

Prologue

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PROLOGUE

This *Symposium* was first conceived early in the Summer of 1969. Its purpose is as simple as it is ambitious: to provide a needed objective study of the conglomerate merger phenomenon and its effects. Aware of the failure of previous writing in the area to elucidate the obscure, we initiated this project in the hope of assembling distinguished scholars and practitioners from the various merger-related fields to confront and analyze each of the controversial issues raised by the "Great Conglomerate Merger Wave of the Sixties."

The project is grounded upon a firm belief that the problems posed by conglomerate growth transcend traditional academic boundaries and can be analyzed satisfactorily only within an interdisciplinary context. We have thus sought to overcome the patent inadequacy of previous publications which have invariably been limited to a single perspective — be it law or economics, taxation or finance, management or accounting. Acceding to the demands of such an integrated approach, we have attempted to provide the reader with a comprehensive analysis and evaluation of the antitrust, economic, financial reporting and tax implications of the conglomerate trend. And while the information-seeking process is far from complete, the articles which follow constitute a unique attempt to ferret out long-controverted truths and hopefully will provide the student of the conglomerate merger with "hard facts" and reliable data essential to future inquiry.

In furtherance of this interdisciplinary approach to the resolution of the complex issues underlying the conglomerate phenomenon, we have divided the *Symposium* into four separate sections: Economics, Antitrust, Financial Disclosure, and Taxation. In Part I the contributing authors discuss the economics and actual competitive consequences of merger hyperactivity. Of a more immediate relevance to the legal profession, representatives of the antitrust bar complement this analysis in Part II by a detailed consideration of whether present legislation can be construed to prohibit such mergers. In Part III, prominent accountants evaluate what has been termed the "glaring deficiencies of merger accounting" in light of recent pronouncements of the Accounting Principles Board, while representatives of the securities industry analyze the effect of the conglomerate merger on current securities markets and practices. Finally, the role of various tax incentives, and the impact of tax reform itself, are carefully scrutinized in Part IV.

We take special pride in the fact that almost without exception the articles and studies included were prepared exclusively for this special issue, and the few reprints and adaptations which do in fact appear are, in the opinion of the Editors, of exceptional merit and warrant inclusion for that reason alone. Also, it should be noted that the limitations of space and financing prevented publication of several student works dealing with the

implications of the conglomerate merger in the antitrust and securities fields respectively. These articles, we are pleased to say, appear in the January and April issues of Volume 44.

Acknowledging the nature of the problems discussed, we urge our readers not to limit themselves exclusively to one or another part of the volume. Indeed, appreciating individual predilections, we understand that certain readers will desire to skip about and choose among those articles of greatest interest to them. Accordingly, each article represents a contribution of significant, independent academic value and while we have assiduously sought to eliminate all instances of unnecessary duplication, some degree of repetition has been purposefully retained.

Hopefully, the fruits of our labor will help to clarify the confusion rampant in the literature of conglomerate mergers and acquisitions to date. But our task will be complete only if sound economic thinking and rational legislative and administrative policy-making are forthcoming as a result of our efforts to disseminate new economic theories, present needed empirical evidence, and collate current thinking on the part of acknowledged experts. More ambitiously, on a practical level, the materials made available will hopefully assist those directly affected by the conglomerate phenomenon in the resolution of the problems posed by recent statutory mandates and administrative promulgations.

We gratefully acknowledge the cooperation of the contributing authors whose continuing advice, guidance and sincere desire to work with the Editors have been largely responsible for the quality of the final product. Warranting our special thanks are Dr. Joel Dean, Professor Homer Kripke, Edward J. Heiden, and Dr. Irwin Stelzer. We also wish to express our deep gratitude to those members of the bar, academic circles, and the business community generally who enthusiastically supported the project from its inception, and who have been consistently generous with both their time and ideas; to St. John's University which partially funded the project as part of its Centennial Year activities; and to Dr. Edward T. Fagan, our Faculty Advisor, Professor David D. Siegel of the Law School Faculty, and Mr. Joseph Breu, Director of Public Relations at St. John's University, each of whom provided encouragement and solace at the appropriate times. Lastly, a word of thanks is due to our devoted secretary, Mrs. Isabel Crawford, and to Mrs. Margaret DiBenedetto, Miss Carolyn Hennessy and Mr. Gerard Coffey, without whose typing and clerical assistance this project could not have been initiated.

The Editors