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# Department of Justice

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Attorney General John N. Mitchell said today that "the future vitality of our free economy may be in danger because of the increasing threat of economic concentration by" conglomerate corporate mergers.

Noting that corporate acquisitions rose from $12 billion last year to an expected $18 billion this year, and that the top 200 manufacturing firms now control more than 58 percent of the nation's manufacturing assets, the Attorney General warned:

"This leaves us with the unacceptable probability that the nation's manufacturing and financial assets will continue to be concentrated in the hands of fewer and fewer people--the very evil" that the antitrust laws were designed to combat.

He added that conglomerate mergers have risen from 38.1 percent of all mergers from 1948 to 1951 to 91 percent of all mergers last year.

In an effort to slow down this trend, the Attorney General announced three probabilities:

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--"The Department of Justice may well well oppose any merger among the top 200 manufacturing firms or firms of comparable size in other industries."

--"The Department of Justice will probably oppose any merger by one of the top 200 manufacturing firms with any leading producer in any concentrated industry."

--"The Department will continue to challenge mergers which may substantially lessen potential competition or develop a substantial potential for reciprocity."

The Attorney General acknowledged that some antitrust lawyers and other economic experts "may regard these three probabilities as something of an expansion of the published Anti-Merger Guidelines of the Department," which were formulated last year.

"But," he said, "we believe that, under today's circumstances, these probabilities are clearly authorized by present antitrust law."

The Attorney General said that he hoped the results of this policy will be to achieve the type of "voluntary compliance" which now exists in most of the antitrust field."

He said the benefits of this policy should be readily apparent: that it will halt the concentration trend and remove the "inadvisable alternative" of direct government regulation; it will stimulate competition; and it will insure that consumers and businessmen everywhere will continue to participate fully in our prosperity.

The Attorney General explained that the danger of "super-concentration" is that: (1)"It is likely to eliminate existing and potential competition." (2) "It increases the possibility for reciprocity and other forms of unfair buyer-seller leverage." (3) It creates nationwide corporate structures "whose enormous physical and psychological resources pose substantial barriers to smaller firms." (4) It creates a "community of interest" which establishes a tone in the marketplace for more and more mergers.

Among the other dangers which concentration by conglomerate merger poses, the Attorney General said, are that residents of smaller communities may lose their influence over their local economies.

He said: "This Administration believes that one of the great benefits of an open marketplace is the active participation and control by as many of our citizens as possible in their own economic well-being---not just a small segment of our population in certain cities."

He added: "We do not want our middle size and smaller cities to be merely 'branch store' communities; nor do we want our average consumers to be 'second class' economic citizens."

He concluded by noting: "We will, despite expected criticism, be carrying out the mandate of this Administration to reflect the hopes and aspirations of all Americans for a free society."