

## 'The limits of European cartels' from Deutsche Zeitung (31 December 1957)

**Caption:** On 31 December 1957, the German daily newspaper Deutsche Zeitung analyses the impact of policies designed to counter the influence of industrial cartels within the European Common Market and raises the issue of the difficulty of regulating cartels.

**Source:** Deutsche Zeitung. mit Wirtschaftszeitung. Silvester 1957, n° 104; 12. Jg. Stuttgart: Curt E. Schwab GmbH. "Grenzen europäischer Kartelle", p. 9.

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## The limits of European cartels

### Lobbying rather than forming cartels

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There is a slight tendency to think of the Common Market as involving a cartelisation of Europe. Some observers go so far as to assert that the Common Market could be successfully established only if industry managed to circumvent its anti-cartel clauses. Naturally, if breakdowns are to be avoided, if Europe's labour is to be divided usefully and production conditions are to be harmonised, closer cooperation is needed between the relevant industrial groups in individual countries. The dividing line between such constructive cooperation and a cartel is occasionally difficult to determine while, on the other hand, it is only a small step from a specialisation cartel, which is nationally and internationally recognised, to a price cartel or market-sharing cartel, which are universally condemned. The temptation to form cartels is all the stronger, since industrial groups are necessarily coming into contact with each other more often in the period of preparation for the Common Market, precisely because closer cooperation is needed between the European Institutions and industry. It is highly probable that European industrial associations will be formed, little by little, which will be just as effective as national industrial associations.

Nevertheless, exaggerated fears of frenzied cartelisation in Europe are unnecessary. Fortunately for the consumer, not a few obstacles stand in the way of tacit cartelisation. Under the current ban on cartels, only private agreements are possible for the moment. If discretion is to be maintained, agreements have to be confined to a limited number of companies. Consequently, comprehensive cartelisation is impossible in most cases. Also, the resilience of small and medium-sized companies should not be underestimated. These are on their guard in every country, not least with regard to the Common Market. They wish to survive the approaching test, so they have decided to group together into larger units, to modernise and, possibly, also to form an international network. Cartel agreements will be no help to them, since large-scale enterprises have no interest in the survival of such small-scale companies. They can succeed, therefore, only by means of a free and vigorous fight on the European market. On the other hand, the conditions surrounding a European cartel differ from those surrounding a national cartel. Much greater conflicts of interest have to be overcome. Apart from a few exceptions, the ground may not be sufficiently prepared for market sharing, especially during this run-up period. Individual companies first have to show what they can achieve in the European field. To date, the contacts established, which have been reported, have been much more concerned with specialisation and division of labour than with cartels as such. A further aim is cooperation in markets outside the Community, with particular regard to large contracts.

Another obstacle to cartels is the deep-rooted anti-European, not to say nationalistic, attitude of a large number of European industrialists. They often lack personal contact and trust. The human relationship between the leading figures of the French and German steel industry, for example, remains poor, in spite of the Schuman Plan and of their agreement protecting and promoting exports. Other French or German industrial groups could be named which are headed by people who are little inclined to fraternise with other Europeans. Finally, differences in size also play a part. In some branches of industry, German large-scale enterprises have such a dominant position (that is, they are much more concentrated than, for example, French companies) that any plans to form cartels would fail, not least on psychological grounds, because of this disparity; although in this instance, it would of course still be possible for the French companies to group together and confront their German counterpart collectively.

More important, especially in the near future, appears the temptation for industry to defend its interests as a group to the European Institutions. Here, it is of considerable importance that they be given a significant say in the approaching discussions of the lengthy list of the Community's external tariffs that have not yet been finalised, partly to ensure lower tariff rates on necessary raw materials and semi-finished products, partly out of protectionist considerations in favour of higher tariffs. It is no secret that various European industrial associations have decided to set up more or less extensive agencies in the vicinity of the European Institutions. Everyone wants to be at the source, to form relationships with the new and, at the moment, not particularly experienced European civil servants, and so establish a European lobby.