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## Foreword

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## FOREWORD

The sponsors of this *Symposium* asked me to prepare a *short* introduction, a task which, for me, is much more difficult than the preparation of a full-scale article with wordy footnotes, references to the occult and the mundane, and full of the curlicues of the pseudo scholar.

On a number of occasions, I have stated that our world — all of our world — is now suffering the torments, the doubts, and the trauma associated with revolution. We are in the midst of a revolution which, on one hand, is the product of technological change which “boggles” the mind and, on the other, is attended by affluence for some but abject poverty, discrimination and other social ills for many. Despite limited improvements and a growing acceptance of the view that more must be done, the immensity of the problems and the probability that the rate of improvement will continue too slowly are portents of more strife, violence and upheaval before our world can assume a relatively even keel once again.

The revolution, which is manifest in our international and domestic political worlds and in society generally, is also producing its dramatic changes in our business and financial worlds. The recent rapid growth and wider use of the “conglomerate” corporation is one manifestation of that revolution. The conglomerate, it is urged, represents an imaginative means for bringing together enterprises in disparate fields in a manner which, at least to some extent, provides economies of scale and expert centralized financial and corporate control. That very argument, of course, is at the heart of the criticism expressed in many circles regarding the growth and activities of conglomerate corporations. There is mounting concern expressed by some that the continued development of the conglomerate will concentrate, to a dangerous degree, the industrial and financial resources built by the prudent employment of householders’ savings and undistributed corporate profits. Others see in the development of the conglomerate companies a more creative use of those resources.

There is little question that recent years have witnessed the utilization of a number of ingenious financial and business techniques by rapidly developing conglomerate corporations. The take-over bid and the development of new types of securities and esoteric packages (some of which discounted not only the future but the hereafter as well) contributed to this growth. Some of these techniques are reminiscent of earlier periods of the economic history of this century, when the ingenuity of businessmen and their counsellors was employed to create monstrous holding company systems, with consequent damage to controlled companies and public investors. Then, as now, this imagination and ingenuity produced capital structures which were difficult, if not impossible, of assessment by the most skilled analysts, let alone mere informed investors.

It is no surprise, therefore, that these developments led to violent

reactions among our legislators, regulators, and many in the academic fraternities.

This revolution, its manifestations and implications, is what this *Symposium* is all about. Unfortunately, I have not had an opportunity to review the papers appearing in the following pages, but a recital of authors, and the titles of their papers persuades me that this issue will add much to the literature concerning the conglomerate and, more importantly, to the debate, which must and will continue, as to the achievements, the opportunities and the advantages, as well as the disadvantages and the abuses that have accompanied the growth of conglomerate corporations.

*Manuel F. Cohen\**

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\* B.S., Brooklyn College, 1933; LL.B., Brooklyn Law School, 1936. Formerly Chairman, Securities and Exchange Commission.

# INTRODUCTION

