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## Germany: Penalties for restrictive practices

Intereconomics

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# COMMENTS

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## *Germany*

### **Penalties for Restrictive Practices**

When free competition has to be preserved by punishing members of unlawful price rings, the "sinners" when caught are always ready with some excuse or other for their actions. That is precisely what happened once again when the Federal Cartel Commission imposed substantial fines for unlawful restrictive practices on the manufacturers of floor coverings and some chemical firms. Firms which are charged with such offences are certainly entitled to defend themselves, and it cannot be taken amiss if they resort to all the arguments available to them in mitigation. On this latest occasion the customers of the firms concerned and the public at large learnt that the trades in question were faring badly and that existing surplus capacity was threatening to cause an "undesired" price fall. Such an explanation, which may well conform to the facts, is supposed to justify cartel arrangements.

This indeed is the crux of the matter in a competitive economic order: In no industry can the producers be at liberty to force their customers through tied prices to cover threatening profit shortfalls even though this may well be the most convenient way for them to cope with planning mistakes. If such practices were to be permitted, competition would become a fiction. To the firms involved it must be demonstrated without any possibility of a misunderstanding that the economic order known as the market economy does not serve the interests of the producers alone. By imposing penalties the Federal Cartel Commission in Berlin has made an essential contribution to making everybody aware of this fact. ro.

## *Atlantic Partnership*

### **A German Marshall Plan Memorial**

A foundation for American Students, with an endowment of DM 150 mn, is to record the German people's gratitude for Marshall Plan aid in post-war reconstruction. Federal Chancellor Willy Brandt made this announcement at the place where 25 years ago — on June 5, 1947 — George C. Marshall expounded his plan against "hunger, poverty, despair and chaos". Known as the Marshall Plan, it has become part of history. It was the prerequisite of the western alliance and the Atlantic partnership.

The objectives of the Foundation are to encourage research and science and the exchange of experts. Issues which will face Europeans and Americans in future and which can be resolved

only by joint endeavours in the next quarter of the century are to occupy the Foundation. The undertaking is aimed at the American leaders of tomorrow. Their attention is to be drawn to Europe. It will be the task of the Foundation, as Brandt said, to focus on America's own vital interests in Europe. It was appreciated that a present was made of the Foundation to the USA and no influence is to be brought to bear on it apart from the determination of its objectives.

In his Harvard address Brandt welcomed the agreements which Nixon signed during his summit talks in Moscow as profiting Europe by stabilising the relations between the two super powers. He stressed at the same time that close ties between America and Europe are of the greatest importance for the security of both. "This is indispensable", he said, "if America does not want to neglect its own interests and if Europe is to forge itself into a productive system instead of again becoming a volcanic terrain of crisis, anxiety and confusion. The forms of the American commitment may change, but an actual disengagement would cancel out a basic law of our peace. It would be tantamount to abdication". If the new Foundation succeeds in making its contribution to this great aim, it will render a great service indeed to the interests of the two partners. hg.

## *EEC*

### **Cooperation Instead of Union**

It has been obvious for quite some time that the institutional system provided by the EEC Treaty is no longer working properly. The enlargement of the EEC is unlikely to strengthen its institutions; if anything, it may be expected to weaken them. The apprehension that, faced with certain adjustment difficulties, the new members may take up a conservative rather than a progressive posture seems to be borne out by events even now, for the conference of the 10 Foreign Ministers in Luxembourg at the end of May has shown that none of the ten participants, neither the present members nor the new entrants, are at bottom ready to surrender sovereign political rights. No real economic and monetary union however can be accomplished without such readiness.

It need not therefore cause surprise that strong differences of views have meanwhile come into the open between the Commission and the individual governments. The Commission's right to a say in the formation of a political secretariat and the speeding-up of the decision-making process in the Council of Ministers are subjects of especially fierce controversy. It is still unclear or un-