The Economics of Collusion

Cartels and Bidding Rings

Robert C. Marshall and Leslie M. Marx

The MIT Press Cambridge, Massachusetts London, England

Contents

Preface ix

| 1 | Introduction 1 |
|-----|---|
| I | Collusion in Practice 27 |
| 2 | Narrative of a Cartel 29 |
| 3 | Narrative of a Bidding Ring 55 |
| 4 | Narrative of Cartel Detection 71 |
| II | Economics of Cartels 81 |
| 5 | Suppression of Rivalry by Cartels 83 |
| 6 | Implementation of Collusion by Cartels 105 |
| 7 | Beyond the Suppression of Within-cartel Rivalry 143 |
| III | Economics of Bidding Rings 161 |
| 8 | Suppression of Interbidder Rivalry by Rings 163 |
| 9 | Implementation of Collusion by Rings 187 |
| 10 | Effects of Auction Design on Rings 199 |
| IV | Detection of Collusion Using Economic Evidence 211 |
| 11 | Plus Factors 213 |

viii Contents

12 Plus Factors for Rings 241

13 Coordinated Effects in Horizontal Mergers 257

References for EC Decisions 265
References 267
Index of Authors 281
Index of Subjects and Cases 285