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*Economics of cartel control*

At a forum held on 3rd January 2003, under the aegis of the American Enterprise Institute in Washington, discussion centered on the problems of international control of cartels. Several of the speakers were experts in the competition rules under the Treaty establishing the European Community; and the point was fairly made that the European Union had been in the forefront of moves for seeking some measure of international control through the World Trade Organisation. Two subjects of particular interest from a European point of view were the focus of speakers' attention.

One of these was the question of political influence over the decisions of the anti-trust authority in question: in this case, the Commission of the European Communities. Two of the speakers thought there was a distinction between European and American practice, in that the Commission was allegedly more open to political influence than its American counterparts. However, it was accepted that there was a difference between the technical findings of the officials responsible for the Commission's investigations and the collective judgments of the Commissioners. There was little or no political influence at the official level; and the detachment of the officials' findings could be reinforced if an independent panel were to monitor the Commissioners' handling of official recommendations and if, as in the United States, the officials' views were more strongly supported by professional economists' involvement in the process of investigation. The greater the technical and professional elements, in terms of the legal and economic studies, forming part of the Commission's investigations, the less likelihood there would be of political interference in the collegiate decisions of the Commissioners.

To illustrate the economist's role, Professor Simon Evenett of the University of Bern, gave a paper showing the results of an economic study of the Vitamin Cartel case, with particular reference to the costs and benefits of cartel control. He pointed out that, while different countries throughout the world had different standards of control, cartels were increasingly tempted to target countries with weaker anti-trust systems: economic disadvantages experienced in the European Union and the United States might well be offset by advantages experienced in other countries of the world. Nevertheless, taking the European Union as an example, it appeared that the overcharging in Member States during the ten-year period of the Vitamin Cartel's existence accounted for an average of $122m for each of those years and that this single cartel's overcharging represented 96% of the annual costs of running the control system in the European Union. The message for countries with weaker controls was only too clear. ■