

# Alumnus Shares Insight into How Titanic Corporations Sank the U.S. Economy

Posted on **November 30, 2011** by **maw2599**

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TheAcquisitorsBookCover-1

A book about the Great Meltdown written before the Great Meltdown, “[The Acquisitors: Too Titanic to Let Sink](#)” (BookSurge Publishing, Jan. 2010) offers a jarring account of the negligence and greed that pushed the country into a financial crisis.

Drawing from his experiences as a counsel to the House Antitrust Subcommittee, Winslow (B.A. History '56/JD Law '60) based the book upon the findings of the committee’s investigation of unbridled corporate takeovers. And, in the wake of the Meltdown of 2008-09, he decided to revise

the book and give it a new title to show exactly how and when corporations become so big that the meltdown became unavoidable.

“[I wanted] to show that it and our committee findings clearly forecast the Great Meltdown: if its warnings against inordinate corporate amalgamation are ignored again, the Meltdown is certain to recur,” says Winslow, a former Federal Energy Regulatory Commission attorney who has served on Congressional and regulatory legal staffs and has written on economic regulation for *The Nation* and *The Washington Monthly*.

We spoke with Winslow about “The Acquisitors” and his conviction that “we threw away antitrust protection that would have prevented the Great Meltdown.”

### **You inveigh against giant corporate takeovers in your book. What’s wrong with them?**

If we had restrained giant corporations’ takeovers of other corporations we’d have no companies too big to fail. Hence, no Great Meltdown.

### **After you left the University of Texas, how did you end up in Washington, writing about the evils—as you say—of corporate takeovers?**

No entertainment was better than my history courses in Garrison Hall. Lectures on



— John Winslow

late 19th-century robber barons especially intrigued me. When I graduated from the University of Texas Law School, Chairman Emanuel Celler, of the House Judiciary Committee, was about to subpoena documents to see whether Congress should expand the Celler-Kefauver Act— forbidding mergers of competing companies—so that it would outlaw mergers of any two major corporations even if not competitors. The soaring merger rate alarmed the committee.

### **So you joined the Judiciary Committee staff?**

Eagerly, as a legal counsel. But the giants weren’t eager to open up their takeover files to us. They weren’t always glad to see the co-counsel and me. But when we’d find a document that raised eyebrows, we’d know what other documents to search for. Then we’d have more threads to pull to unravel the flimflam.

**Flimflam?**

International Telephone & Telegraph Co. (ITT), for one, claimed that it strengthened the hundreds of companies it acquired by infusing them with ITT management ability. But its documents showed plots to shift its debts incurred from prior takeovers to its future takeovers – thus to gain money from them for more takeovers. You hardly strengthen a company by loading it with needless debt. The book seeks to explain those parasitical gimmicks. After you scrape off the camouflage, the gimmicks appear easy and simple. They have to be simple to work.

**We don't hear much about ITT now. Is your book still relevant?**

Do you ask if your medical history is relevant? We do hear about JP Morgan Chase and Citigroup, each bailed out with \$45 billion, only because they made themselves too titanic to let sink through takeovers—by employing other camouflaged gimmicks our investigation uncovered. Now we read that both banks, thanks to anticompetitive mergers, sold their customers grossly over-valued securities so that the banks could sell them short and cheat those customers out of hundreds of millions.

**Your book's back cover cites a comment from Peter F. Ward, assistant director of the Federal Trade Commission: "With all the corporate and regulatory horrors dredged up in this book, and no effort by Congress to remedy them, perhaps Mr. Winslow will consider a sequel." Are you writing a sequel?**

"The Acquisitors" is the sequel. The original book published by Indiana University Press, "Conglomerates Unlimited: Failure of Regulation" predates the Great Meltdown, and "The Acquisitors" revises that book to show that other companies, such as Bank of America, grew too big to fail (i.e., exempt from bankruptcy) by employing the parasitical gimmicks our investigation uncovered years before. Bank of America took over a thousand banks then ruined them by forcing them to underwrite subprime mortgages. AIG ballooned into a trillion-dollar megalith requiring a \$175 billion bailout.

**Why didn't your investigation prevent the Great Meltdown?**

The Judiciary Committee was ready to act upon our revelations and prepare legislation to halt mergers between giant corporations even though they weren't competitors (thus not threatening to monopolize any industry). But at that moment the Justice Department announced it would create that very prohibition with judicial precedent – by suing to prevent ITT from taking over Hartford Fire Insurance Co. It would be the largest merger then of all time. ITT plotted to create such a mass of employees from acquired companies (Sheraton Hotels among them). It would use them as its own customers, insulating itself from the rigors of a free market.

**Did the Justice Department win the case and establish that precedent?**

It never even tried. Though sure of victory in the Supreme Court, it settled the case. It announced it couldn't penalize ITT by prohibiting the Hartford merger because that would send its stock down

and ITT was so big American investors would suffer massive losses. The government said in effect, "ITT is so titanic any penalty against the acquiritor is a penalty against America." Thus was born the syndrome of too-titanic-to-let sink or penalize, that plagues us now.

### What legislation did Congress enact based on your investigation?

None. The Justice Department had pulled the rug out from under the Judiciary Committee by promising that, thanks to its suit against ITT to create legal precedent, new legislation to curb corporate bigness wouldn't be needed.

### Have you published any other book on corporate or government misdeeds?

I have published "[The Accurst Tower](#)," a novel based on my work with regulatory agencies, hoping to show that government regulation of industry is no substitute for natural regulation by free competition among companies not too big to fail.

### Do you side with the Marchers Against Wall Street?

They're not marching far enough. They rail against corporations too big, but never think to ask how they got that way. They're demanding only monetary penalties against megabanks and reduction of giant bank accounts. But we know too well the government will protect those banks because they're too big. So what's the point of monetary penalties? The answer is to break them back into their premerger parts. Then competition would control them. That's the message of "The Acquisitors." I first heard it in Garrison Hall.

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2 THOUGHTS ON "ALUMNUS SHARES INSIGHT INTO HOW TITANIC CORPORATIONS SANK THE U.S. ECONOMY"



Paul Minich

on **December 20, 2011 at 11:09 am** said:

I am reminded of the early warning signals that fore tell any sickness. Mr Winslow historical novel gives us an insiders view of the pervasive Corporate Plutocracy that infects our nations capitol. It should be required reading for all business ethics classes.



Jack Guest

on **December 30, 2011 at 12:10 pm** said:

I didn't know the Justice Department had anything to do with the Geat Meltdown. It got us into the Meltdown by shirking its duty to halt self-defeating corporate takeovers, I learn. This book says a lot more.

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