Explicit vs Tacit Collusion: The Effects of Firm Numbers and Asymmetries

Luke Garrod, Matthew Olczak

PII: S0167-7187(17)30026-7
DOI: 10.1016/j.ijindorg.2017.10.006
Reference: INDOR 2400

To appear in: *International Journal of Industrial Organization*

Received date: 10 January 2017
Revised date: 1 September 2017
Accepted date: 24 October 2017

Highlights

- We analyse firms' incentives to form a cartel when they can also collude tacitly
- A cartel improves monitoring over tacit collusion but runs the risk of sanctions
- We find cartels are less likely to arise in markets with a few symmetric firms
- This contrasts with the conventional wisdom but is consistent with some evidence
- It also raises questions over the use of structural indicators to screen for cartels