Analysis of Cartel Duration: Evidence from EC Prosecuted Cartels

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Abstract

This study first analyses the life span of the cartels convicted by the European Commission during 1990–2008 and explores certain issues regarding the empirical definition of cartel duration. The cross-section analysis then investigates the determinants of cartel break up using a competing risk Cox proportional hazard model. The result shows that external disturbances and changes in the cartels’ own structures play a crucial role in cartel demise. Moreover, the cartel members’ ability to enforce their agreement through better organization also dictates its success. The analysis also reveals that when a leniency regime is in operation, cartels tend to be more fragile.