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Deterrence Recidivism and European Cartel Fines

Based on an analysis of cartel prosecutions since 2007, this article assesses the way the European Commission has built up its fines in practice. The fines are compared with those imposed by the European Commission over the period from 1999 to 2006. The main findings are that, while fines have increased significantly, this trend is due not to harsher fines but to less generous reductions under the Commission's leniency program. In some areas, the European Commission has not followed its own guidelines—fines are generally lower than set out, the way recidivism is penalized is incoherent, and many aspects of the fining process are unexplained or redacted. Estimated fine-to-sales ratios together with new research on overcharges and detection rates suggest that fines may be closer to those for optimal deterrence than previously thought.