WORKING
PAPERS

CONGLOMERATE MERGERS:

CONSIDERATIONS FOR PUBLIC POLICY

William S. Comanor

WORKING PAPER NO. 23

March 1980

BUREAU OF ECONOMICS
FEDERAL TRADE COMMISSION
WASHINGTON, DC 20580

I. The Factual Background.

Current policy towards anti-competitive corporate mergers is one of the towering peaks of antitrust. There are only a few areas where one can point to a clear and overwhelming impact of policy measures, but this is surely one of them. What has been affected, however, is the composition rather than the extent of merger activity. Whatever the impact on the type of mergers entered into, available data do not suggest that the extent of merger activity has been substantially altered.

The major effect of current policy has been a considerable decline in the number of substantial horizontal mergers. While there may be debate as to the desirability of this policy, there can be little doubt as to its impact. Horizontal mergers current account for only a small share of total merger activity as contrasted with the shares accounted for both in the past and currently in other western developed

---

I am grateful to Alan Fisher, Dennis Mueller, and John Peterman for helpful comments on this paper. Table 1 and the notes to that table were prepared by Richard Duke and Figures 1 and 2 by Marvin Rosenberg. An earlier version appears as testimony on S. 600 before the Committee on the Judiciary of the United States Senate given on March 8, 1979. The views expressed here and in the earlier testimony are the author's and do not necessarily represent those of the Federal Trade Commission nor of any individual commissioner.

countries. 1/

In accord with the objective of promoting competition, the antitrust laws have been largely successful in preventing horizontal acquisitions which might lessen competition. These laws, however, have not restrained the pace of conglomerate mergers, since most have seemed unlikely to produce substantial anti-competitive effects in particular markets. As a result, congomerate mergers have become more frequent.

Because of the altered character of corporate mergers, we would not expect to find much effect on concentration

---

1/ Scherer reports that 40 percent of all assets acquired between 1951 and 1954 represented direct horizontal mergers, while only 8 percent of such assets were accounted for by horizontal mergers between 1967 and 1968. The relevant percentages for vertical mergers were 9 percent in the early period and 7 percent in the later one. All other mergers which include product extension mergers, market extension mergers, and pure conglomerates, increased their share of all acquired assets from 52 percent in 1951 to 1954 to 85 percent between 1967 and 1968. F.M. Scherer, Industrial Market Structure and Economic Performance, Chicago: Rand McNally, 1970, p. 489. In a sample of large mergers undertaken in the Netherlands, fully 17 out of 25 represented horizontal mergers. Similarly, for large mergers in the United Kingdom, nearly half or 109 out of 225, were horizontal mergers. Dennis C. Mueller, ed., The Determinants and Effects of Mergers: An International Comparison, Berlin, mimeographed, 1979.

in individual industries. On the other hand, we would expect to see the effect of recent mergers reflected in levels of aggregate concentration, which measure the share of total assets or employment accounted for by the largest firms in the economy.

There have been some systematic investigations of the relationships between conglomerate mergers and aggregate concentration. The most complete of these studies, which covered mining and manufacturing assets between 1950 and 1960, concluded that mergers accounted for nearly two-thirds of the increase in the share of these assets held by the 500 largest firms, and almost three-fourths of the increase in the share held by the hundred largest firms. 2/ Another study reported that between 1960 and 1968, mergers were responsible for increasing the share of assets held by the 200 largest manufacturing firms from 51% to 61%. 3/

Despite the substantial number of conglomerate mergers which have taken place, with their apparent impact on the

---

2/ John J. McGowan, "The Effect of Alternate Anti-Merger Policies on the Size Distribution of Firms," Yale Economic Essays, Vol. 5, Fall 1965, pp. 455-456.

3/ Federal Trade Commission, Economic Report on Corporate Mergers, Washington: U.S. Government Printing Office, 1969, pp. 189-193.

manufacturing and mining sectors, it is striking that no increase in aggregate concentration throughout the economy has taken place. Available data suggest indeed that aggregate concentration levels have remained stable even though quite high. Relevant data are presented in Table 1. In 1958, the 50 largest non-financial corporations controlled approximately 24% of all non-financial corporate assets; this figure declined slightly to approximately 23% in 1972, and remained at about the same level through 1975, the last year for which complete data are available. Similar results appear for aggregate concentration ratios which apply to the 200 largest non-financial firms. These percentages declined from 41% in 1958 to approximately 40% in both 1972 and 1975.

Although aggregate concentration appears to have increased in the manufacturing and mining sectors, 4/ a different picture is obtained by focusing on a broader range of the economy. For all non-financial corporations, aggregate concentration has been relatively stable, and perhaps even declined slightly. The different pictures obtained can be explained by the declining share of total output accounted for by the manufacturing and mining sectors of the economy.

4/ Some further data are illustrative. In 1955, the 200 largest industrial corporations, ranked on the basis of sales, counted for 53.1 percent to total assets held by manufacturing and mining corporations. By 1975, this figure had increased to 61.7 percent. These data are obtained from Fortune, May 8, 1978 and from various editions of the Statistical Abstract of the U.S.

II. A Matter of Jeffersonian Ideals

While we could investigate further the effects of conglomerate merger activity on aggregate concentration, a more interesting issue for public policy is what difference it makes. Why should we be concerned with aggregate concentration as a matter of public policy? The Courts have not subjected conglomerate acquisitions to severe restrictions despite the proscription against anti-competitive mergers under the antitrust laws. If this pattern of judicial decisions is correct, and conglomerate mergers do not impact on the degree of competition, what other considerations might warrant a public policy concern?

Some discussions of this question have emphasized the possible social and political effects which may flow from high aggregate concentration and large firm size. It has been suggested that even in the absence of anti-competitive effects, undesirable social or political implications may flow from these acquisitions. Whether these effects in fact exist is a matter of some debate. However these issues are resolved, they do not focus, in my judgment, on the fundamental concerns for public policy.

The relevant issue for conglomerate merger policy springs from the popular support which persists in the

TABLE 1

Assets of the 450 Largest Nonfinancial Corporations Relative to All Nonfinancial Corporate Assets

Asset Group	1958	1963	1967	1972	1975
Top 50	24.4%	24.4%	24.5%	23.4%	23.3%
Top 100	32.1	31.7	32.0	30.7	30.6
Top 150	37.4	36.7	37.3	35.9	35.6
Top 200	41.1	40.5	41.2	39.9	39.5
Top 250	43.9	43.4	44.1	43.0	42.6
Top 300	46.1	45.5	46.4	45.3	45.0
Top 350	47.9	47.3	48.3	47.2	47.0
Top 400	49.5	48.9	50.0	48.8	48.6
Top 450	50.8	50.2	51.4	50.1	50.0

Sources: *Fortune*, *The Fortune Directory*, and *Moody's Industrial*, *Public Utility*, and *Transportation Manuals*. For all nonfinancial corporate assets, Internal Revenue Service, *Statistics of Income, Corporation Income Tax Returns* (various years). (See note on methodology.)

NOTE ON METHODOLOGY

The method used to select the 450 largest nonfinancial corporations (in terms of assets) was based on four of *Fortune's* lists of the largest corporations, the lists *Fortune* calls industrials, retailing, transportation, and utilities. These lists were supplemented by various *Moody's* manuals as follows: (1) A search of *Moody's Public Utility Manual* and *Moody's Transportation Manual* for each of the years involved. (2) An examination of all corporations listed in *Moody's Industrial Manual* as conducting grocery, mail order, or retail operations. (3) An examination of the 20 largest corporations (in terms of assets) on *Fortune's* second 500 industrial list. (Since *Fortune* first published this list in 1969, the 20 largest corporations in 1969 were examined for 1958, 1963, and 1967 and were included if large enough.) (4) An examination of 66 corporations named by *Fortune* in 1968 and 1969 as omitted from its lists because, even though large enough, they did not fit into the categories for which *Fortune* compiled its lists. (Since then *Fortune* has broadened its industrial category, and several of these companies are listed regularly.)

Data compiled by the Internal Revenue Service were used to measure the assets of all nonfinancial corporations. The latest data available from IRS are for 1975, and, therefore, measures for 1977 could not be included in Table 1. In general, IRS data do not include overseas assets of U. S. corporations; however, the assets of corporations as reported in *Fortune* and *Moody's* do include such assets. Thus, the figures in Table 1 are biased toward overstating the share of all nonfinancial corporate assets held by the 450 largest nonfinancial corporations. (A Commerce Department survey of U. S. direct investment abroad found that the assets of majority-owned foreign affiliates of U. S. corporations amounted to $89 billion for all nonfinancial corporations in 1966. In comparison, IRS reported assets for all nonfinancial corporations in 1966 were $837 billion. The Commerce Department is currently conducting another survey of foreign assets of U. S. corporations.)

United States for policy actions of this type. This support is derived not from evidence of actual harms, however defined, but rather from a fundamental ideological concern with giant aggregations of privately held assets, and the political power which is presumed to flow from them. Support for a policy directed against conglomerate mergers comes not from actual proven harms as much as from basic ideological concerns that such harms do exist.

Ideology, whether in the United States or elsewhere, refers to a fundamental perception of reality and provides a overall vehicle for explaining that reality. Its precepts are not readily subject to empirical verification. Ideological propositions are more strongly contested by a competing ideological statement than merely by factual refutation. Although some might argue that their own policy recommendations rest entirely on empirical observation, in fact their views typically rely on an underlying ideological premise which has been implicitly accepted. In my judgement, the current debate over public policy towards conglomerate mergers cannot be understood without paying explicit attention to the ideological premises on which it rests.

I refer of course to the Jeffersonian creed, which occupies a peculiar position in the American scene. This element of the American psyche is quite different from that found in other western countries. It is derived specifically

from the American experience. In its simpliest form, it represents an instinctive fear of large aggregations of private power.

Jeffersonian or populist ideology was defined in the crucible of debate between Hamilton and Jefferson. These early debates set the tone for much discussion of economic policy, which has continued to this day. Jefferson argued that we should be concerned with the concentration of economic power, and recommended that measures be adopted to disperse this power as widely as possible throughout the society. He believed that the yeoman farmer was a primary source of democratic values to be fostered and supported. Hamilton, on the other hand, cautioned the new nation of moving too far in this direction. Such action might dampen the performance of the economy on which living standards must ultimately depend. He argued essentially that we should be concerned with economic efficiency.

Throughout the next two centuries, this debate has reappeared at various times in various forms. There have been times when Jeffersonian ideals were ascendant, but others when Hamiltonian practicality was dominant. Throughout, the underlying issues have been fundamentally unchanged. The current discussion and debate over proposals to limit large conglomerate mergers is, I believe, a recent manifestation of this classic American debate.

Neither side has been fully dominant because neither extreme has seemed fully appropriate. While we as a nation have eagerly sought Jeffersonian ideals, we have been concerned with the economic costs of taking steps in this direction. We have sought with equal fervor an efficient and productive economic system, but have continued to worry about the concentration of economic power which has accompanied our economic gains. Our goal has been to balance the achievement of Jeffersonian ideals with that of promoting an efficient economy.

For the most part, policy measures dealing with American industry have been adopted whenever there is a confluence of opinion which flows from these competing ideological strains. While there are surely exceptions, major policy measures have not been adopted and fully accepted without some degree of concurrence from both schools of thought.

A case in point are the antitrust laws which serve as a fundamental charter for American industry. These laws evade the essence of this debate for they are generally in accord with both competing ideological currents. They support Jeffersonian ideals regarding the dispersion of economic power as well as promote competition leading to a more efficient economy. To be sure, there has been some controversy over the latter issue, but the weight of informed opinion supports this position, especially as it applies to horizontal merger policy.

To the extent that merger activity restricts the degree of competition, it should of course be subject to existing antitrust statutes. But what of merger activity which has no such anti-competitive effects but is suspect only because it retards the achievement of Jeffersonian ideals? What actions are appropriate in this realm? To an extent, one's view depends on where one stands in the classic division between Hamilton and Jefferson.

Since the early days of the Republic, Jeffersonians have feared an assault on democratic values from the increasing power and position of the industrial sector. This concern is vividly stated by de Tocqueville in his early and classic statement on Democracy in America:

> I am of opinion, upon the whole, that the manufacturing aristocracy which is growing up under our eyes is one of the harshest which ever existed in the world; but, at the same time, it is one of the most confined and least dangerous. Nevertheless, the friends of democracy should keep their eyes anxiously fixed in this direction; for if ever a permanent inequality of conditions and aristocracy again penetrate into the world, it may be predicted that this is the gate by which they will enter. 5/

5/ Alexis de Tocqueville, Democracy in America. Richard D. Heffner, ed. New York: Mentor Book, edited and abridged edition, 1956, p. 220.

Recent proposals to limit conglomerate mergers arise, in large measure, from these same concerns.

The Jeffersonian objective of the widest possible dispersion of economic power concerns the distribution of decision-making authority across economic agents. That substantial authority lies in the hand of government is unquestioned, but this authority has the legitimacy derived from frequent accountability to the popular will.

The issue of "legitimacy" is relevant for it concerns the ultimate question of why a particular person or group should exercise authority, and not others. Legitimacy, indeed, may be defined as "the rightful possession of power." 6/ Within the United States, legitimacy follows in large measure from the exercise of authority to achieve a public purpose within accepted constraints. Among these constraints are competitive processes. But these constraints are often quite weak, sometimes for good economic reasons, and therefore the question of legitimacy is raised.

Even with limited competition in product markets, however, managerial discretionary authority may be constrained by stockholders, financial markets, or takeover threats. Unfortunately, transaction costs and limited information

---

6/ Adolph A. Berle, Jr., Power without Property, New York: Harcourt, Brace and Co., 1959, p. 99.

reduce the effectiveness of these forms of control. 7/ The managers of giant corporations remain unaccountable to a significant degree.

They appear to many as private governments, subject to few external constraints, and able to bring considerable resources to bear on any issue of their choosing. Particularly in their dealings with local governments, they respond with equal standing rather than as a citizen subject to the law, so that matters of local taxation, for example, become subject to negotiation. 8/ Local control is inevitably diminished. Although market forces exert substantial control of much corporate behavior, considerable discretionary authority remains even in our generally competitive economy.

In such circumstances, giant firm size conflicts with Jeffersonian ideals. These firms appear as enormous aggregations of economic resources, but with few of the legitimizing attributes associated with public purpose or competitive markets. Management is largely self-perpetuating and control passes from one person to another with few of the cleansing attributes of public accountability. With this ideological heritage, it is hardly surprising that so many in our society

---

7/ Smiley estimates that the transaction costs associated with tender offers have approached 14 percent of the value of the acquired firms. See Robert H. Smiley, "Tender Offers, Transaction Costs and the Theory of the Firm," Review of Economics and Statistics, Vol. 58, Feb. 1976, pp. 22-23.

8/ Norton E. Long, "The Corporation, Its Satellites, and the Local Community", E.S. Mason, ed. The Corporation in Modern Society, Cambridge: Harvard University Press, 1959, pp. 202-217. See also Robert N. Stern and Howard Aldrich, "The Effect of Absentee Firm Control on Local Community Welfare: A Survey," Paper Presented at FTC Conference on "Firm Size, Market Structure, and Social Performance," Washington, January 17-18, 1980.

have a deep seated and fundamental distrust of giant firms, whether conglomerate or not, where substantial discretionary authority is centralized in a single hierchical unit. 9/

III. Hamiltonian Concerns

Prohibiting large conglomerate mergers might promote Jeffersonian ideals regarding the concentration of decision-making power. But what of Hamiltonian concerns as to the possible effects of these mergers on economic efficiency?

There are two primary routes through which conglomerate mergers may lead to a more efficient economy. 10/ First, these mergers provide a realistic threat to displace inefficient management. If one group of managers believes it can manage a particular firm more profitably than is currently being done, a merger may be proposed so long as the expected increase in profits exceeds the costs of making the acquisition. It has been suggested that the threat of a takeover is one of the more effective forces leading to managerial efficiency. On this account, actions which limit or retard this threat solidify the position of existing management, make them more immune to replacement, and therefore retard a movement toward more efficient management.

9/ For a modern statement of this concern, see Carl Kaysen, "The Corporation: How Much Power? What Scope?" E.S. Mason, ed., The Corporation in Modern Society, Cambridge: Harvard University Press, 1959, pp. 85-105.

10/ See Oliver S. Williamson, Markets and Hierarchies: Analysis and Antitrust Implications, New York: The Free Press, 1975, pp. 158-162.

A second efficiency gain from conglomerate mergers concerns the operation of the capital markets. An important aspect of conglomerate firm organization is the use of internal or administrative processes to reallocate capital within the firm rather than through the capital markets. For some large reallocations, capital markets which can allocate funds across firms may be superior, but for other more limited purposes, the transactions costs associated with using the capital markets may exceed the corresponding costs of internal financing. An economic system which makes use of both types of procedures is therefore likely to be the most efficient.

Despite the possible gains from the conglomerate form of organization, it is striking that economic studies have not found that profitability on average is higher for conglomerate firms. While some studies have suggested that conglomerate firms earn lower profit rates than their rivals, others have found no substantial differences. In any event, there is no indication that conglomerate firms earn higher profit rates, even though greater efficiency might be indicated by increased profitability. 11/

11/ The most complete review of the available empirical evidence is contained in Dennis C. Mueller, "The Effects of Conglomerate Mergers," *Journal of Banking and Finance*, Vol. 1, 1977, pp. 315-347.

To be sure, the stockholders of the acquired firm generally gain from mergers, in that they receive prices for their shares which generally lie above, and often substantially above, the prices at which the shares had previously sold. These premiums in part reflect differences between marginal and average valuations of the shares of acquired firms. The former are defined by the lowest value attributed to a firm's shares by investors who still wish to own the shares. Marginal valuations determine market values. On the other hand, average valuations are simply the average value attributed to these shares across all current investors, but it is this value which sets the price which must be paid for the entire firm. Since average valuations typically exceed marginal valuations, higher prices must be paid to purchase the entire firm than one or a small number of shares.

Without more, however, these premiums have no implications for the presence or absence of economic efficiencies which might result from an acquisition. The amortized cost of the premium paid is an appropriate deduction from earnings, so that net profits may be no higher despite the presence of synergistic gains. The benefits from these acquisitions may therefore be realized by the stockholders of the acquired firm and not necessarily appear as increased profits of the composite firm.

Whether efficiencies do or do not result from an acquisition, the payment of a premium indicates that the acquiring firm anticipates some benefit from the merger. Otherwise, it presumably could invest the same amount in the shares of various firms, pay the market price as determined by appropriate marginal valuations, and reap the associated returns. Willingness to pay this premium therefore suggests that the acquiring firm foresees additional gains from the acquisition, or at least the absence of further costs.

Yet, while the payment of a premium indicates that the acquiring firm anticipates a benefit from the merger, this benefit need not reflect economic efficiencies. What the managers of the acquiring firm clearly gain is control over the assets of the acquired firm. Some or all of this premium may represent payment for this control, which is desired by corporate managers even though profits may not be enhanced.

While conglomerate acquisitions may not be made for economic gain, the fact that substantial premiums are paid, together with the frequent observation that firms making these acquisitions earn no lower profits than those which do not, together have implications for whether economic efficiencies result from these mergers. Indeed, Professor Baxter argues that "these two facts, taken alone, have only one possible interpretation. These mergers are generating efficiencies roughly commensurate in their magnitude with the premiums paid to the acquired firms." 12/ He concludes that the premiums paid reflect the additional value which results from combining disparate assets into a single firm.

What this argument does not explain, however, is why all of the gains from the acquisition generally go to the prior owners of the acquired firm and none to the acquiring firm. One could of course argue that this division results from substantial competition among prospective acquirers for the assets acquired. But this explanation seems unlikely given the high costs of gathering information on the value of the assets of the acquired firms. Moreover, we do not typically observe multiple suitors for the same company.

There are other explanations as well. To the extent that the shareholders of acquiring firms experience wealth losses which are approximately equal to the gains received by the owners of acquired firms, there is no net premium to be explained. But this explanation requires that firms making conglomerate acquisitions earn lower profit rates

---

12/ William F. Baxter, "Statement," Mergers and Economic Concentration, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, 96th Congress, First Session, on S. 600, The Small and Independent Business Protection Act of 1979, Part II, 1979, p. 28.

than their counterparts who have made no such acquisitions. While this result has been found by some researchers, there is no general agreement.

More important, it has been suggested that mergers generally occur when acquired firms are temporarily undervalued in the stock market. 13/ In other words, the original market valuation of the acquired firm understates the true value of the assets so that the acquisition take place in a disequilibrium context. This argument requires, however, that financial markets undervalue some firms for substantial periods of time, about which there is considerable debate.

Note also that if financial markets undervalue some shares, an efficient allocation of resources is promoted if these prices are increased to reflect their true values. Market values can then serve as an appropriate signal for further investment. As a result, there may be gains in the form of improved market processes from such mergers. At the same time, acquisitions by the largest firms in the economy are not necessarily elements in this process; the required increases in stock prices can occur through other routes.

13/ F.M. Scherer, "Statement," Mergers and Economic Concentration, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, 96th Congress, First Session, on S. 600, The Small and Independent Business Protection Act of 1979, Part II, 1979, p. 142. See also Michael Gort, "An Economic Disturbance Theory of Mergers," Quarterly Journal of Economics, November 1969, pp. 624-642.

IV. Some Policy Conclusions

At the outset of this paper, I placed this discussion in the context of the issues raised originally in the debates between Hamilton and Jefferson. It remains there. Appropriate public policy should be designed to support Jeffersonian ideals in terms of limiting increases in aggregate concentration achieved through conglomerate acquisitions so long as there are no significant economic costs from doing so.

While many proposals have been advanced to deal with conglomerate mergers, the one which I would support, and which has been supported by the staff of the Federal Trade Commission, deals explicitly with both sets of concerns. This proposal would restrain external growth by the very large firms in our economy but not prohibit acquisitions. Indeed under this proposal, mergers among the largest firms are specifically permitted so long as the acquiring firm creates or "spins-off" another viable firm of approximately the same size within a reasonable period of time either prior to or after the acquisition. A cap on external growth would be established without the inhibiting effects on a ban on all mergers. 14/

14/ A similar proposal has been made by Williamson. See Williamson, *op. cit.*, pp. 170-171.

Various questions remain. One has to do with the size limitations which should apply. For this purpose, it is useful to examine the overall size distribution of firms as reflected in Figures 1 and 2. In Figure 1, size is measured directly. The largest firms in this distribution are very much larger than those which mark the fiftieth largest firm, the one-hundredth largest, and beyond. Indeed, the absolute size differences beyond some point seem considerably smaller.

These data are also presented on a logarithmic scale in Figure 2. Beyond some point, the slope of this function appears fairly constant, which would indicate approximately equal percentage differences in size among firms. Before this point, however, which might include the 75 largest, firms are substantially larger. These data appear to suggest that the 75 largest firms occupy a distinct position in the overall size distribution, and therefore policy-makers might wish to focus their attention on them.

There are further questions as well. One concern is how a permitted spin-off may proceed, and what is meant by a viable firm in this context. However, it should be noted that the tax-free treatment of a spin-off to shareholders requires that a "separate trade or business" be created, which should contribute to the viability of the business entity created.

Furthermore, existing security laws prohibit fraud in the sale of securities, and the requirement of detailed registration statements will further assist major stockholders in evaluating the true value of a spun-off entity. The threat of stockholder suits should also give an acquiring firm the incentive to insure that what they spin-off is viable.

While there are further questions to be answered regarding this proposal, there is much to recommend it. Policy measures which prohibit all large conglomerate mergers may promote Jeffersonian ideals but without sufficiently allowing for Hamiltonian concerns for an efficient economy. The existing policy, which essentially permits all such acquisitions to proceed, largely ignores the ideals for which Jefferson argued. This proposal meets both sets of concerns and is worthy of serious consideration.

REFERENCES

Baxter, William F., "Statement," Mergers and Economic Concentration, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, 96th Congress, First Session, on S. 600, The Small and Independent Business Protection Act of 1979, Part II, 1979.

Berle, Adolph A. Jr., Power Without Property, New York: Harcourt, Brace and Co., 1959.

de Tocqueville, Alexis, Democracy in America, Richard D. Heffner, ed. New York: Mentor Book, Edited and abridged edition, 1956.

Federal Trade Commission, Economic Report on Corporate Mergers, Washington: U.S. Government Printing Office, 1969.

Fortune, May 8, 1978.

Gort, Michael, "An Economic Disturbance Theory of Mergers," Quarterly Journal of Economics, November 1969.

Kaysen, Carl, "The Corporation: How Much Power? What Scope?" E.S. Mason, ed., The Corporation in Modern Society, Cambridge: Harvard University Press, 1959.

Long, Norton E., "The Corporation, Its Satellites, and the Local Community", E.S. Mason, ed. The Corporation in Modern Society, Cambridge: Harvard University Press, 1959.

McGowan, John J., "The Effect of Alternative Anti-Merger Policies on the Size Distribution of Firms," Yale Economic Essays, Vol. 5, Fall 1965.

Mueller, Dennis C., "The Effects of Conglomerate Mergers," Journal of Banking and Finance, Vol. 1, 1977.

Mueller, Dennis C., ed., The Determinants and Effects of Mergers: An International Comparison, Berlin, mimeographed, 1979.

Scherer, F.M. Industrial Market Structure and Economic Performance, Chicago: Rand McNally, 1970.

Scherer, F.M., "Statement," Mergers and Economic Concentration, Hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary, United States Senate, 96th Congress, First Session, on S. 600, The Small and Independent Business Protection Act of 1979, Part II, 1979.

Smiley, Robert H., "Tender Offers, Transaction Costs and the Theory of the Firm," Review of Economics and Statistics, Vol. 58, Feb. 1976.

Stern, Robert N. and Aldrich, Howard, "The Effect of Absentee Firm Control on Local Community Welfare: A Survey," Paper Presented at FTC Conference on "Firm Size, Market Structure, and Social Performance," Washington, January 17-18, 1980.

U.S. Bureau of the Census, Statistical Abstract of the U.S., Washington: U.S. Government Printing Office.

Williamson, Oliver S., Markets and Hierarchies: Analysis and Antitrust Implications, New York: The Free Press, 1975.