

Session proposal: New perspectives on international cartels: size, scope and impact

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This session consists of four research papers, one brief introduction and an invited commentary by a Norwegian expert. The four papers are based on research from two new projects, one at the University of Gothenburg and one at the University of Helsinki. The projects which are both at an early stage and explorative in their character asks new questions and make use of new sources. The first project (Susanna Fellman, project leader) aims at broadening the understanding of the limits and scope of “the international cartel phenomenon”, with the aid of a new database under construction. The main goal of this project is to advance our understanding of the changing historical patterns of international cartels and their prevalence in international markets. The second project (Elina Kuorelahti, University of Helsinki) will highlight the international politics of international cartels, with a specific focus on security policy issues.

Presentations:

*Susanna Fellman (University of Gothenburg): **Introduction to the Session: Identifying international cartels, their scale and scope, and putting them into context (working title).***

This introduction presents problems in relation to research into international cartels and new questions and new directions for research, with an aim to tie the individual papers together. The Intro also addresses the question of scale and scope of the “international cartel phenomenon”, based on a a new database under construction. It also presents the challenges of finding and identifying these cartels.

Institutions and politics

*Elin Åström Rudberg (Stockholm University): **Cultural conceptions of competition. The European business community and the common market, ca 1960–2000.***

The starting point is that cultural conceptions concerning what constitutes legitimate cooperative and/or competitive business behavior both 1) differ across countries and across other boundaries too and 2) that this mattered for how the European business community handled issues relating to competition and cooperation in conjunction with the creation and development of the common market in Europe. The paper is based on research in Swedish and European business interest organizations' archives and trade press.

*Malin Dahlström (University of Gothenburg): **Cartels in the building industry – how many and where?***

The paper investigates the number and scope of cartels in the building industry in Europe during the 20th century. There will be two different methods used to trace the cartels; the archive of building material companies located in Sweden and the cases that the European Commission has investigated. The Swedish companies were often active in forming cartels during the 20th century and by using their archives we can determine what kind of cartels that were set up and how they worked. The European Commission has since 1964 published their investigations and several of the investigations concern the building industry. It will contribute with information about scope and function of cartels.

Kristoffer Strandqvist (Stockholm School of Economics): Swedish wood screw manufacturers and the international cartel in the 1920th

In the article *Easy prey? Firms based in small nations and international cartels, 1919-1939*, Harm G Schröter examines if the hypothesis that small-country squeeze can be said to be true of companies from smaller countries in relation to international cartels. The hypothesis would mean that companies from smaller countries were disadvantaged in international cartels, just as large multinational companies, according to some economists, often exploits and pressures companies from smaller countries. However, after looking at in-depth micro-studies of a dozen typical cartel industries, Schröter concludes that this was not the case. He couldn't find any "noteworthy difference in cartel behaviour between large and small states".

The wood screw trade was organized at the international level before the first world war in the International Wood Screw Union, an international cartel with the British firm GKN as its leading member. During the decade after the war, when the cartel had resumed its business, it however didn't manage to stabilize the prices for wood screws. The main reason for this seems to have been Swedish manufacturers of wood screws – both older and newly founded – engaged heavily in export sales. Having competitive advantage in advantageous steel prices plus a quite good fleet of machines the Swedish firms were able to compete with low price and high quality. The International cartel did however try to accommodate the swedes and get them to join the cartel. In a meeting in Paris in November 1924 for example they were offered an arrangement to join the cartel. They did eventually turn it down as they were not satisfied with the terms offered. More or less during the whole 1920th Swedish screw manufacturers stayed outside the International wood screw union despite being repeatedly offered membership.

Why did they choose to stand outside? Did they do it because the cartel's offer was not good enough? Did they see other problems with the cartel that would diminish their market opportunities? If interpreted this way it seems to go contrary to Schröter's interpretation that firms from small countries were not treated in an inferior way. If it was as if the international cartel was negative for these effective actors from a smaller country, then Schröter's conclusions may not be correct but need being modified and supplemented.

There is also, of course the possibility that the Swedish screw manufacturers were less rational or maybe even careless in their evaluation of the possibilities of cartel cooperation.

This paper examines this issue as far as the source material allows, after which possible theoretical implications are elaborated.

Pål Thonstad Sandvik (NTNU, Norway): Invited comment