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Department of Justice

FOR IMMEDIATE RELEASE
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The Department of Justice today filed a civil antitrust suit to prevent White Consolidated Industries, Inc. of Cleveland, Ohio, from merging with White Motor Corporation, also of Cleveland.

Attorney General John N. Mitchell said the suit asked for a temporary restraining order and preliminary injunction blocking consummation of the merger, which was scheduled to occur on Friday, January 29, until a final determination of the suit.

The suit, filed in the United States District Court in Cleveland, also asked for a permanent injunction against a merger of the two firms.

White Consolidated and White Motor agreed on October 6, 1970, to the merger of White Motor into a wholly owned subsidiary of White Consolidated.

The complaint charged that the proposed merger would violate Section 7 of the Clayton Act by eliminating actual competition between White Motor and Allis-Chalmers Manufacturing Company, a firm in which about 25 percent of the outstanding stock is owned by White Consolidated; by foreclosing competitors of White Consolidated from selling to the merged firms; and by creating an industry structure conducive to the employment of reciprocal trading practices.

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The suit also charged that the merger of White Consolidated and White Motor, two large manufacturing firms with a significant portion of their businesses devoted to the production and sale of non-electrical machinery, will encourage the trend of mergers of large firms, thereby increasing the concentration of control of manufacturing assets, and particularly those assets devoted to the manufacture of non-electrical machinery.

Such a merger also would reduce, according to the suit, the number of firms capable of entering concentrated markets, reduce the number of firms with the capability and incentive for competitive innovation, increase the barriers to entry in concentrated markets and diminish the vigor of competition by increasing actual and potential customer-supplier relationships among leading firms in concentrated markets.

In 1969, White Consolidated, with sales of $767.6 million and assets of $666.8 million, ranked as the nation's 146th largest industrial corporation in sales and 142nd largest in assets.

It is engaged in the production and sale of a variety of products, including appliances, heavy machinery, and other types of equipment, for the home, industry, and commerce. About 47 percent of the sales of its domestic manufacturing plants is derived from the sale of non-electrical equipment.

White Motor, with $950.5 million in sales and $558.8 million in assets, was the nation's 118th largest industrial corporation in sales and 168th largest in assets in 1969.

It is engaged in the production and sale of heavy-duty trucks, farm machinery and equipment, and construction and industrial equipment. About 45 percent of the sales of its domestic manufacturing plants is derived from the sale of non-electrical equipment.

Assistant Attorney General Richard W. McLaren, in charge of the Antitrust Division, said that both White Motor and Allis-Chalmers, in which White Consolidated acquired its 25 percent interest in 1968, are direct competitors in the manufacture and sale of farm machinery and equipment, industrial forklifts, lift trucks, and several other products.

As a result of the merger, Mr. McLaren said, substantial actual competition between Allis-Chalmers and White Motor in these product lines may be eliminated. Total sales of farm machinery and equipment in the United States in 1969 were $3.5 billion, of which Allis-Chalmers had $179.6 million and White Motor had $89 million.

The complaint also alleged that as a result of the merger White Motor would be foreclosed as a customer for competitors of White Consolidated in the sale of heating and ventilating units for use in trucks and farm and construction vehicles. Total sales of these units in

1969 amounted to about $30 million, with White Consolidated accounting for about 7.9 percent of these sales and White Motor accounting for about 8.8 percent of the purchases of these units.

The complaint further charged that the proposed merger would increase White Consolidated's power to employ reciprocity and benefit from reciprocity effect in the sale of rolling mills, rolls, and finishing and processing lines to the steel industry. The increased power would flow from the addition of White Motor's substantial steel purchases to those already made by White Consolidated, and would have the effect of narrowing the markets for White Consolidated's competitors in this field, the suit said.