
The reason for the conduct was that it would prevent factories from closing and would save jobs



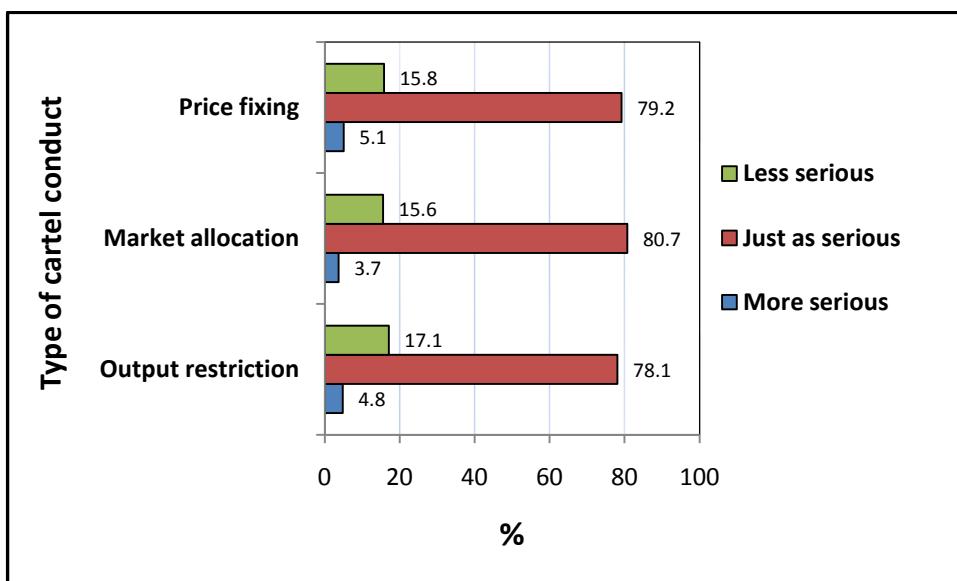
The companies involved in the conduct were small businesses



Elaborate steps were taken to make sure the authorities did not find out about the conduct



The profits from the conduct were used to make products that are environmentally friendly



Comments

For each reason that may have a bearing on respondent perceptions of the seriousness of cartel conduct there were similar levels of seriousness across the types of cartel conduct. For instance, when considering the scenario that the companies were small businesses, the proportions for 'just as serious' were 79.9% for price fixing, 82% for market allocation, and 82.7% for output restriction.