Press Release

History of Corporate Breakups Demonstrates Limits of Approach

ANDREW EVANS | JUNE 27, 2018

With many calling for the breakup of the largest tech firms, AAF’s Director of Technology and Innovation Policy Will Rinehart looks back at three watershed corporate breakups to understand the effectiveness of this antitrust approach. The breakups of AT&T, Standard Oil, and American Tobacco were sometimes complicated and often yielded limited benefits, Rinehart writes.

An excerpt:

Yet, the breakup [of American Tobacco] wasn’t as easy as simply splitting the larger company into its original three companies, since the successor companies had intertwined processes. A single purchasing department managed the leaf purchasing. Processing plants has been assigned to specific products without any concern for their previous ownership. In short, the single firm was tightly integrated. For eight months over tense negotiations, the government pulled apart factories, distribution and storage facilities, and name brands. Office by office, the company was pulled apart by government fiat.

Read the analysis here.