

The International Tin Cartel: A Case Study in Market Manipulation



The International Tin Cartel was a cartel that controlled the global tin market from 1931 to 1985. The cartel was formed by a group of tin-producing countries, including Bolivia, Indonesia, Malaysia, Nigeria, and

Thailand. The cartel's goal was to stabilize the price of tin by controlling supply and demand.



The International Tin Cartel (Routledge Explorations in Economic History) by John Hillman

★★★★★ 5 out of 5

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Word Wise : Enabled
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The cartel was successful in its goal, but it also led to a number of problems, including higher prices for consumers and a lack of investment in new tin mines. The cartel collapsed in 1985 when the price of tin plummeted.

The Formation of the Cartel

The International Tin Cartel was formed in 1931 in response to the collapse of the world tin market. The price of tin had fallen by more than half from its peak in 1929, due to a combination of oversupply and declining demand.

The tin-producing countries that formed the cartel were all heavily dependent on tin exports for revenue. They believed that by controlling the supply and demand of tin, they could stabilize the price and protect their economies.

The cartel's agreement was simple: the member countries would agree to limit their production of tin in order to keep the price above a certain level. The cartel also agreed to buy any excess tin that was produced, in order to keep it off the market.

The Cartel's Success

The International Tin Cartel was successful in its goal of stabilizing the price of tin. The cartel was able to keep the price of tin above the agreed-upon minimum level for most of its existence.

The cartel's success was due to a number of factors. First, the cartel controlled a large share of the world's tin production. Second, the cartel was able to enforce its production quotas and prevent cheating by its members. Third, the cartel had the financial resources to buy any excess tin that was produced.

The Cartel's Problems

The International Tin Cartel's success came at a price. The cartel's policies led to higher prices for consumers and a lack of investment in new tin mines.

The cartel's high prices made it difficult for consumers to afford tin products. This led to a decline in demand for tin, which in turn put pressure on the cartel to reduce production.

The cartel's lack of investment in new tin mines led to a decline in the world's tin supply. This made it more difficult for consumers to obtain tin products, and it also made the cartel more vulnerable to price shocks.

The Cartel's Collapse

The International Tin Cartel collapsed in 1985 when the price of tin plummeted. The collapse was caused by a number of factors, including a decline in demand for tin, increased production by non-cartel members, and a lack of financial resources by the cartel.

The collapse of the cartel had a devastating impact on the tin-producing countries. The price of tin fell by more than half, and many tin mines were forced to close. The collapse also led to a loss of revenue for the governments of the tin-producing countries, which in turn led to economic and social problems.

The Legacy of the Cartel

The International Tin Cartel is a reminder of the dangers of market manipulation. The cartel's policies led to higher prices for consumers, a lack of investment in new tin mines, and a collapse of the world tin market.

The cartel's collapse also highlights the importance of competition in the marketplace. When a cartel is able to control a market, it can lead to higher prices, lower quality products, and a lack of innovation.



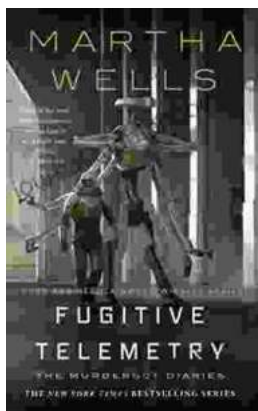
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