



Recommendation of the Council concerning Action against Inflation in the Field of Competition Policy

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Background Information

The Recommendation concerning Action against Inflation in the Field of Competition Policy was adopted by the OECD Council on 14 December 1971 on proposal of the Committee of Experts on Restrictive Business Practices (now called Competition Committee). Recognising the importance of competition policy for achieving optimum economic growth, long-term price stability and for encouraging more rational consumer behaviour, the Recommendation set out several immediate and long-term steps that Adherents should take in the field of competition policy. The Recommendation was abrogated on 12 July 2017 because it was found to be obsolete, as the situation it was introduced to address was no longer relevant.

THE COUNCIL,

HAVING REGARD to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

HAVING REGARD to the Resolution of the Council of 5 December 1961 concerning Action in the Field of Restrictive Business Practices and the Establishment of a Committee of Experts [OECD/C(61)47(Final)];

HAVING REGARD to the Report of 18 November 1970 on the Present Problem of Inflation and, in particular, the proposals 16 and 19 contained therein [C(70)182];

HAVING REGARD to the Interim Report of 26 March 1971 submitted by the Chairman of the Committee of Experts on Restrictive Business Practices on Competition Policy and Inflation [C(71)49];

RECOGNISING that an effective competition policy is one important factor in the achievement of optimum economic growth and price stability; and that measures to increase competition exercise a pressure on costs, prices and profits and thus contribute to the fight against inflation, although the impact of competition policy is usually apparent in the long term and is less immediate than anti-cyclical fiscal and monetary policies;

RECOGNISING the urgency of curbing inflation and the need for a co-ordinated and global approach by all Member countries in order to bring about a significant reduction in inflationary pressures in the near future;

CONSIDERING therefore that more emphasis should be given to competition policy at the national level and that, from this standpoint, legislation against restrictive business practices should be applied with great vigilance in Member countries and that additional measures could be introduced where necessary;

CONSIDERING moreover that consumer policy can contribute to more rational consumer behaviour, which is essential for the effective functioning of price and quality competition;

I. RECOMMENDS to the Governments of Member countries:

1. That they should promptly take steps, within the framework of their existing legislation:
 - i) To apply their restrictive business practices legislation with great vigilance against the detrimental effects especially:
 - a) of price-fixing and market-sharing agreements;
 - b) of monopolistic and oligopolistic practices affecting prices, and
 - c) of restrictive business practices in the field of patents and patent licensing;
 - ii) To keep under review the price situation in key sectors of their economies which have a monopolistic or oligopolistic structure in order to reduce any excessive prices by administrative or legal means at their disposal;
 - iii) To examine whether the bodies responsible for the enforcement of the restrictive business practices legislation have adequate means at their disposal to carry out the measures outlined in paragraphs i) and ii) above;
 - iv) To strengthen their consumer policies in relation to consumer protection, education and information, where they assist competition to function more effectively;
2. That they should examine the advisability of adopting the following longer-term measures, which may require new legislation:

- i) Stronger action -- by means of prohibition or control -- against resale price maintenance, recommended prices when they operate with a similar effect to resale price maintenance, and refusal to sell employed in connection with resale price maintenance or with recommended prices;
- ii) Effective provisions against the harmful practices of monopolies and oligopolies;
- iii) Effective provisions against undesirable mergers and concentrations of enterprises which limit competition unduly;
- iv) Extension of their legislation to cover restrictive business practices in service industries or in those sectors to which it does not apply or does not fully apply, when these exemptions are insufficiently justified having regard to the public interest.

II. INSTRUCTS the Committee of Experts on Restrictive Business Practices to review, at its session in the autumn of 1972, the progress made, in particular with regard to short-term action in this field, and to report to the Council.

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