
Notes

Introduction

1. Abe Fortas, Foreword to A. D. Neale, *The Antitrust Laws of the United States of America: A Study of Competition Enforced by Law* (Cambridge: Cambridge University Press, 1960), p. v.
2. Historian Alfred Chandler, Jr., has defined economies of scale as “those that result when the increased size of a single operating unit producing or distributing a single product reduces the unit cost of production or distribution.” Economies of scope he describes as “those resulting from the use of processes within a single operating unit to produce or distribute more than one product” (*Scale and Scope: The Dynamics of Industrial Capitalism* [Cambridge, Mass.: Belknap Press, 1990], p. 17).
3. *Financial Times*, June 17–18, 2000, p. 5.

Chapter 1. The Cartel Ideal

1. Adam Smith, in one of many memorable passages in his classic, *The Wealth of Nations*, wrote, “People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices” (*An Inquiry into the Nature and Causes of the Wealth of Nations* [1776; reprint, London: William Allason, J. Maynard, and W. Blair, 1819], p. 177).
2. Robert Liefmann, *Cartels, Concerns and Trusts* (London: Methuen, 1932), pp. 16–24.

3. Martin F. Parnell, *The German Tradition of Organized Capitalism: Self-Government in the Coal Industry* (Oxford: Clarendon Press, 1994), p. 164.
4. Quoted in Jeffrey Fear, "German Capitalism" [teaching case] (Boston: Harvard Business School Press, 1996), p. 9.
5. Harm Schröter, "Small European Nations: Cooperative Capitalism in the Twentieth Century," in Alfred Chandler, Franco Amatori, and Takashi Hikino, eds., *Big Business and the Wealth of Nations* (Cambridge: Cambridge University Press, 1997); Alfred Chandler, Jr., *Scale and Scope: The Dynamics of Industrial Capitalism* (Cambridge, Mass.: Belknap Press, 1990), p. 588.
6. W. J. Reader, *Imperial Chemical Industries: A History*, vol. 1, *The Forerunners, 1870–1926* (London: Oxford University Press, 1975); Ervin Hexner, *The International Steel Cartel* (Chapel Hill: University of North Carolina Press, 1943).
7. Liefmann, *Cartels, Concerns and Trusts*, pp. 148–64.
8. A. J. P. Taylor, *English History, 1914–1945* (Oxford: Clarendon Press, 1965), p. xxiv.
9. For a brief discussion of the various systems of exchange controls in Europe, as well as the problem they could create for a firm, see Charles Wilson, *The History of Unilever: A Study in Economic Growth and Social Change* (New York: Praeger, 1968), vol. 2, pp. 66–73.
10. George W. Stocking and Myron W. Watkins, *Cartels in Action: Case Studies in International Business Diplomacy* (New York: Twentieth Century Fund, 1946), pp. 173–81.
11. W. J. Reader, *Imperial Chemical Industries: A History*, vol. 2, *The First Quarter-Century, 1926–1952* (London: Oxford University Press, 1975), pp. 109–15.
12. Ibid.; Hexner, *International Steel Cartel*, p. 89.
13. Experts argue over exactly how to measure the level of protection, which often varies considerably for different goods. During the 1920s and 1930s, many imports paid no duty, although in most cases they were goods like natural rubber that the United States did not produce itself. In 1920, the tariffs paid on dutiable imports totaled 16.40 percent of their value, a figure that increased to 38.07 percent by 1922. Tariffs remained in this vicinity until the Hawley-Smoot tariff of 1930, which by 1932 had raised payments to 59.06 percent of the value of dutiable imports (Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970, Bicentennial Edition*, part 2 [Washington, D.C.: Government Printing Office, 1974], p. 888).
14. An essay that provides a good discussion of the ambiguity of American policy is Melvyn Leffler, "Herbert Hoover, the 'New Era,' and American Foreign Policy," in Ellis Hawley, ed., *Herbert Hoover as Secretary of Commerce: Studies in New Era Thought and Practice* (Iowa City: University of Iowa Press, 1981), pp. 148–84.

15. Otis L. Graham, Jr., "The Planning Ideal and American Reality: The 1930s," in Stanley Elkins and Erik McKittrick, eds., *The Hofstadter Aegis: A Memorial* (New York: Knopf, 1974), p. 259.
16. J. George Frederick, "General Summing Up by the Editor," in J. George Frederick, ed., *The Swope Plan: Details, Criticisms, Analysis* (New York: Business Bureau, 1931), pp. 212–13.
17. Karl Pribram, *Cartel Problems: An Analysis of Collective Monopolies in Europe with American Applications* (Buffalo, N.Y.: Hein, 1937), p. 5.
18. Quoted in Reader, *Imperial Chemical Industries*, vol. 2, p. 425.
19. Quoted in Hexner, *International Steel Cartel*, p. 243.
20. Liefmann, *Cartels, Concerns and Trusts*, p. 153.
21. Edouard Herriot, *The United States of Europe* (New York: Viking Press, 1930), pp. 122, 169–70.
22. League of Nations World Economic Conference, *Final Report* (C.E.I. 44), June 3, 1927, pp. 40–41.
23. Tony Freyer, *Regulating Big Business: Antitrust in Great Britain and America, 1880–1990* (Cambridge: Cambridge University Press, 1992), pp. 213–17.
24. Ervin Hexner gives brief histories of these cartels in *International Cartels* (Chapel Hill: University of North Carolina Press, 1946).
25. Schröter, "Small European Nations," p. 193.
26. Hexner, *International Cartels*, pp. 402–4.
27. The previous year at the Munich Conference, the great powers of Europe had, at Hitler's behest, partitioned Czechoslovakia, hoping thereby to appease the Nazis and avoid war. Hitler's occupation of the rump of Czechoslovakia in 1939, perhaps more than any other event, convinced the people of Britain and France that war with Germany was inevitable.
28. Quoted in Reader, *Imperial Chemical Industries*, vol. 2, p. 7.
29. Debora L. Spar provides a good discussion of the sacrifices involved in making a cartel work in *The Cooperative Edge: The Internal Politics of International Cartels* (Ithaca, N.Y.: Cornell University Press, 1994).
30. Edwin Mansfield, *Microeconomics: Theory and Applications*, 4th ed. (New York: Norton, 1982), p. 345. Similar sentiments appear in Alan S. Blinder and William J. Baumol, *Economics: Principles and Policy*, 7th ed. (Fort Worth, Tex.: Dryden Press, 1997), p. 284.
31. D. K. Osborne, "Cartel Problems," *American Economic Review* 66 (1976): 836.
32. George J. Stigler, "A Theory of Oligopoly," *Journal of Political Economy* 72 (1964): 46.
33. William A. Brock and Jose A. Scheinkman, "Price Setting and Supergames with Capacity Constraints," *Review of Economic Studies* 52 (1985): 371.
34. Liefmann, *Cartels, Concerns and Trusts*, pp. 8–9.
35. Osborne, "Cartel Problems," p. 843.

36. The account of the steel cartel draws largely from Hexner, *International Steel Cartel*.
37. The Saar, which had been part of Germany before the war, had in 1920 been put under French administration for fifteen years, after which a referendum would decide its future. Until that time, this coal-rich region was treated as a separate country in cartel negotiations. In 1935, the region reverted to Germany after the inhabitants voted for that course.
38. Stocking and Watkins, *Cartels in Action*, p. 204. These prices are in the old system, in which the pound was divided not into 100 pence but into 20 shillings. Therefore, £6 10s was six and a half pounds.
39. Interestingly, the power of the French cartel within France was apparently quite limited—its chief utility was its ability to regulate the export trade (Daniel Barbezat, “Comptoir Sidérurgique de France, 1930–1939,” *Business History Review* 70 [1996]: 517–40).
40. Sweden was the only substantial European exporter outside the cartel. Most of its foreign sales, however, consisted of specialty steel, a high-value product whose sales hinged more on quality than price. The cartel never tried to regulate this trade. The failure of Swedish producers to adhere to the cartel, therefore, created no major difficulties for it.
41. Hexner, *International Steel Cartel*, pp. 326–27.
42. Steel mills are very expensive, entailing substantial fixed changes for depreciation as well as interest and dividends. With lower output a steel company has few units over which to spread these costs, and so the cost per ton of steel increases.
43. See chapter 2.
44. Richard A. Lauderbaugh, *American Steelmakers and the Coming of the Second World War* (Ann Arbor, Mich.: UMI Research Press, 1980), pp. 121–96.
45. Stocking and Watkins, *Cartels in Action*, p. 204.
46. Hexner, *International Steel Cartel*, p. 240.
47. The term “heavy” applies not to the weight of the chemicals themselves but to the vast quantities in which they were produced.
48. This account draws chiefly on Leonard S. Reich, “General Electric and the World Cartelization of Electric Lamps,” in Akira Kudo and Terushi Hara, eds., *International Cartels in Business History: International Conference of Business History 18, Proceedings of the Fuji Conference* (Tokyo: University of Tokyo Press, 1992), pp. 213–31; Stocking and Watkins, *Cartels in Action*, pp. 304–62; U.S. Congress, Temporary National Economic Committee (TNEC), *Investigation of Concentration of Economic Power: Monograph No. 31, Patents and Free Enterprise*, 76th Cong., 3rd sess., 1940, pp. 93–103; and Leonard S. Reich, “Lighting the Path to Profit: GE’s Control of the Electric Lamp Industry, 1892–1941,” *Business History Review* 66 (1992): 305–34.

49. *United States v. General Electric Company et al.*, 272 U.S. 476, 477.
50. At the turn of the century, GE relied on many devices to control competition in light bulbs, but antitrust prosecution led it to abandon all save those involving patents.
51. Stocking and Watkins, *Cartels in Action*, pp. 308–9.
52. *United States v. General Electric Co. et al.*, 82 F. Supp. 753.
53. Reich, “General Electric and World Cartelization,” p. 231.
54. Chandler, *Scale and Scope*, p. 542.
55. “Fine” chemicals were those of high value produced in relatively small batches.
56. Crawford H. Greenwalt, “Bigness Is a Result,” Bruce Barton Papers, DuPont Correspondence, Wisconsin State Historical Society, Madison.
57. Reader, *Imperial Chemical Industries*, vol. 2, pp. 193–94.
58. The account of the rubber cartel draws largely on Stocking and Watkins, *Cartels in Action*, pp. 56–117, and Hexner, *International Cartels*, pp. 280–93.
59. Hexner, *International Cartels*, p. 282.
60. *Ibid.*, p. 285.
61. National Association of Manufacturers, *NAM Looks at Cartels: Positions Formulated by the Committee on International Economic Relations and Approved by the Board of Directors Together with an Analysis of the Economic Aspects of Cartels Prepared by the Research Department* (New York: National Association of Manufacturers, 1946).
62. Hexner, *International Cartels*, pp. 398–401. These pages contain a list of various internationally traded goods and how much of world trade they accounted for.
63. Liefmann, *Cartels, Concerns and Trusts*, p. 4.
64. Graham D. Taylor and Patricia E. Sudnik, *DuPont and the International Chemical Industry* (Boston: Twayne, 1984), p. 92.

Chapter 2. The Context of Antitrust

1. The best account of this process remains Alfred D. Chandler, Jr., *The Visible Hand: The Managerial Revolution in American Business* (Cambridge, Mass.: Belknap Press, 1977); Robert H. Wiebe explored the social consequences of these economic changes in *The Search for Order, 1877–1920* (New York: Hill & Wang, 1967).
2. Matthew Josephson, *The Robber Barons: The Great American Capitalists* (New York: Harcourt, Brace, 1934), p. 29.
3. Quoted in Ellis Hawley, *The New Deal and the Problem of Monopoly: A Study in Economic Ambivalence* (Princeton, N.J.: Princeton University Press, 1966), p. 472.

4. Predatory pricing allows large firms active in many markets to destroy smaller rivals doing business in only a few. The large company cuts prices to ruinously low levels in competitive markets, driving its smaller rival into bankruptcy, while maintaining charges in other markets in which it does not have to compete. Large firms could also secure rebates from railroads, which in the late nineteenth century competed fiercely for long-distance traffic between major centers (as opposed to more isolated areas where they enjoyed monopolies). The railroads gave rebates because large firms could supply a lot of traffic, and sustained volume was the key to keeping railroads profitable. Smaller firms, however, could not provide the volume to command such terms. Finally, a large firm with ties to a major banker like J. P. Morgan & Co. might be able to survive and expand even if it was not as efficient as smaller rivals. In this period, the American financial system was not as sophisticated as the country's transportation and manufacturing sectors—capital was often hard to come by, and credit crunches were a recurring feature of economic life. A large firm with guaranteed financing could ride out these crises, whereas smaller rivals might fail.
5. Quoted in Thomas McCraw, *Prophets of Regulation: Charles Francis Adams, Louis D. Brandeis, James M. Landis, Alfred Kahn* (Cambridge, Mass.: Belknap Press, 1984), p. 108.
6. Woodrow Wilson, *The New Freedom: A Call for the Emancipation of the Generous Energies of a People* (Englewood Cliffs, N.J.: Prentice-Hall, 1961), p. 20.
7. Theodore Roosevelt, *The New Nationalism* (New York: Outlook, 1911), pp. 12, 15.
8. Ibid.
9. Herbert Croly, *The Promise of American Life* (New York: Macmillan, 1909), p. 27.
10. Chandler, *Visible Hand*, pp. 333–34.
11. Standard Oil was broken into several firms, the largest of which was Standard Oil of New Jersey (Exxon). Other important successor companies were Standard Oil of New York (Mobile), Standard Oil of Ohio, Standard Oil of Indiana (Amoco), and Standard Oil of California (Chevron).
12. Tony Freyer, *Regulating Big Business: Antitrust in Great Britain and America, 1880–1990* (Cambridge: Cambridge University Press, 1992), pp. 132–41.
13. Some historians like Josephson see the antitrust movement as a heroic campaign against big business (*Robber Barons*), whereas others like Gabriel Kolko consider it a sell-out to big business because it did not really change that much (*The Triumph of Conservatism: A Reinterpretation of American History, 1900–1916* [New York: Free Press], 1963). Both miss the point. Americans on the whole wanted to contain big business, not eliminate it, and judging antitrust on the damage it did large firms is inappropriate.

14. In the first half of the twentieth century, Britain probably had the most favorable environment for business outside the United States, with a currency that was generally strong and a political system as stable as any in the world. The British population, however, numbered only about 40 percent that of the United States, and its per capita income was lower. The vast British Empire only partly offset this disadvantage. Most of its subjects were quite poor, and the wealthy dominions (Canada, Australia, South Africa) protected their own domestic producers against foreign competition, including that from the mother country. Moreover, the world was severely taxed Britain's economic resources, imposing immense strains on the business structure. The world's second largest economy, Germany, presented a far more difficult landscape to businessmen. In the first half of the twentieth century, Germany had four governments: an erratic monarchy, a weak republic, a totalitarian dictatorship, and an alien occupation. Germany lost two disastrous wars, the second of which led to the country's division. Its currency became worthless, twice. As for its domestic market, although its population was about 60 percent that of the United States, living standards were considerably lower than those of Americans or, for that matter, Britons.
15. Herbert Hoover, *Public Papers of the Presidents of the United States, Herbert Hoover*, 1929 (Washington, D.C.: Government Printing Office, 1974), p. 507.
16. Joseph Brandes, "Product Diplomacy: Herbert Hoover's Anti-Monopoly Campaign at Home and Abroad," in Ellis Hawley, ed., *Herbert Hoover as Secretary of Commerce: Studies in New Era Thought and Practice* (Iowa City: University of Iowa Press, 1981), pp. 185–216; Robert F. Himmelberg, *The Origins of the National Recovery Administration: Business, Government, and the Trade Association Issue, 1921–1933* (New York: Fordham University Press, 1993).
17. Quoted in U.S. Congress, TNEC, *Investigation of Concentration of Economic Power: Monograph No. 6, Export Prices and Export Cartels*, 76th Cong., 3rd sess., 1940, p. 126.
18. U.S. Congress, TNEC, *Investigation of Concentration of Economic Power: Part 25, Cartels*, 76th Cong., 3rd sess., 1940, p. 13172. The executive was talking about the situation in the 1920s. In the 1930s, as new low-cost mines drove American exporters from world markets and the U.S. Congress enacted a prohibitive tariff on imports, the American copper market did, in fact, become more or less separate from that of the rest of the world.
19. Hoover had some success encouraging the development of potash deposits in the American Southwest, but little in finding new sources of rubber.
20. Brandes, "Product Diplomacy," pp. 185–216.
21. Arthur M. Schlesinger, Jr., *The Coming of the New Deal* (Boston: Houghton Mifflin, 1959), p. 424.
22. Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt, 1936* (New York: Random House, 1938), pp. 233–36.
23. *New York Times*, December 31, 1937, p. 2.

24. Hawley, *New Deal and the Problem of Monopoly*, p. 14.
25. Gerard Swope, "The Swope Plan—Details," in J. George Frederick, ed., *The Swope Plan: Details, Criticisms, Analysis* (New York: Business Bureau, 1931), p. 23; see also Louis Domeratzky, "Cartels and the Business Crisis," *Foreign Affairs*, October 1931, pp. 35–36.
26. Whether the NRA codes could set minimum prices was not entirely clear from the language of the act, and it was one of the most controversial issues involved in these codes. But cleverly drafted codes could effectively support prices by limiting output.
27. Hawley, *New Deal and the Problem of Monopoly*, p. 477.
28. *Ibid.*, p. 480.
29. For a good example of a market imperfection, see chapter 6, which discusses the "rule of capture" in oil drilling.
30. Kingman Brewster, Jr., *Antitrust and American Business Abroad* (New York: McGraw-Hill, 1958), p. 26.
31. Alan Brinkley, *End of Reform: New Deal Liberalism in Recession and War* (New York: Vintage Books, 1995), pp. 56–58.
32. Thurman W. Arnold, *The Bottlenecks of Business* (New York: Reynal & Hitchcock, 1940), pp. 11, 13–14.
33. Franklin D. Roosevelt, *Public Papers and Addresses of Franklin D. Roosevelt, 1938* (New York: Macmillan, 1941), p. 310.
34. *Ibid.*, p. 308.
35. U.S. Congress, TNEC, *Investigation of Concentration of Economic Power: Final Report of the Executive Secretary*, 77th Cong., 1st sess., 1941, p. 102.
36. U.S. Congress, TNEC, *Monograph No. 6*, p. 110.
37. U.S. Congress, TNEC, *Investigation of Concentration of Economic Power: Monograph No. 31, Patents and Free Enterprise*, 76th Cong., 3rd sess., 1940, pp. 45–46, 71, 165.
38. *Ibid.*, pp. 145–58.
39. U.S. Congress, TNEC, *Final Report*, p. 36.
40. Alan Brinkley, "The Antimonopoly Ideal and the Liberal State: The Case of Thurman Arnold," *Journal of American History* 80 (1993): 565.
41. See the list of cases in U.S. Congress, TNEC, *Monograph No. 16: Antitrust in Action*, 76th Cong., 3rd sess., 1940, pp. 142–43.
42. Thurman Arnold, *The Folklore of Capitalism* (New Haven, Conn.: Yale University Press, 1937), pp. 3–4, 207–11.
43. Arnold, *Bottlenecks of Business*, pp. 3–4, 116.
44. Gene M. Gressley, ed., *Voltaire and the Cowboy: The Letters of Thurman Arnold* (Boulder: Colorado Associated University Press, 1977), p. 21.
45. In a letter to Robert Lasch, April 22, 1946, Wendell Berge wrote, "The success of industrial development in the west during the postwar period depends upon

giving independent local and regional groups a chance to develop new industries, and keeping eastern monopoly controls out" (Wendell Berge Papers, Box 17, Lasch correspondence, Library of Congress, Washington, D.C.).

Chapter 3. Reform versus Mobilization

1. W. J. Reader, *Imperial Chemical Industries: A History*, vol. 2, *The First Quarter-Century, 1926–1952* (London: Oxford University Press, 1975), p. 413.
2. For the history of the relations between DuPont and ICI, see *ibid.*, and Graham D. Taylor and Patricia E. Sudnik, *DuPont and the International Chemical Industry* (Boston: Twayne, 1984).
3. Memorandum for Herbert A. Berman, June 23, 1941, and "The Standard Oil-I.G. Farbenindustrie Partnership and Its Consequences," January 2, 1942, both in Roy A. Pewitt Files, Box 14, Rubber, Record Group 112, National Archives, Washington, D.C.; Peter Hayes, *Industry and Ideology: IG Farben and the Nazi Era* (Cambridge: Cambridge University Press, 1987), pp. 37–38. The Nazi regime did indeed heavily subsidize oil from coal, and hydrogenation plants supplied much of Germany's petroleum needs during World War II.
4. Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Touchstone Books, 1991), p. 331.
5. Henrietta M. Larson, Evelyn H. Knowlton, and Charles S. Popple, *New Horizons: History of Standard Oil Company (New Jersey), 1927–1950* (New York: Harper & Row, 1971), p. 156.
6. Memorandum for Berman, June 23, 1941.
7. Memorandum for the Files, August 18, 1941, Pewitt Files, Box 14, Rubber.
8. U.S. Senate, Special Committee Investigating the National Defense Program, *Investigation of the National Defense Program: Part 11, Rubber*, 77th Cong., 1st sess., 1942, pp. 4376, 4585.
9. Jasper E. Crane to Eduard Weber-Andrae, September 7, 1939, DuPont Records, S2P2, Jasper E. Crane Papers, Box 1038, IG Farben 1936–41, Hagley Museum and Library, Wilmington, Del.
10. Jasper E. Crane to Eduard Weber-Andrae, October 27, 1939, Crane Papers, Box 1038, IG Farben 1936–41.
11. *Ibid.*
12. E. I. DuPont de Nemours & Company to Fritz Ter Meer, April 18, 1941, Crane Papers, Box 1038, IG Farben 1936–41.
13. Fritz Ter Meer to E. I. DuPont de Nemours & Company, June 25, 1941, Crane Papers, Box 1038, IG Farben 1936–41.
14. Wendell Berge, *Cartels: Challenge to a Free World* (Washington, D.C.: Public Affairs Press, 1944), p. 217.

15. *Click*, June 1941, pp. 3–6.
16. U.S. Senate, Committee on Patents, *Patents*, 77th Cong., 2nd sess., 1942, pp. 878–79.
17. *Congressional Record*, 1941, p. A3845.
18. George W. Stocking and Myron W. Watkins, *Cartels in Action: Case Studies in International Business Diplomacy* (New York: Twentieth Century Fund, 1946), p. 473; Hayes, *Industry and Ideology*, p. 334.
19. Clipping, *Democrat & Chronicle* (Rochester, N.Y.), September 8, 1944, Wendell Berge Papers, Box 57, Library of Congress, Washington, D.C.
20. Quoted in Berge, *Cartels*, pp. 166–67.
21. *Democrat & Chronicle*, September 8, 1944.
22. Quoted in Lawrence Langner, “We Depend on Invention: An Answer to Thurman Arnold,” *Atlantic Monthly*, July 1942, p. 25.
23. U.S. House, Committee on Patents, *Preventing Publication of Inventions and Prohibiting Injunctions on Patents*, 77th Cong., 1st sess., 1941, pp. 120–21.
24. Thurman Arnold to Robert Jackson, May 16, 1940, Thurman Arnold Papers, Box 20, Correspondence, May 1940, American Heritage Center, University of Wyoming, Laramie.
25. Such action would have raised questions concerning the constitutional prohibition against infringing on contracts. In a national emergency, however, the courts have generally allowed the government considerable latitude.
26. Arthur M. Schlesinger, Jr., *The Coming of the New Deal* (Boston: Houghton Mifflin, 1959), pp. 533–52.
27. William L. O’Neill, *A Democracy at War: America’s Fight at Home and Abroad in World War II* (New York: Free Press, 1993), pp. 77–85; Bruce Catton, *The War Lords of Washington* (New York: Harcourt, Brace, 1948), pp. 51–55.
28. Stimson, a lawyer, had served as secretary of war under President William Howard Taft and secretary of state under President Hoover. Knox, a newspaper publisher, had been the Republican Party’s vice-presidential candidate in 1936.
29. Catton, *War Lords of Washington*, pp. 29–30.
30. *New York Times*, May 26, 1940, sec. 3, p. 7.
31. Thurman Arnold to Bruce Bliven, August 10, 1940, Arnold Papers, Box 21, Correspondence, August 6–30, 1940.
32. *Business Week*, September 14, 1941, p. 15.
33. Arnold to Bliven, August 10, 1940.
34. Thurman W. Arnold, *The Bottlenecks of Business* (New York: Reynal & Hitchcock, 1940), pp. 67–68.
35. *Business Week*, September 14, 1941, p. 15.
36. Alan Brinkley, *End of Reform: New Deal Liberalism in Recession and War* (New York: Vintage Books, 1995), pp. 118–20.
37. Robert A. Brady, *The Spirit and Structure of German Fascism* (London: Gollancz, 1937), p. 33.

38. Ibid., pp. 11–12; Arthur M. Schlesinger, Jr., *The Politics of Upheaval* (Boston: Houghton Mifflin, 1960), p. 170.
39. Franz Neuman, *Behemoth: The Structure and Practice of National Socialism* (London: Gollancz, 1942), p. 295.
40. Ibid., p. 225.
41. *New York Times Book Review*, June 27, 1937, p. 1.
42. *The Nation*, July 10, 1937, p. 50.
43. Robert Jackson, “The Philosophy of Big Business,” *Vital Speeches of the Day*, January 15, 1938, p. 209.
44. *New York Times*, December 31, 1937, p. 2.
45. Arnold, *Bottlenecks of Business*, pp. 11, 114–15.
46. Ibid., pp. 16, 18.
47. *New York Times*, August 10, 1940, p. 2.
48. *New York Times*, November 10, 1941, p. 11.
49. *New York Times*, October 7, 1941, p. 7.
50. Richard Polenberg, *War and Society: The United States, 1941–45* (New York: Lippincott, 1972), p. 10.
51. Richard A. Lauderbaugh, *American Steelmakers and the Coming of the Second World War* (Ann Arbor, Mich.: UMI Research Press, 1980), pp. 70–71.
52. Thurman Arnold to Preston Slosson, October 26, 1939, Arnold Papers, Box 18, Correspondence, October 1939.
53. Thurman Arnold, “How Monopolies Have Hobbled Defense,” *Reader’s Digest*, July 1941, p. 51.
54. DuPont also owned mines producing natural nitrates in Chile, whose output fell under the authority of the Chilean national cartel.
55. “United States of America v. Chilean Nitrate Sales Corporation, et al.,” Arnold Papers, Box 65, Fertilizer Industry; “United States of America v. E. I. Du Pont de Nemours & Company, et al.,” Arnold Papers, Box 63, E. I. DuPont.
56. Public statement, May 29, 1941, Arnold Papers, Box 59, Allied Chemical Company.
57. George David Smith, *From Monopoly to Competition: The Transformation of Alcoa, 1888–1986* (Cambridge: Cambridge University Press, 1988), pp. 204–5.
58. O’Neill, *Democracy at War*, p. 83.
59. *New York Times*, December 29, 1940, p. 18.
60. *Time*, May 26, 1941, p. 21.
61. *New Republic*, May 26, 1941, pp. 723–24.
62. Arnold, “How Monopolies Have Hobbled Defense,” p. 54.
63. C. C. Carr to Kenneth W. Payne, July 18, 1941, Arnold Papers, Box 23, Correspondence, February 19–28, March 1–18, 1941.
64. Memorandum, Walter Hick to Thurman Arnold, January 9, 1941, Joseph O’Mahoney Papers, Box 56, Aluminum, American Heritage Center, University of Wyoming.

65. Bureau of the Census, *Historical Statistics of the United States, Colonial Times to 1970, Bicentennial Edition*, part 2 [Washington, D.C.: Government Printing Office, 1974], p. 698.
66. Ervin Hexner, *International Cartels* (Chapel Hill: University of North Carolina Press, 1946), p. 220; *New Republic*, May 26, 1941, p. 725.
67. *New York Times*, October 7, pp. 1, 39, and October 10, 1941, p. 25.
68. I. F. Stone, "Making Defense Safe for Alcoa," *The Nation*, September 27, October 4 and 18, 1941, pp. 271–73, 299–301, 363–64; Harold Ickes to Franklin D. Roosevelt, September 3, 1941, Office Files (OFF) 1050, Box 1, Franklin D. Roosevelt Library, Hyde Park, N.Y.
69. Smith, *From Monopoly to Competition*, pp. 191–214. Hand and two other federal appeals judges delivered the final decision because so many members of the Supreme Court had been involved in the Alcoa case over the years and had to recuse themselves that the High Court could not muster a quorum. A special act of Congress created an ad hoc bench to decide the matter.
70. Smith, *From Monopoly to Competition*, pp. 270–74.
71. *Ethyl Gasoline Corporation et al. v. United States*, 309 U.S. 453.
72. Ibid.
73. Thurman Arnold to Robert H. Jackson, May 18, 1940, Arnold Papers, Box 20, Correspondence, May 1940; Gene M. Gressley, ed., *Voltaire and the Cowboy: The Letters of Thurman Arnold* (Boulder: Colorado Associated University Press, 1977), pp. 305–6.
74. Gressley, ed., *Voltaire and the Cowboy*, pp. 305–6.
75. Department of Justice, press release, September 25, 1941, DuPont Records, S2P2, Walter S. Carpenter Papers, Box 833, Correspondence—Legal Department, 1940–47, Hagley Museum and Library; Thurman Arnold to parents, October 15, 1941, Arnold Papers, Box 25, Correspondence 1941, October 14–31.
76. *United States v. General Electric Co. et al.*, 80 F. Supp. 989.
77. "Tungsten Carbide," n.d., Francis Biddle Papers, Box 1, Antitrust, Roosevelt Library; Joseph Borkin and Charles A. Welsh, *Germany's Master Plan: The Story of Industrial Offensive* (New York: Duell, Sloan and Pearce, 1943), pp. 260–70; U.S. Senate, Subcommittee on War Mobilization of the Committee on Military Affairs, *Economic and Political Aspects of Cartels*, 78th Cong., 2nd sess., 1944, p. 13. This outcome was fortunate for the Antitrust Division because the case was suspended for the duration after the attack on Pearl Harbor.
78. Public statement, January 30, 1941, Arnold Papers, Box 59, Aluminum Company.
79. Department of Justice, press release, April 15, 1942, Arnold Papers, Box 59, Aluminum Company.
80. *New York Times*, August 10, 1940, p. 12.

81. *Time*, February 10, 1941, p. 66.
82. Polenberg, *War and Society*, p. 73.
83. In 1942 and 1943, Congress disbanded the Civilian Conservation Corps, the Works Progress Administration, and the National Youth Administration, all New Deal relief organizations, as well as the National Resources Planning Board, an organization charged with economic planning (John Morton Blum, *V Was for Victory: Politics and American Culture During World War II* [New York: Harvest, 1976], pp. 234–40).
84. O'Neill, *Democracy at War*, pp. 90–91, 97–98; Catton, *War Lords of Washington*, pp. 106–8.
85. They were known as “dollar-a-year-men” because their companies kept them on the payroll while they worked for the government, which paid them only \$1 a year.
86. Peter F. Drucker, *The Concept of the Corporation* (New Brunswick, N.J.: Transaction, 1993), p. 117.
87. Smith, *From Monopoly to Competition*, p. 222; Charles W. Cheape, *Strictly Business: Walter Carpenter at DuPont and General Motors* (Baltimore: Johns Hopkins University Press, 1995), p. 186.
88. Quoted in Harley Notter, *Postwar Foreign Policy Preparation, 1939–1945*, General Foreign Policy Series, no. 15 (Washington, D.C.: Department of State, 1949), pp. 34–35.
89. Department of State, memorandum of conversation, February 6, 1947, Clayton-Thorp Papers, Box 4, Commodity Agreements—Coffee, Harry S. Truman Library, Independence, Mo.; Hexner, *International Cartels*, pp. 186–87; Department of State, memorandum of conversation, February 6, 1947; Analysis and Report Division, Foreign Trade Technical Services Branch, September 12, 1943; “Commodity Agreements Between United States and Foreign Countries, Commodity by Country Analysis as of September 15, 1943,” all in O’Mahoney Papers, Box 227, Legislation 1943, Cartels.
90. “Editorial Notes,” in Department of State, *Foreign Relations of the United States, Diplomatic Papers, 1942*, vol. 1, *General: The British Commonwealth; The Far East* (Washington, D.C.: Government Printing Office, 1960), pp. 512–13; “Secretary of State to the Ambassador in the United Kingdom,” August 28, 1944, in Department of State, *Foreign Relations of the United States, Diplomatic Papers, 1944*, vol. 2, *General: Economic and Social Matters* (Washington, D.C.: Government Printing Office, 1967), pp. 1005–6.
91. Cartel accords invariably had a provision providing for the suspension of the agreement if members’ governments went to war. Implicit in these clauses was the expectation that firms would resume cooperation when peace returned, although wartime events might alter the balance of power between them and require renegotiation of the cartel.

92. Memorandum, Wendell Berge to Attorney General, April 17, 1944, Berge Papers, Box 28, General Correspondence.
93. Indictment of General Dyestuff Corporation et al., December 19, 1941, Arnold Papers, Box 59, Allied Chemical Company.
94. Memorandum of Meeting with I.G. Officials, October 23, 1935, Crane Papers, Box 1038, IG Farben 1935–41. The behavior of the IG in this situation indicates one of the reasons why American and British firms were reluctant to enter into wide-ranging cartel agreements with the Germans. How could anyone trust a company that would lie about such an important matter? Such concerns did not preclude cooperation on specific matters, but they did bar the sort of open-ended alliance that DuPont and ICI had.
95. E. H. Foley, Jr., to Secretary Morgenthau, January 7, 1942, Personal Secretary's File (PSF), Departmental Files, Treasury, Box 78, Roosevelt Library.
96. Department of Justice, press release, December 19, 1941, Arnold Papers, Box 59, Allied Chemical Company.
97. Memorandum, Heinrich Kronstein to Thurman Arnold, March 16, 1942, Arnold Papers, Box 27, Correspondence, March 12–24, 1942. Presumably, the reference to ties between oil companies and the IG involved hydrogenation technology, which most U.S. petroleum refiners licensed from the Standard/IG company.
98. Though altered throughout the first months of war, a final picture of the synthetic rubber program can be found in James B. Conant, Karl T. Compton, and Bernard M. Baruch, "Report of the Rubber Survey Committee," September 10, 1942, Carpenter Papers, Box 831, Correspondence: Synthetic Rubber.
99. Larson, Knowleton, and Popple, *New Horizons*, p. 431.
100. Department of Justice, press release, March 25, 1942, Arnold Papers, Box 70, Standard Oil.
101. U.S. Senate, *Investigation of the National Defense Program*, p. 4307.
102. *Ibid.*, pp. 4308, 4312–15.
103. Under the Jasco agreement, Standard would usually have controlling interest in anything it discovered. Butyl, however, represented an improvement on vis-tanex, a polymer developed by Farben, which apparently gave the IG control over butyl too.
104. U.S. Senate, *Investigation of the National Defense Program*, pp. 4309, 4312, 4317.
105. *Ibid.*, p. 4308.
106. *Time*, April 6, 1942, p. 16.
107. *Wall Street Journal*, April 3, 1942, p. 3.
108. *New Republic*, April 6, 1942, p. 460.
109. U.S. Senate, Special Committee Investigating the National Defense Program, *Additional Report of the Special Committee Investigating the National Defense Program: Rubber*, 77th Cong., 2nd sess., 1942, p. 40.

110. U.S. Senate, *Investigation of the National Defense Program*, pp. 4360, 4383–84, 4388.
111. *Ibid.*, p. 4433.
112. Memorandum on Synthetic Rubber, January 2, 1940, in *ibid.*, pp. 4605–8.
113. U.S. Senate, *Investigation of the National Defense Program*, pp. 4433–51.
114. Larson, Knowleton, and Popple, *New Horizons*, pp. 415–18.
115. U.S. Senate, *Additional Report of the Special Committee*, p. 22.
116. Larson, Knowleton, and Popple, *New Horizons*, p. 435.
117. U.S. Senate, Subcommittee on Rubber of Senate Special Committee Investigating the Defense Program (closed hearings), March 23, 1942, pp. 12, 15–16, 30, 53, Harry S. Truman Papers, Senatorial File, Box 117, National Defense—Rubber Situation, Truman Library.
118. U.S. Senate, *Investigation of the National Defense Program*, pp. 4383–84.
119. *Ibid.*, p. 4404.
120. *Ibid.*, pp. 4461–62.
121. In the fall of 1942, the federal government did impose a national speed limit of 35 miles per hour to conserve rubber.
122. O'Neill, *Democracy at War*, p. 92.
123. *New York Times*, April 2, 1942, p. 20.
124. *Wall Street Journal*, April 4, 1942, p. 4.
125. *New York Times*, September 14, 1943, p. 16.
126. Blum, *V Was for Victory*, pp. 132–33.
127. Brinkley, *End of Reform*, pp. 120–21.
128. Clipping, *Capital Times* (Madison, Wis.), June 28, 1945, Berge Papers, Box 57.
129. Larson, Knowleton, and Popple, *New Horizons*, p. 441.
130. Quoted in *The Nation*, June 12, 1943, pp. 826–27. Emphasis in original.
131. Quoted in Blum, *V Was for Victory*, p. 133.
132. Francis Biddle, Henry L. Stimson, Frank Knox, and Thurman Arnold to the President, March 20, 1942, OFF 277, Box 3, Roosevelt Library.
133. Press releases, September 10 and 30, 1942, Arnold Papers, Box 105, Professional File, 1942–43, General-Business Policy, Antitrust Law, and Defense; press release, February 10, 1943, Arnold Papers, Box 66, General Electric (1).
134. Blum, *V Was for Victory*, p. 135.
135. Memorandum, Thurman Arnold to Francis Biddle, September 11, 1942, Arnold Papers, Box 29, Correspondence, September 1942.
136. Cabinet notes, September 11, 1942, Biddle Papers, Box 1, Cabinet Meetings, July–December 1942.
137. Donald Nelson to Francis Biddle, September 5, 1942, Arnold Papers, Box 29, Correspondence, September 1942.
138. Thurman Arnold to Francis Biddle, September 9, 1942, Arnold Papers, Box 29, Correspondence, September 1942.

139. Ibid.
140. Donald Nelson to Francis Biddle, September 19, 1942, Arnold Papers, Box 29, Correspondence, September, 1942.
141. Quoted in Brinkley, *End of Reform*, p. 121.
142. Gressley, ed., *Voltaire and the Cowboy*, p. 49.
143. Joseph O'Mahoney, S. 1476, October 25, 1943, O'Mahoney Papers, Box 132, Legislation 1944.
144. Ralph W. Gallagher, statement, May 23, 1944, Crane Papers, Box 1052, Tariffs and Foreign Relations, 1942–44.
145. Francis Biddle to Joseph O'Mahoney, November 30, 1943, O'Mahoney Papers, Box 227, Legislation 1943, Cartels.
146. Memorandum, Mr. Terrill to Mr. Haley, May 4, 1945, Record Group 59, 800.602/5-445, National Archives.
147. Gallagher statement, May 23, 1944.
148. *Time*, February 19, 1945, pp. 78–80.
149. Cartel Memo 85a, [1945], Harley Notter Papers, Record Group 59, National Archives. Standard Oil's president, Ralph Gallagher, offered comparable suggestions in his statement of May 23, 1944. To a degree, this measure resembled the Webb-Pomerene Act, but it allowed individual companies to join foreign cartels, not just special, combined firms. Moreover, it explicitly permitted firms to join cartels, whereas the Webb Act's permission was implicit—if that.
150. Terrill to Haley, May 4, 1945.
151. National Association of Manufacturers, *NAM Looks at Cartels: Positions Formulated by the Committee on International Economic Relations and Approved by the Board of Directors Together with an Analysis of the Economic Aspects of Cartels Prepared by the Research Department* (New York: National Association of Manufacturers, 1946).
152. Cartel Memo 98, November 18, 1944, Notter Papers.
153. Memorandum from Elvin H. Killheffer, August 3, 1944, Crane Papers, Box 1052, Tariffs and Foreign Policy, 1944–45.
154. Kingman Brewster, Jr., *Antitrust and American Business Abroad* (New York: McGraw-Hill, 1958), pp. 26–27.
155. Thurman Arnold, "The Abuse of Patents," *Atlantic Monthly*, July 1942, p. 16.
156. Berge, *Cartels*, pp. 37, 45.
157. Ibid., pp. 43, 48.
158. Thurman Arnold to John K. Jessup, April 21, 1942, Arnold Papers, Box 24, Correspondence, August 1942.
159. Arnold, "Abuse of Patents," p. 20.
160. Joseph O'Mahoney, "Don't Fence Me In," manuscript, O'Mahoney Papers.
161. Charles F. Kettering, Chester C. Davis, Francis P. Gaines, Edward F. McGrady, and Owen D. Young, *The American Patent System* (Washington, D.C., 1943), pp. 8, 25.

162. Joseph O'Mahoney, Homer Bone, and Robert LaFollette, Jr., S. 2491, April 28, 1942, Arnold Papers, Box 106, Professional File, 1942, General—Patent Abuses (2 of 3).
163. Memorandum, Ernest S. Meyers to Assistant Attorney General Arnold, February 9, 1943, Pewitt Files, Box 23, Patents—Proposed Legislation.
164. Cartel Memo 110, January 3, 1945, Notter Papers.
165. Langner, "We Depend on Invention," p. 22.
166. Hugh Sanford to Thurman Arnold, September 14, 1942, Arnold Papers, Box 29, Correspondence, September 1942.
167. Edward R. Weidlein, "Industrial Research and the Patent System," in *Industrial Research and Patents* (New York: National Association of Manufacturers, 1946), p. 34. It is extremely difficult to determine whether anyone has successfully suppressed an important new invention because an effective effort would presumably conceal the existence of a development permanently.
168. *Ibid.*, p. 35.
169. National Association of Manufacturers, "The Need for Emphasizing the Fundamentals of Our Patent System," [1943], National Association of Manufacturers Papers, Series I, Box 287, Committee: Patents, 1943, Hagley Museum and Library.
170. Sanford to Arnold, September 14, 1942.
171. U.S. Senate, *Patents*, pp. 1283–84.
172. Cartel Meeting 33, May 19, 1944, Notter Papers.
173. J. King Harness, "Patent Pool Monopolies?" *The Rotarian*, August 1945, p. 57.
174. NAM, "The Need for Emphasizing the Fundamentals of Our Patent System."

Chapter 4. Making the World Safe for Competition

1. Wendell Berge, *Cartels: Challenge to a Free World* (Washington, D.C.: Public Affairs Press, 1944); U.S. Senate, Subcommittee on War Mobilization of the Committee on Military Affairs, *Economic and Political Aspects of International Cartels*, 78th Cong., 2nd sess., 1944; Joseph Borkin and Charles A. Welsh, *Germany's Master Plan: The Story of Industrial Offensive* (New York: Duell, Sloan and Pearce, 1943).
2. U.S. Senate, Subcommittee on Scientific and Technical Mobilization of the Committee on Technical Mobilization, *Scientific and Technical Mobilization*, 78th Cong., 1st sess., 1943; U.S. Senate, Subcommittee on Scientific and Technical Mobilization of the Committee on Technical Mobilization, *Scientific and Technical Mobilization*, 78th Cong., 2nd sess., 1944 (these were part of a sequence that spanned two sessions of the Seventy-eighth Congress); U.S. Senate, Committee on Patents, *Patents*, 77th Cong., 2nd sess., 1942.
3. Borkin and Welsh, *Germany's Master Plan*, p. 14.

4. *New Republic*, April 6, 1942, pp. 450–51.
5. *New Republic*, February 14, 1944, pp. 199–200.
6. Henry Wallace, “What We Fight For,” *Vital Speeches*, October 1, 1943, pp. 754–57.
7. I. F. Stone, “The Cartel Cancer,” *The Nation*, February 2, 1944, pp. 178–79.
8. Clipping, *Boston Globe*, December 18, 1944, Wendell Berge Papers, Box 57, Library of Congress, Washington, D.C.
9. Josephus Daniels to Franklin Roosevelt, September 4, 1944, OFF 277, Box 3, Franklin D. Roosevelt Library, Hyde Park, N.Y.
10. Clipping, *Capital Times* (Madison, Wis.), June 28, 1945, Berge Papers, Box 57.
11. Corwin Edwards, *Economic and Political Aspects of International Cartels* (New York: Arno Press, 1976), p. 24. For the price policies of some cartels, see chapter 1.
12. National Association of Manufacturers, *NAM Looks at Cartels: Positions Formulated by the Committee on International Economic Relations and Approved by the Board of Directors Together with an Analysis of the Economic Aspects of Cartels Prepared by the Research Department* (New York: National Association of Manufacturers, 1946), p. 3. NAM’s board of directors approved the statement quoted in April 1945.
13. NAM, 1945 Annual Report, National Association of Manufacturers Papers, Series I, Box 40, Corporate Records, Annual Reports, Hagley Museum and Library, Wilmington, Del.
14. Jasper Crane, “International Cartels: Their Effects on DuPont’s Business Policies,” August 2, 1945, Walter S. Carpenter Papers, Box 829, Correspondence: Miscellaneous, 7/45–12/45, Hagley Museum and Library.
15. “Final Declaration of the Thirty-first National Foreign Trade Convention, October 9, 10, and 11,” NAM Papers, Series I, Box 859, National Postwar Conference, Spring Lake, N.J., September 1944.
16. Thurman W. Arnold, *The Bottlenecks of Business* (New York: Reynal & Hitchcock, 1940), p. 97.
17. Ervin Hexner, *The International Steel Cartel* (Chapel Hill: University of North Carolina Press, 1943), and *International Cartels* (Chapel Hill: University of North Carolina Press, 1946).
18. Anton de Haas, *International Cartels in the Postwar World* (Washington, D.C.: American Enterprise Association, 1945).
19. Clipping, *Washington Post*, May 1, 1944, Berge Papers, Box 57.
20. Department of State, “Post-War Implications of the Trend Toward Monopoly in Great Britain,” August 6, 1943, Joseph O’Mahoney Papers, Box 227, Legislation 1943, Cartels, American Heritage Center, University of Wyoming, Laramie.

21. Report on Conversations with British Officials, March 1945, April 24, 1945, Clayton-Thorp Papers, Box 1, Commercial Policy, Harry S. Truman Library, Independence, Mo.
22. Notes for Discussion with the President on Conversations in London, April 7–29, 1944, PSF, Department Files: State, Edward R. Stettinius, Box 75, Roosevelt Library.
23. Memorandum, Washington to Foreign Office, March 5, 1945, Foreign Office (FO), 371/44590, Public Records Office, Kew, England.
24. “A National Policy for Industry,” NAM Papers, Series I, Box 290, Postwar—“A National Policy for Industry.”
25. Harry McGowan, “Combines and Cartels,” *Sunday Times* (London), July 25, 1943, reprint, Carpenter Papers, Box 836, Correspondence, ICI 1943–45. Emphasis in original.
26. Clipping, *Post-Dispatch* (St. Louis), January 1, 1944, Berge Papers, Box 57.
27. *New York Times*, August 19, 1943, p. 7.
28. Walter Carpenter to Harry McGowan, January 6, 1943, Carpenter Papers, Box 836, Correspondence, ICI 1943–45.
29. Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt*, vol. 13, *Victory and the Threshold of Peace, 1944–45* (New York: Russell & Russell, 1950), p. 41.
30. *Ibid.*, pp. 255–56.
31. *Ibid.*, p. 377.
32. The chief exceptions to this agreement were alkali and rayon. DuPont avoided the alkali business, which it deemed insufficiently profitable, and ICI did not engage in the rayon business out of deference to Courtaulds, the leading British producer and one of its largest customers. The agreement also allowed each firm to make special arrangements for particularly important discoveries. DuPont put nylon in this category; ICI did the same for polythene.
33. Borkin and Welsh, *Germany’s Master Plan*, p. 91.
34. Memorandum, Corwin Edwards to Thurman Arnold, September 8, 1942, Thurman Arnold Papers, Box 59, DuPont, American Heritage Center, University of Wyoming.
35. Memorandum, Tom Clark to the Attorney General, August 11, 1943, Roy A. Pewitt Files, Box 9, DuPont, Record Group 112, National Archives, Washington, D.C.; W. J. Reader, *Imperial Chemical Industries: A History*, vol. 2, *The First Quarter-Century, 1926–1952* (London: Oxford University Press, 1975), p. 413.
36. Mr. Berge, statement, January 6, 1944, Jasper E. Crane Papers, Box 1036, Department of Justice—Complaint Against DuPont, Remington Arms, and ICI, Hagley Museum and Library.

37. W. S. Carpenter, statement, January 6, 1944, Crane Papers, Box 1036, Department of Justice—Complaint Against DuPont, Remington Arms, and ICI.
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39. Reader, *Imperial Chemical Industries*, vol. 2, p. 430.
40. Wendell Berge to Russell and Eleanor Catron, January 8, 1944, Berge Papers, Box 16, Catron letters.
41. Clipping, *Philadelphia Inquirer*, January 8, 1944, FO 371/38583.
42. Clipping, *Lincoln Star*, February 1944, Berge Papers, Box 57.
43. Foreign Office to Washington, January 9, 1944, FO 371/38583.
44. Washington to Foreign Office, January 31, 1944, FO 371/38583.
45. Quoted in memorandum from Lord Halifax, April 18, 1944, FO 371/38584.
46. Lord Halifax to Cordell Hull, April 27, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library; see also Lord Halifax to E. R. Stettinius, February 21, 1944, FO 371/38584; memorandum from Lord Halifax, April 25, 1944, FO 371/38585.
47. Henry Stimson to Francis Biddle, April 25, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library.
48. James Forrestal to Francis Biddle, May 8, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library.
49. For the agreement between the service departments and Justice, see chapter 3.
50. Interview with Julius Amberg, Major Gallagher, and Robert Miller, March 18, 1944, FO 371/38584.
51. Francis Biddle to Henry Stimson, May 4, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library.
52. Francis Biddle to Franklin Roosevelt, May 12, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library.
53. Francis Biddle to Franklin Roosevelt, June 3, 1944, PSF, Box 56, Justice Department—Francis Biddle, Roosevelt Library.
54. Halifax to Hull, April 27, 1944; Halifax memo, April 25, 1944.
55. James Byrnes to the President, May 22, 1944, OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library.
56. Memorandum, James Byrnes to the President, May 26, 1944, PSF, Box 56, Justice Department—Francis Biddle, Roosevelt Library.
57. Unsigned memorandum, May 22, 1944, PSF, Box 56, Justice Department—Francis Biddle, Roosevelt Library.
58. Franklin Roosevelt to Lord Halifax, June 19, 1944, PSF, Box 56, Justice Department—Francis Biddle, Roosevelt Library.
59. Francis Biddle to Franklin Roosevelt, June 23, 1944 (2 letters), OFF 277, Box 3, Antitrust Laws, 1944–45, Roosevelt Library; John Morton Blum, *V Was for Victory: Politics and American Culture During World War II* (New York: Harvest, 1976), pp. 138–39.

60. Charles W. Cheape, *Strictly Business: Walter Carpenter at DuPont and General Motors* (Baltimore: Johns Hopkins University Press, 1995), p. 221.
61. For Webb-Pomerene companies and the “silver letter,” see chapters 1 and 2.
62. J. W. Adams, “Alkali Export Associations and Domestic Trade,” September 15, 1943, Prewitt Files, Box 1, Alkali Industry.
63. Wendell Berge, “Export Associations and the Sherman Act,” *Vital Speeches*, May 15, 1944, p. 477.
64. Memorandum, Aute L. Carr to Mr. Berman, December 20, 1943, Berge Papers, Box 46, Webb-Pomerene.
65. Berge, “Export Associations and the Sherman Act,” p. 479.
66. *Wall Street Journal*, September 1, 1944, pp. 1, 4.
67. Memorandum of Meeting, June 22, 1944, Record Group 59, 800.602/6-2244, National Archives. The most notable of the studies that emerged from this effort was Federal Trade Commission, *The International Petroleum Cartel* (Washington, D.C.: Government Printing Office, 1952). For the policy implications of this report, see chapter 6.
68. For a general overview of the factors guiding postwar economic planning, see Richard N. Gardner, *Sterling–Dollar Diplomacy: Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956), pp. 1–40.
69. Traditionally when confronted with a balance-of-payments deficit, nations raised interest rates and took other steps to deflate their economies, which usually created unemployment. Direct controls over foreign exchange and trade can make such steps unnecessary.
70. R. F. Harrod, *The Life of John Maynard Keynes* (New York: Discus Books, 1951), p. 584.
71. “Article VII of the Mutual Aid Agreement Between the Governments of the United States and the United Kingdom,” February 23, 1942, in Harley Notter, *Postwar Foreign Policy Preparation, 1939–1945*, General Foreign Policy Series, no. 15 (Washington, D.C.: Department of State, 1949), p. 463.
72. Department of Justice, “Cartels and General Post-War Policy,” Arnold Papers, Box 29, Correspondence, November 1942.
73. D. H. MacGregor, Introduction to Robert Liefmann, *Cartels, Concerns and Trusts* (London: Methuen, 1932), pp. ix–x.
74. Department of State, “Proposal for the Organization of World for the Formulation of Post-War Foreign Policies,” September 12, 1941, in Notter, *Postwar Foreign Policy Preparation*, p. 465.
75. “The Twelve Special Economic Committees of the Interdepartmental Committee on Post-War Foreign Economic Policy,” 1943, in Notter, *Postwar Foreign Policy Preparation*, p. 538.
76. J. A. Maxwell to Mr. Brown, August 22, 1944, Record Group 59, 800.60/8-2244, National Archives.

77. Franklin D. Roosevelt to Cordell Hull, September 6, 1944, in Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt*, vol. 13, *Victory and the Threshold of Peace, 1944–45* (New York: Russell & Russell, 1950), pp. 255–56.
78. See chapter 3.
79. Dean Acheson, “Post-War International Economic Problems,” *Department of State Bulletin*, December 3, 1944, p. 660.
80. Dean Acheson, *Present at the Creation: My Years in the State Department* (New York: Norton, 1969).
81. Edward S. Mason, “The Future of International Cartels,” *Foreign Relations* 22 (1944): 604, 608, 613, 615.
82. Memorandum for Mr. Stettinius, October 16, 1944, Record Group 59, 800.602/9-3044, National Archives.
83. Cartel Memo 119, February 20, 1945, Harley Notter Papers, Record Group 59, National Archives.
84. Arnold, *Bottlenecks of Business*, pp. 213–14.
85. “Ambassador in the United Kingdom to the Secretary of State,” December 19, 1942, in Department of State, *Foreign Relations of the United States, Diplomatic Papers, 1942*, vol. 1, *General: The British Commonwealth; The Far East* (Washington, D.C.: Government Printing Office, 1960), p. 241.
86. Memorandum for Mr. Berle, October 23, 1943, Record Group 59, 800.602/26 1/2, National Archives.
87. Ibid.
88. Quoted in Harrod, *Life of John Maynard Keynes*, p. 646.
89. Cartels Paper No. 4, October 14, 1943, Prewitt Files, Box 5, Cartels Policy—British Discussions.
90. Commodities, first meeting, September 22, 1943, Prewitt Files, Box 7, Commodity Policy—British Discussions.
91. Harrod, *Life of John Maynard Keynes*, p. 644.
92. Commodities, first meeting, September 22, 1943.
93. “Joint Statement on International Commodity Policy,” Prewitt Files, Box 7, Commodity Policy—British Discussions.
94. Ibid.
95. Cartel Committee, “Tentative Program for Dealing with International Cartels,” May 29, 1944, in Notter, *Postwar Foreign Policy Preparation*, p. 625.
96. Cartel Memo 38a, March 1, 1944, Notter Papers.
97. Commodity Agreements Committee, “Summary of the Report on International Commodity Arrangements,” September 19, 1944, PSF, Departmental Files, State, Hull, Cordell, Box 75, Roosevelt Library.
98. Cartel Meeting 66, February 9, 1945, Notter Papers.

99. "To All Members of the House of Commons," FO 371/38585; in the upper house at this time, Lord McGowan made his most comprehensive public defense of the system of cartels.
100. Helen Mercer, *Construction a Competitive Order: The Hidden History of British Antitrust Policies* (Cambridge: Cambridge University Press, 1995), p. 74; Guenter Reimann, *Patents for Hitler* (London: Gollancz, 1945).
101. War Cabinet Reconstruction Committee, joint memorandum, March 29, 1944, FO 371/45683.
102. Foreign Office, "Draft Brief for Possible Discussion with American Officials on Cartels," January 16, 1945, FO 371/45683.
103. Cartel Meeting 66, February 9, 1945.
104. Cartel Memo 158, September 8, 1945, Notter Papers.
105. Richard N. Gardner, *Sterling-Dollar Diplomacy: Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956), pp. 145–46.
106. Cartel Committee, "Proposals for Consideration by an International Conference on Trade and Employment," November 1945, in Notter, *Postwar Foreign Policy Preparation*, p. 634.
107. "Department of State to Certain Diplomatic Missions," April 2, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, *General: The United Nations* (Washington, D.C.: Government Printing Office, 1972), pp. 1261–62. For these agreements, see chapter 3.
108. Cartel Committee, "Proposals for Consideration by an International Conference on Trade and Employment," November 1945, p. 632.
109. Ray Atherton to the Secretary of State, January 3, 1946, Record Group 59, 800.602/1-346, National Archives.
110. *New York Times*, November 14, 1944, p. 29.
111. Edwards, *Economic and Political Aspects of International Cartels*, p. 47.
112. "Director of the Office of International Trade Policy to the Secretary of State," December 27, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, p. 1362.
113. "Ambassador in the Soviet Union to the Secretary of State," November 23, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, p. 1356.
114. For examples of Soviet statements on cartels, see Telegram from George Kennan, April 18, 1945, Record Group 56, 800.602/4-1845, National Archives. With respect to participation in cartels, the Soviet Union had accepted payments from the alkali cartel to abstain from exporting.
115. The participants were the United States, Great Britain, Canada, Cuba, Norway, Belgium, the Netherlands, France, India, Australia, and Czechoslovakia.

116. "Confidential Report for an International Conference," December 27, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, p. 1363.
117. Ibid., p. 1364.
118. "Ambassador in the United Kingdom to Secretary of State," September 4, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, pp. 1347–48.
119. "Confidential Report," December 27, 1946, p. 1361.
120. Department of State, "Memorandum Prepared in the Division of Commercial Policy," February 6, 1946, in Department of State, *Foreign Relations of the United States, 1946*, vol. 1, p. 1281.
121. "Confidential Report," December 27, 1946, p. 1362.
122. Havana to Foreign Office, November 27, 1947, FO 371/62761.
123. Havana to Foreign Office, December 15, 1947, FO 371/62763.
124. Ibid.
125. Havana to Foreign Office, December 29, 1947, FO 371/62765.
126. For instance, the British government controlled British Petroleum, and in the 1940s it took ownership of the coal and steel industries. The French government, if anything, was more active in industry. Even in West Germany, where the government intervened less in the economy than in most other European countries, Bonn controlled several large companies, including Deutsch Telekom.
127. *New York Times*, March 25, 1948, p. 2.
128. Gardner, *Sterling–Dollar Diplomacy*, p. 375.
129. International Chamber of Commerce, "Report on the United States 'Proposals for the Expansion of World Trade and Employment,'" NAM Papers, Series I, Box 16, Chamber of Commerce.
130. NAM, "Statement on the ITO Charter," March 30, 1949, NAM Papers, Series I, Box 104, Positions: ITO.
131. NAM, "Position on Inter-Governmental Commodity Agreements," March 1946, reprinted February 2, 1949, NAM Papers, Series I, Box 104, Positions: ITO.
132. James G. Fulton and Jacob K. Javits, *The International Trade Organization*, 80th Cong., 2nd sess., 1948, pp. 40–43.
133. For the ITO debate, see Susan A. Aaronson, *Trade and the American Dream: A Social History of Postwar Trade Policy* (Lexington: University Press of Kentucky, 1996), pp. 13–132.
134. *Wall Street Journal*, September 1, 1944, pp. 1, 4. The suits covered dyestuffs, magnesium, aluminum, news services, military optics, matches, plastics, quebracho (substance used in tanning), photographic chemicals, tungsten carbide, incandescent lamps, fluorescent lamps, magnesium brick, chemicals, phar-

- maceuticals, titanium compounds, alkali, and grain disk separators (devices used to mill grain).
135. For the 1926 GE case, see chapter 1.
 136. *United States v. National Lead Co. et al.*, 63 F. Supp. 513.
 137. Berge, *Cartels*, p. 141.
 138. *United States v. National Lead Co. et al.*, 63 F. Supp. 513.
 139. *Ibid.*
 140. *Ibid.*
 141. *United States v. National Lead Co. et al.*, 332 U.S. 319.
 142. *United States v. United States Gypsum Co. et al.*, 333 U.S. 364.
 143. *United States v. Line Material Co. et al.*, 333 U.S. 287.
 144. *United States v. United States Gypsum Co. et al.*, 333 U.S. 364.
 145. *United States v. Line Material Co. et al.*, 333 U.S. 287.
 146. See chapter 3.
 147. A. D. Neale, *The Antitrust Laws of the United States of America: A Study of Competition Enforced by Law* (Cambridge: Cambridge University Press, 1960), p. 355.
 148. Lord McGowan, address, November 1, 1946, Carpenter Papers, Box 836, Correspondence, ICI 1946–48.
 149. Draft of consent decree, December 11, 1946, Carpenter Papers, Box 836, Correspondence, ICI 1946–48; Cheape, *Strictly Business*, p. 222.
 150. D. C. Coleman, *Courtaulds: An Economic and Social History*, vol. 3, *Crisis and Change, 1940–1965* (Oxford: Clarendon Press, 1980), p. 79.
 151. Memorandum, Foreign Relations Department to General Managers and Presidents of Subsidiary Companies, June 29, 1948, DuPont Records, Series II, Part 2, Foreign Relations Committee, Box 530, ICI Commercial Policy, 1939–1948, Hagley Museum and Library.
 152. Reader, *Imperial Chemical Industries*, vol. 2, pp. 435–39.
 153. *United States v. Imperial Chemical Industries Limited et al.*, 100 F. Supp. 504; *United States v. Imperial Chemical Industries Limited et al.*, 105 F. Supp. 215.
 154. *United States v. Imperial Chemical Industries Limited et al.*, 100 F. Supp. 504; *United States v. Imperial Chemical Industries Limited et al.*, 105 F. Supp. 215; Kingman Brewster, Jr., *Antitrust and American Business Abroad* (New York: McGraw-Hill, 1958), p. 92; Neale, *Antitrust Laws of the United States*, p. 333.
 155. *United States v. General Electric Co. et al.*, 80 F. Supp. 989. For the tungsten carbide cartel, see chapter 3.
 156. *United States v. General Electric Co. et al.*, 82 F. Supp. 753.
 157. *Ibid.* For the Phoebus cartel, see chapters 1 and 2.
 158. Mira Wilkins, *The Maturing of Multinational Enterprise: American Business Abroad from 1914 to 1970* (Cambridge, Mass.: Harvard University Press, 1974), pp. 294–96; *United States v. General Electric Co. et al.*, 115 F. Supp. 835.

159. *United States v. United States Alkali Export Association, Inc., et al.*, 86 F. Supp. 59. For the “silver letter,” see chapter 1.
160. Brewster, *Antitrust Abroad*, pp. 116–20.
161. *United States v. Minnesota Mining & Manufacturing Co. et al.*, 92 F. Supp. 947.
162. *United States v. Timken Roller Bearing Co.*, 83 F. Supp. 284.
163. *Ibid.*
164. *Timken Roller Bearing Co. v. United States*, 341 U.S. 593. Timken acquired complete ownership of its British and French subsidiaries in the late 1950s. The language of the company’s agreement with the Antitrust Division, however, forced the American firm to continue competing against its foreign subsidiaries. Only in the 1980s, when the Justice Department agreed to change the accord, were these three organizations able to entirely coordinate their activities.
165. Brewster, *Antitrust Abroad*, pp. 74–75.
166. In particular, the chemical and petroleum cartels made use of joint subsidiaries. ICI and DuPont had numerous joint enterprises, which, in turn, often entered into joint ventures with IG Farben. The international petroleum cartel used joint enterprises both for controlling production and for marketing.
167. Brewster, *Antitrust Abroad*, pp. 74–75.

Chapter 5. Among Unbelievers: Antitrust in Germany and Japan

1. Cartel Memo 8, [1944], Harley Notter Papers, Record Group 59, National Archives, Washington, D.C.
2. U.S. Senate, Subcommittee in War Mobilization to the Committee on Military Affairs, *Cartels and National Security*, 79th Cong., 2nd sess., 1944, p. 5.
3. Cartel Memo 8, [1944].
4. U.S. Senate, *Cartels and National Security*, pp. 6–7.
5. Fritz Thyssen, *I Paid Hitler* (New York: Farrar & Rinehart, 1941).
6. Cartel Memo 8, [1944].
7. U.S. Senate, *Cartels and National Security*, pp. 6–7.
8. *Ibid.*, p. 8.
9. *Ibid.*, p. 9.
10. Henry A. Turner attacks the idea that German big business contributed to Hitler’s rise to power in a vital way in *German Big Business and the Rise of Hitler* (New York: Oxford University Press, 1985).
11. This purge, known as the “Night of the Long Knives,” eliminated potential threats to Hitler’s dominance of the Nazi Party.
12. Peter Hayes provides a thorough history of the often unhappy relationship between Germany’s largest company and the Nazis in *Industry and Ideology: IG Farben and the Nazi Era* (Cambridge: Cambridge University Press, 1987).

13. "JSC 1067," April 1945, in Department of State, *Germany, 1947–49: The Story in Documents* (Washington, D.C.: Government Printing Office, 1950), pp. 29–30.
14. "Protocol of the Potsdam Conference," August 1, 1945, in Department of State, *Germany, 1947–49*, p. 49.
15. Eleanor M. Hadley, *Antitrust in Japan* (Princeton, N.J.: Princeton University Press, 1970), p. 9. The most prominent businessman assassinated was Baron Dan, the head of the Mitsui combine, the country's largest.
16. Institute of Pacific Relations, *Security in the Pacific* (New York: International Secretariat of the Institute of Pacific Relations, 1945), p. 41.
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18. Hadley, *Antitrust in Japan*, p. 47.
19. Cartel Memo 168, November 15, 1945.
20. Michael Schaller, *The American Occupation of Japan: The Origins of the Cold War in Asia* (New York: Oxford University Press, 1985), pp. 31–32.
21. Quoted in Hadley, *Antitrust in Japan*, pp. 6–8.
22. Cartel Meeting 19, January 28, 1944, Notter Papers.
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24. "JSC 1067," April 1945.
25. Howard B. Schonberger, *Aftermath of War: Americans and the Remaking of Japan, 1945–1952* (Kent, Ohio: Kent State University Press, 1989), pp. 11–39.
26. J. F. J. Gillen, "Deconcentration and Decartelization in West Germany, 1945–1953," 1953, Office of High Commissioner Records (HICOG), Decartelization Division, Box 6, Reports, pp. 13–16, Record Group 466, National Archives.
27. Carolyn Woods Eisenberg, *Drawing the Line: The American Decision to Divide Germany, 1944–1949* (Cambridge: Cambridge University Press, 1996), pp. 139–51.
28. Quoted in Gillen, "Deconcentration and Decartelization in West Germany, 1945–1953," p. 42.
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30. "Decartelization and Deconcentration," November 1, 1950, FO 1036/176, Public Records Office, Kew, England.
31. The New Military Government Decartelization Law for Germany, June 10, 1947, HICOG, Decartelization Branch, Box 8, Law 56; "Manual for Enforcement," February 26, 1947, HICOG, Decartelization Branch, Box 5, Decartelization Main File.
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 40. Allied Control Authority, Economic Directorate, Decartelization Law, November 5, 1946, FO 1039/290; Allied Control Authority, Economic Directorate, Working Party on Decartelization, October 8, 1946.
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69. "Decartelization and Deconcentration, Background Information," March 1950, FO 1036/176.
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146. “History of the Nonmilitary Activities of the Occupation of Japan: Volume X, Reform of Business Enterprise; Part D, Promotion of Fair Trade Practices,” p. 8, National Archives Microfilm, Supreme Command for the Allied Powers (SCAP), Box 8476, Public Relations, Record Group 331, National Archives.
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Chapter 6. The New Order in Practice: The Cases of Oil and Steel

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7. "Heads of Agreement for Distribution," December 15, 1932, in U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 8*, pp. 21–25.
8. FTC, *International Petroleum Cartel*, pp. 236–40.
9. "East of Suez" refers to any point usually reached from Europe via the Suez Canal.
10. Larson, Knowleton, and Popple, *New Horizons*, pp. 306–8, 315–18; U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 7*, pp. 57–59; Daniel Yergin, *The Prize: The Epic Quest for Oil, Money, and Power* (New York: Touchstone Books, 1991), p. 268.
11. FTC, *International Petroleum Cartel*, pp. 163–93; Larson, Knowleton, and Popple, *New Horizons*, pp. 58, 138.
12. Larson, Knowleton, and Popple, *New Horizons*, pp. 98–99.
13. *Ibid.*, p. 95.
14. *Ibid.*, p. 333; Yergin, *Prize*, p. 268.
15. Harold Ickes to Editor of the *New Republic*, August 6, 1945, Ralph K. Davies Papers, Box 15, Confidential Correspondence, 1940–48, Harry S. Truman Library, Independence, Mo.
16. U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 7*, p. 29; Yergin, *Prize*, pp. 403–5.
17. "Agreement on Petroleum Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland," [August 1944], OFF 5588, Box 1, Franklin D. Roosevelt Library, Hyde Park, N.Y.
18. Harold Ickes to Franklin Roosevelt, [August 16, 1944], OFF 5588, Box 1, Roosevelt Library.
19. Quoted in Yergin, *Prize*, p. 402.
20. For a list of those behind the agreement, all of whom save Ickes were associated with the State, War, and Navy Departments, see Harold Ickes et al. to Franklin Roosevelt, August 7, 1944, OFF 5588, Box 1, Roosevelt Library.
21. "Overseas News Agency Report," September 6, 1944, Wendell Berge Papers, Box 43, Antitrust (General) (Subject File), Library of Congress, Washington, D.C.
22. *The Nation*, August 19, 1944, p. 201.
23. J. Howard Pew, statement, October 25, 1944, Joseph O'Mahoney Papers, Box 228, Legislation 1945, Cartels no. 2, American Heritage Center, University of Wyoming, Laramie. Emphasis in original.
24. Yergin, *Prize*, p. 403; George W. Stocking, "Economic Change and the Sherman Act: Some Reflections on 'Workable Competition,'" in Robert F. Himmelberg, ed., *Antitrust and Business Regulation in the Postwar Era, 1946–1964* (New York: Garland, 1994), p. 342.

25. The two managed to break the contract that had created the Iraq Oil Company, which had prohibited them from joining such a venture in Saudi Arabia.
26. U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 7*, pp. 64–66.
27. *Ibid.*, pp. 32–35; Larson, Knowleton, and Popple, *New Horizons*, pp. 737–40.
28. FTC, *International Petroleum Cartel*, pp. 29, 160, 162.
29. Burton I. Kaufman, “Oil and Antitrust: The Oil Cartel Case and the Cold War,” in Himmelberg, ed., *Antitrust and Business Regulation in the Postwar Era*, pp. 114–15.
30. For the origins of these studies, see chapter 4.
31. U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 7*, pp. 15–20.
32. See chapter 4.
33. “Report by the Departments of State, Defense and the Interior on Security and International Issues Arising from the Current Situation in Petroleum,” [1952], in U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 8*, pp. 4, 7.
34. *Ibid.*, p. 6; Corwin Edwards, *Control of Cartels and Monopolies: An International Comparison* (Dobbs Ferry, N.Y.: Oceana, 1967), pp. 357–58. Anglo-Iranian was a British firm, whereas British stockholders owned 40 percent of Royal Dutch/Shell, the balance belonging to investors in the Netherlands.
35. Anglo-Iranian, which controlled all of Iran’s output, had absolutely refused to increase the relatively low royalty it paid Tehran for oil even while American firms—with Washington’s encouragement—were cutting more generous deals with other countries.
36. Anglo-Iranian claimed that it rightfully owned Iran’s oil fields and therefore that any oil from there was stolen from it.
37. “Report by the Department of Justice on the Grand Jury Investigation of the International Oil Cartel,” [1952], in U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 8*, p. 12.
38. Yergin, *Prize*, p. 474.
39. U.S. Senate, *Multinational Corporations and United States Foreign Policy, Part 7*, p. 289.
40. U.S. Senate, Subcommittee on Multinational Corporations of the Committee on Foreign Relations, *Multinational Corporations and United States Foreign Policy, Part 9*, 93rd Cong., 2nd sess., 1974, p. 46; Yergin, *Prize*, pp. 477–78.
41. The Iranian consortium included the seven sisters, the leading French company, and a handful of American independents. British Petroleum had 40 percent; Royal Dutch/Shell, 14 percent; each of the leading American firms, 7 percent; the French, 6 percent; and the independents, 5 percent. Technically,

Iran retained ownership of its petroleum industry, but the consortium managed the oil fields and refineries.

42. U.S. Senate, *Multinational Corporations and United States Foreign Policy*, Part 9, p. 46.
43. *Ibid.*, pp. 73–74.
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45. Robert Eisenberg on Steel Export Price Agreement, September 11, 1953, HICOG, Decartelization Division, Box 15, Steel Industry Reorganization, Record Group 466, National Archives, Washington, D.C.
46. “Memorandum from the Special Assistant to the President,” p. 352.
47. Memorandum of Meeting Held 19 December, 1950, HICOG, Decartelization Division, Box 2, Coal & Steel Community.
48. François Duchene, *Jean Monnet: The First Statesman of Interdependence* (New York: Norton, 1994), pp. 246–47; Thomas Alan Schwartz, *America’s Germany: John J. McCloy and the Federal Republic of Germany* (Cambridge, Mass.: Harvard University Press, 1991), p. 201.
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52. “Memorandum from the Assistant Secretary of State,” February 14, 1955, in Department of State, *Foreign Relations of the United States, 1955–57*, vol. 4, pp. 262–63.
53. “Letter from the President of the High Authority,” March 17, 1955; “Memorandum of a Conversation,” April 20, 1955; “Memorandum of a Conversation,” April 20, 1955, all in Department of State, *Foreign Relations of the United States, 1955–57*, vol. 4, pp. 275–76, 283–89.
54. “Report by the Department of State,” March 16, 1955.
55. “Report by the Foreign Operations Administration,” March 16, 1955.
56. “Report by the Department of State,” October 28, 1955, in Department of State, *Foreign Relations of the United States, 1955–1957*, vol. 4, pp. 342–43.
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Confidential Files, Box 39, State Department Correspondence, 1948–49 (2 of 6), Harry S. Truman Library, Independence, Mo. Agreements granting aid contained provisions requiring “appropriate measures . . . to prevent, on the part of private or public commercial enterprises, business practices or business arrangements affecting international trade which have the effect of . . . interfering with the achievement of the joint program of European Recovery.”

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Conclusions

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