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COUNCIL COMMITTEE ON  
NON-GOVERNMENTAL ORGANIZATIONS

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RESTRICTIVE BUSINESS PRACTICES

Statement submitted by the National Association of  
Manufacturers, a non-governmental organization  
in category B consultative status

The Secretary-General has received the following  
statement, which is circulated in accordance with  
paragraphs 22 and 23 of Council resolution 288 B (X):

Dated: 25 July 1951  
Received: 26 July 1951

The Association, composed of more than 16,500 members and representing approximately 85 per cent of the productive capacity of the United States of America, has long been interested in this problem and has studied it closely over the years. It welcomes this opportunity to express, as a matter of record, its view on this subject.

The Association is unalterably opposed to cartels of any form. Through such arrangements business enterprises engaged in the same type of industry can collectively fix prices and terms of sale, divide productive activities, markets, and customers, limit production, assign quotas on output and sales, and enforce compliance by members through the imposition of penalties.

Experience has clearly revealed the consequences of such cartelization. By establishing prices at levels calculated to cover the costs of their least efficient members, cartels remove the incentive to introduce technical improvements and eliminate wastes. By assigning quotas on the basis of present capacity or past output, they freeze production to existing locations and obstruct adjustments that might cut costs. In both of these ways they operate to restrict production and to prevent consumption from reaching levels which it might otherwise attain.

The ends of peace call not for continued restraints on production and consumption but rather for an expansion of both. Maximum production and as a consequence, higher consumption, can only be attained as the resultant of the many factors tangible and intangible, human and material, which add up to increased productivity, that is, the lowering of man hours of labor for a given quantity of output. Higher productivity means lower costs and prices, higher wages, strengthened demand and wider markets, increased profits and dividends and capital for further improvements. Clearly, the world has no need for restrictive, private cartel policies which are a deterrent to increases in productivity.

At the present time the world is faced with unprecedented demands upon her production. Considered against this background, the need for elimination of restrictive business practices assumes particular urgency since such action could make a significant contribution to an increase in production, productivity, and living standards. For this reason, the Association recommends to the distinguished members of the Economic and Social Council that speedy and effective action be taken to eliminate these practices.