

HOBBY HISTORY

The Diamond Monopoly of 1939

Ask any person interested in the American match industry who Ivar Kreuger was and you'll find yourself being inundated with phrases such as, "wheeler-dealer," "master strategist," and "the guy who almost created a worldwide match monopoly." Few ever got the best of Ivar Kreuger, but even Ivar was *outmatched* by W.A. Fairburn.

William Armstrong Fairburn had become Diamond Match Co. president in 1915. Over the next 24 years, he almost single handedly masterminded Diamond into a giant conglomerate that dominated the American match industry. That domination existed on two different fronts.

Almost as soon as he found himself president of Diamond, he was faced with a critical problem. With World War I, Diamond found its supply of chlorate of potash shut off, for Germany was then the only source for muriate of potash, from which chlorate of potash is derived. Under Fairburn's direction, Diamond chemists located three new sources: Lawrence, MA; Wilmington, CA; and Burmester, UT.

These discoveries enabled Diamond not only to supply its own chlorate of potash needs during the war, but also to supply the needs of its competitors. From these operations grew Diamond's subsidiary, Uniform Chemical Products, Inc., which, by 1939, had carved out its own important niche in the match industry. It did not do the processing, itself, but instead sold every chemical needed in matchmaking. Since the company dealt in volumes that no competitor could duplicate, it tied up the cheapest source of supply for chlorate of potash and had the chemical side of the U.S. match industry pretty much to itself.

On an entirely different front, Fairburn engineered the takeover of *every* other major match manufacturer in the country, starting with Ohio Match Co. in 1928. Up until then, Ohio had been operated as a family business. When Fairburn found that Kreuger was interested in buying Ohio Match, he bought it first for \$7 million, and then he turned around and sold half interest to Kreuger for \$6 million, thus buying out his biggest competitor in strike-anywhere matches for a paltry \$1 million.

The following year, Fairburn created a subsidiary called "Smokers Match," which he then used to acquire Lion Match Co.

In March, 1937, Diamond created a new holding company, the Pan-American Match Corp. of Delaware. Pan-American Match Corp. then went on to acquire three more match manufacturers: West Virginia Match Corp. of Wheeling, WV; Federal Match Corp. of NY; and Universal match Co. of St. Louis, MO.

Federal had been taken over by Kreuger in 1931, through his Vulcan Match Co. and was a substantial producer of box, book, and strike-anywhere matches. In the Kreuger bankruptcy auctions of July, 1937, control of Federal passed to Pan-American Match Corp. for \$996,000. It would be the largest company under Pan-American's control.

The West Virginia match Corp. was also added to Pan-American's portfolio. It was a manufacturer of strike-anywhere matches, and, while its total assets only amounted to about half a million dollars, Fairburn correctly identified its real value as being strategically located in the South.

In 1938, Universal, which was Diamond's biggest competitor in book matches, sold controlling interest to Pan-American. Thus, by 1939, Diamond had a virtual monopoly on the U.S. match industry, producing 90% of all U.S. matches.