

Research area: Economic effects of legal and illegal forms of interfirm cooperation

Profile:

Interfirm cooperation undoubtedly contributes significantly to the prosperity of national economies. In the field of research and development, for example, it allows not only a welcome saving of fixed costs, but also a (faster or wider) development of new products and processes.

However, this clearly positive vote with regard to the economic effects of interfirm cooperation must be revised when direct competitors coordinate central parameters of competition and thereby effectively restrict or, at worst, end it altogether. As a rule, the consequences for consumers are not only significantly higher prices, but also reduced incentives to invest in research and development - the market results are therefore deteriorating from a static as well as a dynamic point of view.

Guided by these considerations, many competition authorities around the world have for some time been pursuing the objective of uncovering existing cartels and preventing the creation of new illegal agreements in the best possible way. The success of numerous policy measures - including the extension of the fine catalogues or the introduction or reform of leniency programmes - is reflected in the sharp increase in the number of uncovered and fined cartels. The following illustration shows the development at European Union level between 1990 and 2014.

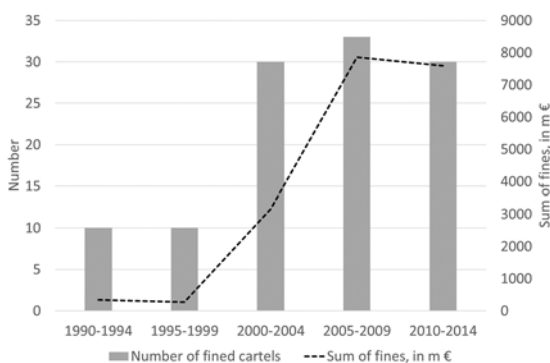


Figure: Number of fined cartels and fine amount, European Union, 1990-2014.

Data Source: European Commission (2017)

The figure shows that, in addition to the sharp increase in the number of fined cartels already outlined, the pronounced fines (corrected for possible subsequent court rulings) also followed a very clear upward trend.

Against this background, the research area pursues the comprehensive goal of examining the economic effects of selected forms of interfirm cooperation. In the context of the cartel agreements that have just been outlined, the focus is on the – mostly empirical – analysis of the causes of cartel collapses, the evaluation of instruments of cartel prosecution and the quantification of private and economic damage caused by cartels. In particular, the latter area is characterized by a special proximity to competition law and thus enables interdisciplinary cooperation at the level of selected research projects.

In addition to the thematic field of cartels, softer forms of interfirm cooperation are explicitly included in the research area. In particular, there are strategic alliances, such as those observed in international air transport for some time. In this context, it is particularly important to consider the degree of cooperation that is desirable in terms of economic performance and the forms of (in some cases very close) cooperation that are suspected of installing factual cartels - with the anticipated negative consequences for the economy in general and for consumers in particular.

Scientific fields of work:

- Formation of cartels
- Behaviour of cartels
- Collapse of cartels
- Disclosure of cartels
- Evaluation of instruments of cartel prosecution
- Private and economic damage caused by cartels
- Development of strategic alliances
- Structuring Strategic Alliances
- Efficiency potentials of strategic alliances
- Economic effects of strategic alliances

Publications (selection):

Hellwig, Michael and Kai Hüsichelrath (2017), Cartel Cases and the Cartel Enforcement Process in the European Union 2001-2015: A Quantitative Assessment, *Antitrust Bulletin* 62 (2), 400-438.

Hüsichelrath, Kai and Florian Smuda (2016), The Appeals Process in the European Commission's Cartel Cases: An Empirical Assessment, *Journal of Empirical Legal Studies* 13 (2), 330-357.

Harrington, Joseph E., Kai Hüsichelrath, Ulrich Laitenberger and Florian Smuda (2015), The Discontent Cartel Member and Cartel Collapse: The Case of the German Cement Cartel, *International Journal of Industrial Organization* 42, 106-119.

Hoang, Cung Truong, Kai Hüsichelrath, Ulrich Laitenberger and Florian Smuda (2014), Determinants of Self-Reporting under the European Corporate Leniency Program, *International Review of Law and Economics* 40, 15-23.

Hüsichelrath, Kai and Volodymyr Bilotkach (2013), Airline Alliances, Antitrust Immunity, and Market Foreclosure, *Review of Economics and Statistics* 95 (4), 1368-1385.

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