

The pros and cons of statistical tools to spot cartels

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Experts estimate that illegal cartels of businesses harm consumers to the tune of many billions of dollars annually as they secretly collude to set prices, allocate territory, and distort market competition for their own financial benefit. In a new *Significance* article, Carsten Crede, of the Centre for Competition Policy and the School of Economics at the University of East Anglia, outlines the pros and cons of cartel screens, which are statistical tools to help spot bad business behavior.

Crede notes that cartel screens do not definitively prove bad behavior, but they flag where authorities should take a closer look.

"A growing number of cartels have been detected with such methods in the past few years. We will likely see an increased use of the new generation of cartel screens by antitrust authorities and practitioners in the future," said Crede.

"Similar to other measures to deter cartel formation such as fines and leniency programs, cartel screens have their limitations when used in isolation; however, in combination with other measures from an antitrust authorities' toolkit, they promise to enhance the deterrence of cartels."

More information: Carsten Crede. Getting a fix on price-fixing cartels, *Significance* (2016). [DOI: 10.1111/j.1740-9713.2016.00882.x](https://doi.org/10.1111/j.1740-9713.2016.00882.x)

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