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For Release at 2:00 P.M. (EST), January 26, 1955.

MERGER PROBLEMS CONFRONTING FTC

The Federal Trade Commission, as most of you know, has undertaken an economic investigation of recent corporate mergers and acquisitions. The purpose of the study is to provide facts on mergers for the information and guidance of the Commission, the Department of Justice, the Congress, and the public.

It is hoped that the report, when it is completed, will furnish answers to important questions concerning the dimensions and significance of the present merger movement. Among other things, it will attempt to

1. Determine the relative and absolute economic importance of

commerce.

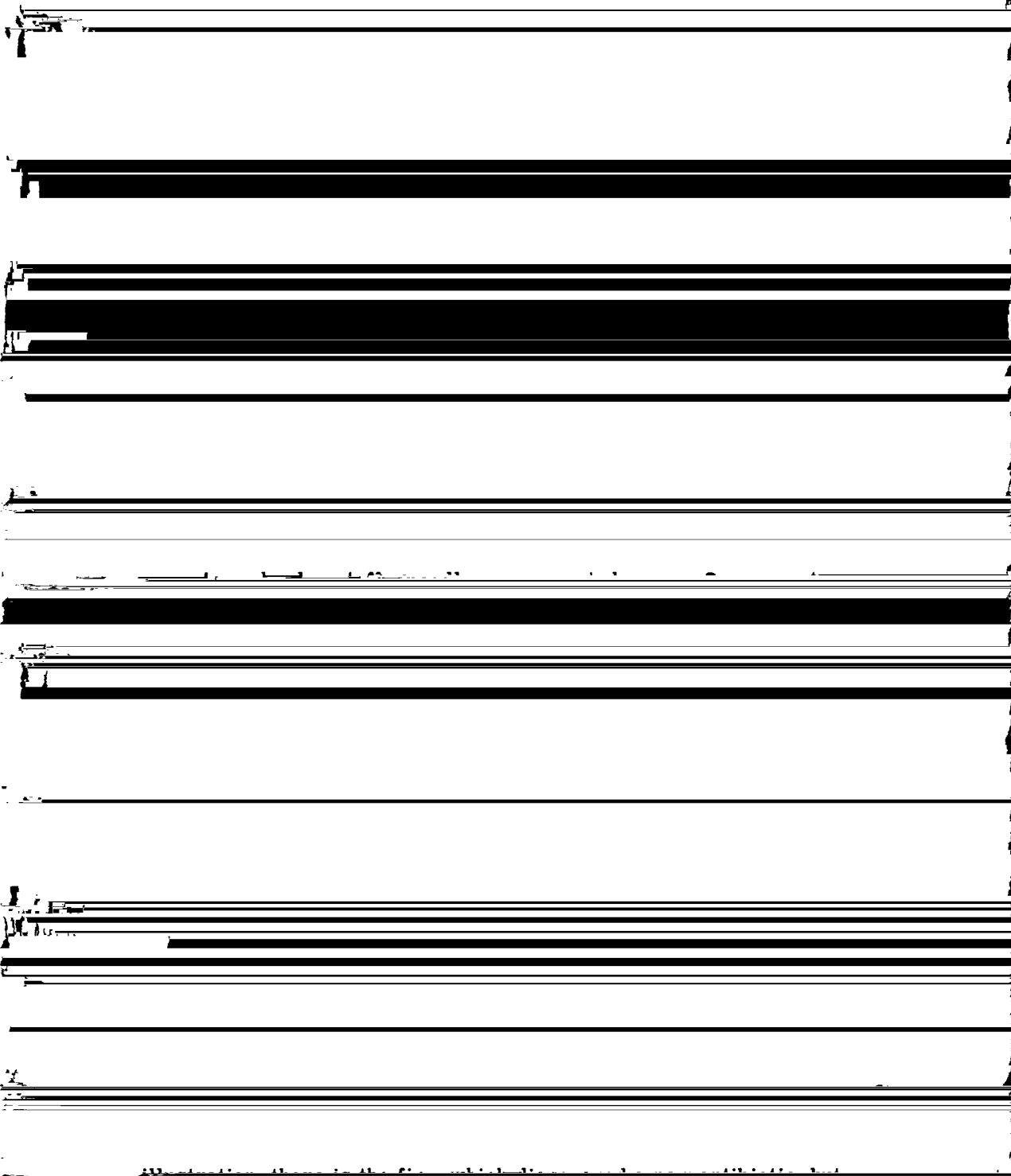
distinguishes the present movement from the former where the so-called trusts were usually put together by bankers who offered securities to the public "so thoroughly watered" that it took a genera-

small successive acquisitions? How about horizontal combinations

The vertical acquisitions in the paper industry have been largely those in which manufacturers have purchased pulp mills in order to secure their own supply of raw material. Such acquisitions tend to set off a sort of chain reaction, because with each acquisition the supply of pulp available in the free market becomes less, which in turn impels other paper companies to obtain their own source of supply. Here is the dilemma. If the larger companies are permitted

many instances the acquired and acquiring firms were not in close

One manufacturer of medicinal chemicals which has a good research organization and ample plant capacity, but was relatively unsuccessful in its marketing efforts, merged with a pharmaceutical







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