

High crimes

British Airways have received a huge fine for price-fixing. Is it fair that their arch rivals escape scot-free?

1 Match the words (1–5) with their definitions (a–e).

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| (1) collusion | (a) a group of companies who agree to sell at the same price to avoid competition |
| (2) whistle-blower | (b) a secret plan by a group of people to do something bad or illegal |
| (3) price-fixing | (c) the secret activities of people who work together to do something dishonest |
| (4) cartel | (d) an agreement to charge the same price for a product, to keep the price high |
| (5) conspiracy | (e) someone who reports illegal activities to someone in authority |

Definitions from or based on: Macmillan English Dictionary Edition 2. Text © A&C Black Publishers Ltd 2007.

2 Scan the article and underline any words (or their derivatives) from exercise 1.

The world's favourite headline

It was a double-whammy. Not only were BA hit by a fine from the UK, they picked up a fine on the other side of the Atlantic. BA and rival firm Virgin Atlantic had colluded to raise fuel surcharges and one party – British Airways – received a total fine in the region of £266 million. Meanwhile, the other party in the price-fixing scandal seems to have got away scot-free. Why? They blew the whistle; the incentive to report such a crime to the authorities is – escape from punishment.

The alleged price-fixing took place between 2004 and 2006, and lasted 18 months. It involved telephone calls between the companies to set the price of passenger fuel surcharges, introduced to help the airlines with the rising cost of fuel. These rose from £5 per long-haul flight to £60. Under competition law, firms are not allowed to agree prices; competition is supposed to lead to cheaper goods and services for customers.

One BA executive has admitted that members of staff breached company rules. However, BA also maintain that passengers were not overcharged in the fuel charge conspiracy. They claim these fuel surcharges were 'a legitimate way of recovering costs'. For many, this is hard to swallow. The Office of Fair Trading in the UK (OFT) maintain that any cartel is, by definition, designed to benefit the participating companies and damaging to the consumer.

Some industry insiders maintain the fines are too steep. Others point out that the fine is actually lower than the £269 million fine by the European commission against Siemens for a similar activity (price fixing), and the £334 million fine against Microsoft by Brussels for non-competitive practices. One thing is sure: BA's good name is damaged. The company is now facing a battle to restore its reputation among passengers.

3 Read the whole article. What happened?

4 Find words or expressions in the article which match the synonyms below:

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| (a) a <i>double blow</i> (paragraph 1) | (b) <i>completely free</i> (paragraph 1) |
| (c) the <i>supposed</i> price-fixing (paragraph 2) | (d) a <i>long distance</i> flight (paragraph 2) |
| (e) to <i>break</i> a rule (paragraph 3) | (f) <i>difficult to believe</i> (paragraph 3) |
| (g) the fines are too <i>big</i> (paragraph 4) | (h) <i>re-establish</i> its reputation (paragraph 4) |

5 Work in groups to discuss the following questions.

- Is the sentence again BA justified, too harsh or too lenient?
- Should the whistle-blower in such cases get away scot-free?
- Think of another 'business crime'. Decide on the appropriate punishment.