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Coca-Cola under the Aegis of US Government

How did Coca-Cola use the US Government to back its foreign interests between 1945 and 1948?

Thesis submitted in partial fulfillment of the requirements for the degree of:
MA in History of Society, specialization Global History and International Relations

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The photo in the title page depicts Dwight Eisenhower (1953-1961), President of the United State, Supreme Allied Commander of Europe (1951-1952), Chief of Staff of the Army (1945-1948), Governor of the American Zone of Occupied Germany (1945), President of Columbia University (1948-1953), close friend of R. W. Woodruff, President of The Coca-Cola Company and a real zealot of Coke.¹

* ¹The Photo retrieved online, <http://www.holytaco.com/25-presidents-keepin-it-real/> (accessed April 19, 2015). Eisenhower Biography can be found online, <http://www.eisenhower.archives.gov/> (accessed April 19, 2015). Information for the relations of Eisenhower with R. W. Woodruff can be found in the book of Charles Elliot, “*Mr. Anonymous*” *Robert Woodruff of Coca-Cola* (Atlanta: Cherokee Publishing Company, 1982).

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In the next pages, I made an effort to describe a part of the mosaic that constitutes Coca-Cola history. In my endeavor, a lot of people proved to be invaluable. I owe an extraordinary debt to the people and institutions that helped and supported me as I worked to complete my project. I am grateful for everyone who has helped me along the way. Thanks first to the Chair of my thesis committee, Dr. Ben Wubs, who supported my decision to work on my own research project and was very eager to provide critical food for thought as well as advice during the process. Without his insightful feedback, advice, and thought, I would not be able to develop and execute my research.

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Chapter 1: Introduction

1.1 Introducing the Arena of the Events

My thesis focuses on the multifaceted reality of corporate lobbying. Specifically, it examines lobbying activities of Coca-Cola, which were waged towards the US government intending to support Coca-Cola's foreign interests in the first years of the Cold War.² My decision to study Coca-Cola, came due to the strong brand association of this beverage and the US. My decision for periodization and type of activities (i.e. foreign activities), was a result of my effort to tie my thesis with global and business history. Since the first post-World War Two (WWII) years established the foundations for US and Coke world position for the decades to come, I decided that investigation of the Cold War as a period and foreign activities as a target of lobbying, would be the most valuable.

The prologue of Coke relations with the US government were part of Coke's strategy and can be traced long before the end of WWII. Nevertheless, it was WWII that brought Coke's relations with the US government to a new and higher level, by giving company's executives a cause to festoon Coke with stars and stripes making a non-alcoholic drink the symbol of world peace.³ As Ralph Hayes (Coca-Cola's Vice President and President's Robert Woodruff right hand man in those years) epitomizes the feelings of the period; 'Coca-Cola is nothing else than a part and symbol of a way of life for which war is being waged'.⁴ Moreover, it was WWII, when relations

² US, United States or America are terms applied interchangeably referring to the United States of America and Coke, Coca-Cola and The Company are terms applied interchangeably referring to The Coca-Cola Company.

³ Christina Hostetter, "Sugar Allies: How Hershey and Coca-Cola Used Government Contracts and Sugar Exemptions to Elude Sugar Rationing Regulations" (Master thesis, University of Maryland, 2004), 5; Hays, *The Real Thing* (New York: Random House, 2004), x; Elmore J. Bartow, *Citizen Coke: The Making of Coca-Cola Capitalism* (New York: W. W. Norton & Company, 2014); Mark Pendergrast, *For God, Country, and Coca-Cola: The Definitive History of the Great American Soft Drink and the Company That Makes It* (New York: Basic Books, 2013), 39, 184-232.

⁴ Frederick Allen, *Secret Formula* (New York: HarperCollins, 1994), 251. A lot of examples regarding the emotional bundles between Coke and US troops can be found in chapter 12 of the book from Mark Pendergrast. One of the most characteristic was one, where a soldier summarized 'if anyone were to ask us what we are fighting for, we think half of would answer, the right to buy Coca-Cola again' and also the words from Colonel Scott, who explained that it was America, Democracy and Coca-Cola that motivated him shoot down his first Japanese; *Ibid*, 195.

between US government and US corporations and in specific Coca-Cola (via for example Technical Observers and the Brecon Loading Company) reached their historical apogee in order to support the allied troops in the front.⁵ Indeed, characteristic of this situation was the personal relations between General Eisenhower and the president of Coca-Cola, as well as the pro-Coca-Cola sugar rationing policies of the US government.⁶ Finally, it was WWII that according to Hymson turned to support the Company's international progress and as WWII was fading out, Coca-Cola was already doing a lot of business overseas having created a lot of plants outside the US.⁷

Then, the end of WWII signaled the beginning of a new 'war', the infamous Cold War. This was a period during which, USA and the 'free world' were giving their struggle against communism and the Soviet threat. In a different battlefield, Coca-Cola, the American Drink, or as Robert Woodruff described it 'the essence of capitalism', tried to establish and secure its position in a changing and chaotic world, in a lot of cases with the support of US government.⁸ Further down, I will explain how Coke tried to profit in foreign countries by lobbying US government and asking its support. My decision to investigate lobbying activities, which aimed to serve Coca-Cola's foreign activities is a way to incorporate my thesis in the field of Global History. This would be achieved by examining the interplay of the activities of two entities –US government and Coca-Cola– that acquired global prominence in the post-WWII field, as I will show in the following pages.

⁵ Technical Observers were technicians installing Coca-Cola plants behind the front lines and were deemed as vital as those that fixed tanks and airplanes; Pendergrast, *For God, Country and Coca-Cola*, 187. Brecon Loading Company was the realization of the request of the Ordinance department of the United States Army to the Coca-Cola in January 1941 to undertake the operations of a munitions plants in Alabama; Christina Hostetter, "*Sugar Allies*" (Master thesis, University of Maryland, 2004), 14.

⁶ Pendergrast, *For God, Country and Coca-Cola*, 221.

⁷ Laura A. Hymson, "*The Company that Taught the World to Sing: Coca-Cola, Globalization, and the Cultural Politics of Branding in the Twentieth Century*" (PhD diss., University of Michigan, 2011), 7, 14, 18.

⁸ Reinhold Wagnleitner, *Coca-Colonization and the Cold War: The Cultural Mission of the United States in Austria After the Second World War*, (Chapel Hill: The University of North Carolina Press, 1994), page 7; Pendergrast, *For God, Country and Coca-Cola*, 227.

1.2 Structure of the Thesis

Current thesis is analyzed in four different chapters. As a guide for the reader, this paragraph presents the content of each chapter. In Chapter 1, the definitions of concepts, the formulation of research questions, and finally, the implications and the new horizons, this study aims to open are discussed. Consequently, in Chapter 2 an extensive literature review guides the readers through historical, political and business literature helping them identify the necessary contexts. Chapter 2 is constructed in the best possible way to describe analytically and meticulously all the concepts that were defined in Chapter 1 and furthermore, provides a smooth transition to Chapter 3. Chapter 3 is the heart of the thesis and by analyzing primary and secondary sources gives answers to the research questions posed earlier. Finally, in Chapter 4, a brief overview of the thesis is presented together with the conclusions and the limitation of the study.

1.3 Theoretical Background and Terminology

In this section, the concepts (Cold War, Lobbying, Interests, US Government and Coca-Cola) employed in the following paper are explained and framed in order to explicitly set the context of the discussion.

1.3.1 Cold War Definition and Origins

According to the Cambridge Dictionary, Cold War is a state of extreme unfriendliness existing between countries, especially with opposing political systems, which expresses itself not through fighting but through political pressure and threats. In the majority of cases, Cold War is applied to describe the relationship between the US and the USSR after WWII.⁹ Nonetheless,

⁹ Cambridge Dictionaries Online, WebSite, <http://dictionary.cambridge.org/dictionary/british/cold-war>. (accessed January 25, 2015). For an analysis of the Cold War as well as Russian-American relations, there is an immense breadth of literature, e.g. John Lewis Gaddis, *Russia, the Soviet Union and the United States. An Interpretative History* (New York: McGraw-Hill, 1990); Melvyn P. Leffler and Westad Odd Arne ed., *Cambridge History of the Cold War: Volume 1,2,3* (New York: Cambridge University Press, 2012).

ambiguities emerge when the historian is asked to define concepts, such as the end of WWII or the outbreak of the Cold War, which are presented hereafter.

With reference to the end of WWII, there are three different dates applied by a number of historians. The first is the surrender of Germany (V-E Day, 8/5/1945). The second is the surrender of Japan (V-J Day, 15/8/1945), while the third is the official end of WWII (2/9/1945), when at USS Missouri the Japanese delegation signed their surrender. I decided to use the first date, since after this point, it was very possible that the war will end soon. Hence, if Coke had interests abroad, it should have started lobbying the US government preparing the ground for the post-war order.

Concerning the Cold War, historians tend to disagree and there is an active debate on what caused this war and when. The term ‘Cold War’ was first used by the British writer George Orwell in 1945 to deplore the worldview, beliefs, and social structure of both the Soviet Union and the United States, and the undeclared state of war that would come to exist between them after the end of WWII. Scientists first took up the term ‘Cold War’ in the late 1940s when attempting to explain how the wartime alliance between the United States, Britain, and the Soviet Union had collapsed. In the first postwar decade, the term was mostly used by American historians as a synonym for what they saw as Soviet leader Joseph Stalin’s confrontational policies from the latter stages of WWII and on. The Soviet Union waged a ‘Cold War’ against the West (meaning, mostly the United States and Britain), while the West was seen as defending itself and the values it believed in. In other words, Cold War, was imposed on the rest of the world by the Soviet leader and the tyrannical Communist system he had created.¹⁰

Different groups of scholars trace the Origins of the Cold War back to the nineteenth century and the relations between the Russian Empire and the British Empire. Others see the Bolshevik’s takeover and the involvement of the west against their revolution as a rupture in time between Soviets and the West.¹¹ Russia’s Great October Socialist Revolution of 1917 triggered a confrontation between the Soviet Union and the United States that would last much

¹⁰ Odd Arne Westad, “The Cold War and the International History of the Twentieth Century,” in *The Cambridge History of the Cold War. Volume 1*, ed. Melvyn P. Leffler and Odd Arne Westad (New York: Cambridge University Press, 2010), 3.

¹¹ Council on Foreign Relations. “From Coalition to Rivalry: The Soviet Union and United States at the Beginning of the Cold War.” YouTube Video 75:01. November 4, 2014. <https://www.youtube.com/watch?v=6j2UxkGpHkI> (accessed April 25, 2015).

of the twentieth century. In its early years, each side aimed to transform the other. American-Soviet conflict became global only in the 1940s, when it shaped the international system and every nation in it. In addition to competition over markets or territories, this new form of cold struggle was at its root a battle of ideas: American liberalism vs. Soviet Communism. Indeed, those ideologies animating Cold War had centuries-long pedigrees.¹²

Although, all the aforementioned explanations of the date when Cold War started can be supported by different sources and authors, they purposefully are not used in the analysis of this thesis, since during WWII Soviet Union and USA were allies. Thus, I will opt for a different starting point, which proved to be the first time when Soviet Union was in an open opposition with the USA after a period that they allied against Axis power, which is the capitulation of Germany. During the spring of 1945 difficulties between the US and the USSR regarding the European war started a slow but steady erosion in American confidence that Moscow meant to cooperate with the United States after the fighting. By mid-1945, 38% of a poll, the highest percentage since March 1942, doubted Soviet interest in postwar friendship with America; while similar conclusions were drawn from the Soviet position in San Francisco Conference of 1945, when Americans really questioned the Soviet attachment to an idealistic, universalist or collective-security design for assuring national security.¹³ Explicit references to the possibility of war with Russia now became daily occurrences in the American press.¹⁴

1.3.2 Periodization of the Thesis and the Cold War

Following section 1.3.1, this thesis traces lobbying activities of Coca-Cola between the V-D day (Capitulation of Germany) in May 8, 1945 and the beginning of the Berlin Blockage in April 1, 1948. This periodization is selected for mainly two reasons. First and foremost, this period encompasses the great expansion of Coca-Cola abroad as well as the advance of the US as the largest world power. Building on the goodwill fostered by the American soldier, The Coca-Cola

¹² David D. Engerman, "Ideology and the Origins of the Cold War, 1917-1962," in *The Cambridge History of the Cold War. Volume 1*, ed. Melvyn P. Leffler and Odd Arne Westand (New York: Cambridge University Press, 2010), 20.

¹³ Ibid.

¹⁴ Dallek, *The American Style of Foreign Policy: Cultural Politics and Foreign Affairs*, 159.

Company licensed bottling plants in new countries, while it employed aggressive marketing in countries where the industry was already established –primarily Europe and South America. The capitalist United States and the communist Soviet Union competed for influence over the world’s markets and peoples and Coca-Cola, similarly to Rock and Roll, became a part of symbolic power and an aspect of the cultural war waged among the two.¹⁵ However, Coke’s expansion cannot be strictly framed and it is interesting to investigate its whole trajectory. My decision to pick this specific time span was motivated by both US history, since Coke constitutes a microcosm of American history, as well as Coke's particular history.¹⁶

The obvious question that arises is why these two specific events (Capitulation of Nazis and the beginning Blockage) constitute basic events for US or/ and Coca-Cola. German Capitulation, as elucidated before constitutes one of the ‘official’ endings of the Second World War and accordingly the beginning of a new era for the US. Nevertheless, even before the 8th of May, President Truman who succeeded Roosevelt in the 12th of April, revealed his consciousness of US power when, before a meeting with the Soviet Foreign Minister Molotov ‘narratively’ explained to his cabinet that ‘if the Russians did not wish to join us [at the UN conference in San Francisco] they could go to hell’.¹⁷ Senator Vanderberg found enough solace in these words to confide in his diary, ‘FDR’s appeasement of Russia is over. The US and USSR could live together successfully, if Russia is made to understand that we cannot be pushed around’.¹⁸ San Francisco Conference was crucial for the history of Coca-Cola as well. By examining the history of Coke, Mark Pendergrast explains that James Farley (President of The Coca-Cola Export Corporation at the period) was dispatched by Coke to promote its beverage in a conference in San Francisco that aimed to set the basis for the postwar peace organization of the United Nations. Moreover, according to Pendergrast, during this meeting, Farley pointedly avoided the Soviet delegate. Consequently, the conclusion is that Coke was not only aware that the war was coming to an end, but also that the relations between the US and the Soviet Union would not be loyal in the postwar years. In short, although, the San Francisco Conference was of high importance, I decided to start my periodization in the 8th of May 1945, since the latter is by

¹⁵ Wagnleitner, *Coca-Colonization and the Cold War*, 1.

¹⁶ Pendergrast, *For God, Country and Coca-Cola*, 9.

¹⁷ San Francisco Conference took place from 25 April 1945 to 26 June 1945.

¹⁸ Norman A. Graebner, Richard D. Burns and Joseph M. Siracusa, *America and the Cold War, 1941-1991: A Realist Interpretation* (Santa Barbara: Praeger, 2010), 72-73.

far a greater event and also a specific point in time compared to the two-month Conference duration.

Regarding the importance of Berlin Blockage, historical events leads the investigation before 1948. In the fall of 1943, when German armies were still fighting deep within the Soviet Union and six months before the successful invasion in France, the British government decided to assign to the Soviet Union an occupation zone comprising of strategic positions on the banks of the Elbe, putting its tank divisions just sixty miles from Frankfurt and the River Rhine. Attlee's Cabinet committee did not object to the joint administration of the Reich's capital, Berlin, even though it lay deeply inside the Soviet zone of occupation. This would become one of the most crucial decisions, shaping more than forty years of the Cold War in Europe.¹⁹ Indeed, many American experts knew that the compromises of Potsdam were contradictory and full of elusions. In the wings, there were already those who predicted that the joint occupation of Germany was doomed to fail.²⁰

Twice, in 1948 to 1949 and from 1958 to 1962, diplomatic crises over Berlin threatened to lead to a military confrontation.²¹ According to Chrouchev, 'Berlin is the testicles of the west. Every time I want to make west scream I squeeze on Berlin'.²² Berlin Blockage lasted from the 24th of June 1948 to the 12th of May 1949 and it was one of the first major crises of the Cold War, preventing food, materials and supplies from arriving in West Berlin.²³ Previous to the Berlin Blockage and after the end of WWII the two superpowers of the period (USA and USSR) have supported movements either pro or anti-communistic, e.g. the Greek Civil War. However, the Berlin Blockage was the first time that the two superpowers confronted each other directly and was decisive since it eradicated all illusions for a 'peaceful' post-WWII globe.²⁴

¹⁹ Hans-Peter Schwarz, "The Division of Germany, 1945-1949," in *The Cambridge History of the Cold War. Volume 1*, ed. Melvyn P. Leffler and Odd Arne Westand (New York: Cambridge University Press, 2010), page. 137-139.

²⁰ Ibid, 141.

²¹ Ibid, 151.

²² John Lewis Gaddis, *The Cold War: A New History*, (New York: Penguin Press, 2005), 71.

²³ Gaddis, *The Cold War*, 33.

²⁴ According to the Council on Foreign Relations, "From Coalition to Rivalry: The Soviet Union and United States at the Beginning of the Cold War", other possible dates, which served as inauguration of the Cold War are the purchase of Alaska in 1867; the Commune in Paris in 1871; the death of Franklin Roosevelt in April 12, 1945 and the replacement by Truman (the later did not create understanding with the Russians as his predecessor; the development and employment of atomic bomb in August 1945; Stalin's reelection speech in February 9, 1946;

Specifically, in reaction to the Western military governors' offering to convene a constitutional assembly for their zones and carrying out a separate currency reform (in June 1948), Stalin ordered the blockade of the roads and waterways to Berlin. The Western powers had to decide whether to abandon their plans to establish a Western government or pull out of their sectors in Berlin with a tremendous loss of prestige. The blockade risked war and was a desperate gamble and convinced Western public opinion of the Soviet Union aggressiveness for the first time since the end of war.²⁵ Last but not least, Germany was the epicenter of the cultural war between America and the USSR, where Coke had to defend its American identity.²⁶

1.3.3 Lobbying

The first amendment to the constitution of the United States secures to people the unhindered right to petition for a redress of grievances. This means that you or I or the worst enemy cannot be restrained from belaboring Congress with demands for the passage or defeat of legislation; whether the demands are reasonable or unreasonable, and whether they are in the interest of the public welfare or the betterment of private and selfish ends. By exploring the root of the word lobbying, lobby describes an agent of a private or corporate interest seeking to influence the duly elected representatives of the people [in Congress].²⁷

Although, the previous can be seen as a precise definition of lobbying, I will opt for a broader one. Welch et al. defines lobbying as 'the efforts of interest groups [organizations that try to achieve some of their goals with government assistance] to influence government', while Milbarth describes lobbying as 'the stimulation and transmission of a communication, by someone other than a citizen acting on his own behalf, directed to a governmental decision

Kennan's long telegram on February 22, 1946; Churchill's Iron Curtain speech on March 5, 1946; the development of Marshall Plan on April-June, 1947; the Korean War in 1950-53, Council on Foreign Relations. "From Coalition to Rivalry: The Soviet Union and United States at the Beginning of the Cold War." YouTube Video 75:01. November 4, 2014. <https://www.youtube.com/watch?v=6j2UxkGpHkI> (accessed April 25, 2015).

²⁵ Hans-Peter Schwarz, *The Division of Germany, 1945-1949*, 148.

²⁶ Jessica C. E. Gienow-Hecht, "Culture and the Cold War in Europe," in *The Cambridge History of the Cold War. Volume 1*, ed. Melvyn P. Leffler and Odd Arne Westand (New York: Cambridge University Press, 2010), 401, 417, 418.

²⁷ Karl Schriftgiesser, *The Lobbyists. The Art and Business of Influencing Lawmakers* (Boston: Atlantic-Little, Brown Books, 1951), 1, 5.

maker with the hope of influencing his decision'.²⁸ Dr. Belle Zeller, who was part of a public hearing regarding the evaluation of Federal Regulation Lobbying Act (FRLA) in February 1948, expressed her thoughts that lobby registration [and thus lobbyists] should not be confined to people seeking to influence the Congress or its committees. In her radical opinion, all those that seek to exert influence on any federal bureau, agency, or government official, including newspapers, periodicals and radio do belong to some forms of lobbyists.²⁹ A close, yet broader term to lobbying, is the Corporate Political Activities (CPA). CPA covers a wide range of possible activities; from political advertising and other forms of public communication to stakeholder management, legal action, funding political parties, and US-style election campaign financing, as well as lobbying.³⁰

Since lobbying is officially associated with the Congress, Wittenberg and Wittenberg stress the following ways for someone to have access in Congress and consequently to lobby for their interests. The first one is to be a constituent or a representative of a large portion of voters. Personal friendship, common educational institution, sharing space in the board of directors in a company with a congressman are only some other ways. The list is filled with lobbyists that are double partners of congress people, or are sponsor of their membership in the country's club.³¹ Supporting the thesis of Wittenberg and Wittenberg, Gregor argues that 'by meeting with the policy makers, hiring lawyers and policy experts, submitting briefs, conveying research results and technical information, engaging in media advertising and PR campaigns, and by participating in protests, firms build and maintain influence over policies'.³²

In short, lobbying can be defined either very narrowly or very broadly. Since it is very difficult to fully apply any aforementioned definition, in this thesis lobbying describes the process in which, an agent of Coke is trying to influence a representative of the people in the US

²⁸ Lester W. Milbarth, *The Washington Lobbyists* (Chicago: Rand McNally, 1963), 431; Susan Welch et al., *Understanding American Government* 3rd ed. (Minneapolis: West Publishing, 1995), 107

²⁹ Schriftgiesser, *The Lobbyists*, 111.

³⁰ For a deeper and further analysis and definitions of lobbying see Stefanos Anastasiadis, "Understanding Corporate lobbying on its own terms," Research Paper Series, International Centre for Corporate Social Responsibility, Nottingham University Business School, Nottingham University, <http://www.nottingham.ac.uk/business/ICCSR/research.php?action=viewall> (accessed December 12, 2015)

³¹ Ernest Wittenberg and Elisabeth Wittenberg, *How to Win in Washington* (City: Wiley-Blackwell, 1990), 23.

³² Martin Gregor, "Corporate Lobbying: a review of the recent Literature," Working Paper 32/2011 (Institute of Economic Studies, Faculty of Social Sciences, Charles University, Prague, 2011), <http://www.econstor.eu/bitstream/10419/83299/1/670591866.pdf> (accessed December 20, 2014).

government.³³ Moreover, lobbying is considered, when representatives of people do have close relations with Coke, Coke subsidiaries, associations where Coke is a member or is affiliated or companies and individuals that are employed by Coke. To make thesis easier to be read and comprehended, all these methods of lobbying will be put under the concept ‘*Coke’s lobbying agents*’.

Finally, and following my definition, I need to identify two forms of lobbying effort, which I name *Actual* and *Potential* Lobbying. In this thesis, actual lobbying is considered as lobbying waged in a formal way towards Congress, the Presidency or politicians related with these two bodies of government via agents of Coca-Cola; potential lobbying is considered as every relation between a member of the US Government and a Coke Agent. Sometimes potential lobbying can lead to actual lobbying. For instance, a friendship between an executive and a politician cannot be directly translated into lobbying and for this reason is called potential lobbying. Nevertheless, it can be used as an indication for further research. In case that further research reveals that this relation was employed to support the interests of Coke, then we speak for actual lobbying. As a result, potential lobbying is more about human relations and can only be indicative of actual lobbying.

A counter argument to my broad definition of lobbying is that by having relations with the government does not constitute automatically a lobbying activity; for instance, it is completely different to play golf with Eisenhower, as the President of Coca-Cola did and to lobby him, i.e. seeking to influence him for Coke’s interest. However, the effort in this thesis is to critically and holistically examine lobbying, in a way similar to that of Dr. Zeller who evaluated the Federal Regulation Lobbying Act in February 1948. And in this case, the words influence and lobbying are becoming to a great extent synonymous.

³³ According to Welch et al., *Understanding American Government*; Luigi Graziano, *Lobbying, Pluralism and Democracy* (New York: Palgrave Macmillan, 2001), 57; ‘Direct lobbying techniques involve personal encounters between lobbyists and public officials, while Indirect lobbying describes situations, in which interest groups are going public, by mobilizing their activists and molding and activating public opinion. Indirect lobbying is synonymous with Grassroots Lobbying. Specifically, Grassroots lobbying is an approach that separates itself from direct lobbying through the act of asking the general public to contact legislators and government officials concerning the issue at hand, as opposed to conveying the message to the legislators directly. Companies, associations and citizens are increasingly partaking in grassroots lobbying as an attempt to influence a change in legislation’.

1.3.4 Interests

In the previous discussion, *interests* were employed as a term but they were not analyzed in depth. Interests of a company, when the latter is petitioning the government, can vary a lot. As a result, it is mandatory to define, for which interests or at least for which types of interests this thesis deals with. Our focus falls upon interests of Coca-Cola abroad during the first years of the Cold War. In the introduction, interests of Coca-Cola were specified in the area of its foreign activities. Let me now elaborate on these interests, which I divide into two different categories. Firstly, a company such as Coke, which had been already present in foreign countries before WWII, had interest to petition for general facilitation of American foreign investments.³⁴ For instance, a tax exemption for firms that are investing abroad or a policy to re-approach trade with communist countries can be seen as examples of this first type of interest. Indeed, as Horowitz upholds, the main ideology of business and policy makers of the period overlaps in the need for new and accessible markets, which both were crucial for America's domestic prosperity.³⁵ Secondly, Coca-Cola was a product strongly associated with American culture and consequently a means to convey American values, such as capitalism and freedom.³⁶ In a divided world between Soviet Union and its allies, and the USA and its allies, Coca-Cola was an American symbol for a number of people abroad. Of course, it is fallacious to believe that the former 'allies' especially the European ones were fanatics of Americanization of their lands. In many countries (e.g. France or Italy), Coca-Cola had to confront different groups of people such as local communists people that resented the new role of Americans in the world, people that considered Coke as harmful and people who sold competing drinks. Indeed, it is characteristic that in antithesis with Eastern Europeans, Western Europeans still nostalgic for the culture of the nineteenth and early twentieth centuries, presented a complicated behavior –a mix of Americanophobia and Americanophilia–towards American influence. Their reception of American culture was simultaneously unwanted, enormously seductive and ultimately unavoidable. Moreover, Official American Cultural Propaganda formed to penetrate Europe did

³⁴ For instance, already from 1922, with an expenditure of some \$3 million, bottling franchises were started all over Europe, largely funded by Coca-Cola and run by locals. Pendergrast, *For God, Country and Coca-Cola*, 157.

³⁵ David Horowitz, *Corporations and the Cold War* (New York: Monthly Review Press, 1969), 16.

³⁶ Hymson, "*The Company that Taught the World to Sing*," 33.

not want to associate US with Coke and demonized the latter, since they preferred a more ‘high status face’ for Americanism.³⁷ Eventually, the penetration of Coke succeeded more or less.³⁸ Concluding, Coke needed American government in order to support its position/interests against foreign interests, communist propaganda, Official American Cultural Propaganda etc.

To sum up, the first category of interests is briefly defined as “General Support for Foreign Investments”, while the second category of interests is briefly defined as “Supporting American Brands in Foreign Countries”.

1.3.5 Branches of the US Government

Next definition regards the *bodies or branches of US government* that include representatives of people and can potentially receive lobbying activities from Coca-Cola during the under review period of 1945-1948. Even though, this task asks for a deep presentation of the US government, the latter is out of scope of this thesis and thus a brief overview is considered sufficient and preferred.

The federal government of the US is composed out of three distinct branches: Legislative (Congress), Executive (President, Cabinets, Independent Agencies, Independent Regulatory Boards and Commissions) and Judicial, whose powers are vested by the U.S. Constitution in the Congress, the President, and the Federal Courts, including the Supreme Court, respectively. Federal Government of the USA and specifically the Presidency and the Legislative Branch constitute the focal point of this thesis excluding any lobbying activity, which is targeted towards State Governments.

Part of Congress responsibilities is lawmaking, control of federal bureaucracy, as well as budget making. Furthermore, the Senate is oriented to foreign policy issues, when at the same time the House of Representatives puts emphasis on tax and revenue policy. The last fact,

³⁷ Reinhold Wagnleitner, *Coca-Colonization and the Cold War: The Cultural Mission of the United States in Austria After the Second World War* (Chapel Hill: The University of North Carolina Press, 1994), xiii. For further information on American Culture in Europe, please refer to Richard Pells, *Not Like Us: How Europeans Have Loved, Hated, And Transformed American Culture Since World War II* (New York: Basic Books, 1998).

³⁸ Pendergrast, *For God, Country and Coca-Cola*, 222 -230.

enhances the role of the Senate for the investigation of Coke's lobbying activities regarding its foreign operations.³⁹ From a different perspective, the political scientist James A. Robinson, concluded that Congress's influence in foreign policy is primarily one of legitimating and amending policies initiated by the Executive to deal with problems identified by the Executive.⁴⁰ In this way Robinson supports the decision to study lobbying waged towards the Presidency, since this is the real initiator of foreign policy. Apropos of the organization of Congress, committees (standing and select or special) play a significant role carrying out most of the work done by congress, since each committee is endowed with a lot of expertise in a specific topic.⁴¹ It is also the members of committees or subcommittees that create relations with groups of interests. The reason of this phenomenon has to do with the specificity of private interests and the specificity of the topics held by Congress committees.

On the other hand, the vast administrative resources and powers in the executive-administrative branch and the complex nature of public policies provide that branch with tremendous power over the formulation and proposal of policy and vast discretion over its execution, whatever the leadership qualities of the Chief Executive might be.⁴² Indifferently of the fact that the Executive Branch is in charge for handling a plethora of different topics, the Presidential leadership dominates the field when it comes to foreign policy.⁴³

This section analyzed two branches, the Executive (specifically the President) and the Legislative of the US Government and provided arguments for their importance in current thesis topic.

³⁹ Welch et al., *Understanding American Government*, 307, 310.

⁴⁰ James A. Robinson, *Congress and Foreign Policy-Making* (Homewood: Dorsey Press, 1962), v.

⁴¹ Welch et al., *Understanding American Government*, 302; U.S. Federal Government, WebSite, <http://www.usa.gov/Agencies/federal.shtml> (accessed January 25, 2015).

⁴² Robert A. Dahl, *Congress and Foreign Policy* (Santa Barbara: Praeger, 1983), 52, 58.

⁴³ Welch et al., *Understanding American Government*, 343; For an analysis of the Executive branch of US government, please see Welch et al., *Understanding American Government*, 365.

1.3.6 Coca-Cola

Finally, by referring to *Coca-Cola*, we are referring to an ‘umbrella’ word for a number of brands and firms, which are not always relevant for this thesis. For that reason, a short history of Coke is presented in order to identify, which entities and respective Coke agents are of interests.

Coca-Cola was introduced in American life in 1886 in Atlanta, Georgia when a local druggist John Pemberton created a drink, a nerve tonic drink to relieve patients form fatigue and to cure headaches. The future of Coca-Cola under Pemberton was not ensured and Asa Candler, Charley Pemberton and Woolfolk Walker acquired the new drink two years later. In March 1888 the three men, with Asa in the leading role filed the incorporation of ‘Coca-Cola Company’, while in 1892 the company was incorporated with its current name ‘The Coca-Cola Company’. The in-love with Coke, Asa Candler launched a great marketing campaign that brought Coca-Cola to soda fountains across the USA. In 1899, Asa Candler approved the bottling of the drink, even though unofficially the bottling started in 1885. As the nineteenth century was setting, sales of the drink achieved new highs and the initial medicine became a soft drink. Before the end of the century the business of Coca-Cola included ‘The Coca-Cola Company’, while bottlers were independent companies scattered across the US.

Already by 1900, Coca-Cola was not a mere drink, but a phenomenon. Beyond it success, Coke was preyed upon the ever standing taboo of Cocaine. Drink’s cocaine nullified in 1903, when finally the coca leaves used for Coke’s syrup were decocainized. In 1916, Coca-Cola switched control and came to the son of Asa, Howard, who drove The Company for three years before the Trust Company of Georgia and specifically Ernest Woodruff took the helm. Some years later, one of the biggest moment in Coke’s twentieth century history came into reality when, in 1923 Robert Woodruff, famous in Georgia as Mr. Anonymous, due to his anonymous donations to Georgia, took over and associated his name with Coca-Cola more than anyone else before and probably after him.⁴⁴ Under Woodruff, Coca-Cola turned its orientation both in US and abroad continuing a ‘global struggle’ that had initiated by Asa Candler.

⁴⁴ Robert Woodruff continued to hold the reins of The Company for the period scrutinized in my thesis and distanced himself only in his late years in 1980s.

Let us now elaborate on Coke's foreign presence and the vehicles that Coke used for its international expansion. Already from the nineteenth century, in his 1897 annual report, Asa Candler noted that Coke was being sold in Canada and Hawaii, with an eye toward Mexico. Indeed, by the end of the century Coca-Cola expanded its business in Cuba and Puerto Rico, Philippines and Panama, while sales initiatives were undertaken in Shanghai and Bermuda.⁴⁵ Candler, in the 1921 annual report expressed his views that 'we believe the foreign field should be occupied by direct representation, owning plants, manufacturing and bottling...'. In an effort that continued throughout the end of WWII, Coke adhered to a process of global expansion. During the 30s, Coke was available in Curacao, Ireland, Java, Trinidad, Jamaica, England, Scotland, Ireland, Norway, Denmark, Germany, Hong Kong, Peru, Bolivia, Chile, Switzerland, Austria, Australia, New Zealand and South Africa. Till 1926, Coke global strategy was plotted in an informal way by The Coca-Cola Company, without handlings from a more specific organization.

In 1926, in New York City, the "Foreign Department of Coca-Cola" was formed in order to take care of Coke's increasing foreign activities. Similar to the U.S. State Department, its mission was to serve as a liaison between Coca-Cola and foreign governments and businesses. This new department used formal diplomatic channels and local business networks to partner with entrepreneurs interested in bottling and selling Coca-Cola. A franchise system was established early on: firstly, domestically through soda fountains, and then through bottlers in the U.S. and abroad. The parent company retained the secret recipe and was solely responsible for producing the syrup.⁴⁶ The key development regarding Coke's global expansion was the substitution of the Foreign Department of Coca-Cola for the more powerful "The Coca-Cola Export Corporation".⁴⁷ Abroad, Coca-Cola was collaborating with local bottlers or had introduced subsidiaries, which operated under the supervision of The Coca-Cola Export Corporation. During WWII, Robert Woodruff asked from his young and ambitious men –the famous Technical Observers– to spread the Coke's gospel. Those 'informal soldiers' were used

⁴⁵ Pendergrast, *For God, Country and Coca-Cola*, 61; Allen, *Secret Formula*, 171.

⁴⁶ Hymson, "The Company that Taught the World to Sing," 5, 6.

⁴⁷ Pendergrast, *For God, Country and Coca-Cola*, 173; Allen, *Secret Formula*, 172; For the period discussed in this thesis, The Coca-Cola Company Export Corporation was managed by Bill Hobbs (President from 1945) and James Aloysius Farley (Chairman of the Board of Directors).

as the new agents of internationalization of The Drink.⁴⁸ All in all, Coke international activities were managed directly by The Coca-Cola Export Corporation and the agents of this company are the most important for this thesis, accompanied by prominent figures of the mother company, i.e. The Coca-Cola Company. Since, it is impossible to trace all the connections of Coca-Cola with business and labor organizations and how the latter lobbied the US government, in this thesis I focus basically on Coke's agents associated with the two aforementioned corporations.

1.4 Research Questions

Further down, the research questions are being articulated.

(Q1) How did Coca-Cola lobby the legislative and executive branch of the US government regarding its interests in foreign countries between the 8th of May, 1945 and the 24th of June, 1948; what were the specific interests of Coca-Cola to proceed with these lobbying activities?

Interests of Coca-Cola and other companies, which were investing abroad, can be divided in two broad categories and two different research sub-questions emerge.

(Q1a) Which were the lobbying activities of Coca-Cola in the legislative and executive branch of the US government regarding "General Support for Foreign Investments" interests of Coca-Cola between the 8th of May, 1945 and the 24th of June, 1948 as they were expressed by Coke's lobbying agents and what were their aims?

(Q1b) Which were the lobbying activities of Coca-Cola in the legislative and executive branch of the US government regarding "Supporting American Brands in Foreign Countries" interests of

⁴⁸ Technical Observers (248 in total) received a pseudo military status. This designation was invented during WWI for civilians needed in the war effort (e.g. servicemen of military machinery. Probably a paradox, but incredibly true, it appears that technicians installing Coca-Cola plants behind the front lines were deemed as vital as those who fixed tanks or airplanes. Technical Observers program was finally transit to a civilian operation, three years after the end of the war, in 1948). Pendergrast, *For God, Country and Coca-Cola*, 187,197.

Coca-Cola between the 8th of May, 1945 and the 24th of June, 1948 as they were expressed by Coke's lobbying agents and what were their aims?

1.5 Methods and Sources

1.5.1 Method

Qualitative research is used when the concepts to be studied are more amenable to label words than numbers and this is the case of the current research.⁴⁹ Qualitative research is performed on a small number of events or even a single event (here Coca-Cola lobbying).⁵⁰ In this paper, Coca-Cola lobbying is being studied using the Case Study methodology. According to Yin, case studies are preferable methods for the research design when the research question is posed with 'how'.⁵¹ A case study is a research method involving an up-close, in-depth, and detailed examination of a subject of study (the case), as well as its related contextual conditions.⁵² The case being studied may be an individual, organization, event, or action, existing in a specific time and place. Since, the phenomenon which is scrutinized here belongs to the past, (lobbying activities of Coca-Cola in the years between 1945 and 1948), it is also possible to categorize this study in archival research or historical case study.

Yin presents the specific research design for every case study, which is based on five different elements. It starts with the Research Questions and their hypotheses, which can be found in part 1.4. Then, comes the unit of analysis, i.e. Coca-Cola Company, as was defined in part 1.3.6. The final two parts describe the methodology for analyzing the data and interpreting the findings, which can be found in Chapter 3 and 4.⁵³

As explained before, this thesis focuses on both actual and potential lobbying activities of Coca-Cola. Both actual and potential lobbying requires personal contacts. As a result, from a

⁴⁹ Cameron G. Ties, "A pragmatic guide to Qualitative historical analysis in the study of international relations," *International Studies Perspectives* 3, no. 4 (2002): 352.

⁵⁰ Case Study methodology can incorporate both qualitative and quantitative data, but in this specific research qualitative analysis is the dominant one.

⁵¹ Robert K. Yin, *Case Study Research: Design and Methods*. 5th ed. (Thousand Oaks: Sage Publications, 1994), 1.

⁵² *Ibid*, 5-6.

⁵³ *Ibid*, 18 -27.

methodological perspective, the most significant ‘tool’ is to identify the web of Coke’s lobbying agents and trace via sources their actual or potential lobbying activities that affected Coke for the period under study.

1.5.2 Primary Sources

In this section, the basic types of sources available to answer the research questions are reviewed and the advantages and disadvantages associated with each are displayed. Data aim to support the methodology described before.

Generally speaking, there are three classes of data typically collected on lobbying activity: surveys, registries, and transaction records. It is also crucial at this point to make the reader aware that these methods are in first place used for empirical research on lobbying (e.g. statistical analyses), whereas the case of this thesis is somewhat different. According to John M. de Figueiredo and Brian Kelleher Richter, survey and data from disclosures are the two most appropriate means for primary research. On top of these three methods, in lot of cases, the application of biographies is a recognizable method in an effort to comprehend lobbying mechanisms. Analytical guides for lobbying techniques can be found in the book from Baumgartner et. al., the book from Welch et al. and the book from Gelak.⁵⁴

Sources for historical research are either primary or secondary. Primary sources refer to the original source material on an event, including all evidence contemporary to the event. Secondary sources refer to everything that has been written about the event subsequent to that time.⁵⁵

Moving to the primary sources, we need to divide between US Governmental and Non-US Governmental sources. Since we study a phenomenon of governmental and corporate relevance the materials that we need are both public and private. Regarding public material, Hathi Trust Digital Library (accessed via Leiden University) holds a great amount of documents,

⁵⁴ Frank R. Baumgartner et al., *Lobbying and Policy Change: Who Wins, Who Loses, and Why* (Chicago: University of Chicago Press, 2009); Deanna Gelak, *Lobbying and Advocacy: Winning Strategies, Resources, Recommendations, Ethics and Ongoing Compliance for Lobbyists and Washington Advocates: The Best of Everything Lobbying and Washington Advocacy* (Alexandria: The Capitol Net, 2008); Welch et al., *Understanding American Government*; de Figueiredo and Richter, “Advancing the Empirical Research on Lobbying,” 163 - 185.

⁵⁵ Ties, “A pragmatic guide to Qualitative historical analysis in the study of international relations,” 356.

which would be helpful. Hathi Trust Digital Library is a partnership of academic & research institutions, offering a collection of millions of titles digitized from libraries around the world. Specifically, via this library, I aim to study US Governmental Publications and specifically publications and hearings from the Congress (Senate and House), where Coca-Cola lobbying is possible to be identified. According to the staff of the Office of Clerk, which is responsible for disclosure information, as well as Mr. Auble from Center for Responsive Politics, an organization that traces lobbying activities, my research covers a period during which lobbying disclosure was in its infancy (even after the Act of 1946 that required the registration of lobbyists). Accordingly, Non-US governmental papers; for instance Truman's or Coke's Executives Papers and archives can be more useful.⁵⁶

Non-US Governmental primary sources start with newspapers. As Wittenberg and Wittenberg points out, 'nothing is more influential in Washington than a page one story in the Washington Post, the New York Times, or the Wall Street Journal... High visibility can have a wildfire effect on legislation, provided that the newsmaker is as thorough and credible as Robert McIntyre, who lobbied solely through the news media.'⁵⁷ Congressmen must fall back on information provided either by the executive-administrative branch (those that carry the policy of the Congress) or by commercial sources and 'opinion-leaders' of various sorts-columnists, leading businessmen, radio commentators, religious leaders, and the like. As a consequence, commercial publications, chiefly the press, play a role of enormous importance in shaping Congressional opinions about foreign policy.⁵⁸ Hence, the first source is newspapers and due to low availability of US newspapers in Europe, my focus will be on Wall Street Journal and New York Times, both available from Roosevelt Study Center.

In relation to other Non-US material held in the US, I gained access to Emory University Collections, which present a vast amount of documents on Coca-Cola. From Emory Collection, I will use papers from Robert W. Woodruff (President of Coke), which include correspondence, printed material, and unpublished documents about people, businesses, organizations, and subjects important to Robert W. Woodruff. Among others, it includes correspondence and papers

⁵⁶ This paragraph is constructed based on John M. de Figueiredo and Brian Kelleher Richter, "Advancing the Empirical Research on Lobbying," *Annual Review of Political Science* 17 (2014): 163 -185.

⁵⁷ Wittenberg and Wittenberg, *How to Win in Washington*, 115. A similar thesis on the effect of newspapers is promoted by Dahl, *Congress and Foreign Policy*, 26-27.

⁵⁸ Dahl, *Congress and Foreign Policy*, 26-27.

of James A. Farley (Politician and Chairman of the Board of The Coca-Cola Export Corporation), Benjamin Oehlert (former employee of the State Department and the main lobbyist for Coca-Cola for the period of the thesis), Fred Morrison (Coke lobbyist) and Senator Walter F. George (Senator and personal acquaintance of Robert Woodruff) and John Sibley (lawyer of Coke). Then, from Roosevelt Study Center Collection, I accessed Papers from Presidents of the US (Truman Collection), as well as some of the Papers of James A. Farley. Due to the cost and the little potential relevance, Coca-Cola Annual Reports from the Library of Congress are not included.

1.6 Implications

1.6.1 Methodologically

The broad scope of the sources being examined in this research and the structured approach towards lobbying are two ingredients that make this thesis go one step further than non-structured investigation on lobbying activities of specific companies, which are famous among ‘documentarian’ books. This thesis can be seen as a method to produce academic knowledge, which was formerly created via journalism. Moreover, my research set the basis for historical research on corporate lobbying activities.

1.6.2 Academically

After having analyzed the concepts and the arena of the events, I think that the reader should be aware of the relevance of this thesis, which I will elaborate in this section. First and foremost, this paper belongs to works that connect theory and practice. It is useful, because it brings together theoretical views on how lobbying is conducted and in which bodies of government (e.g. Congress) is conducted, with practical views on specific lobbying activities by a specific

company. Hence, the thesis constitutes a model for future comprehensive analysis of lobbying activities from corporations in US politics.

Furthermore, it sheds light on the role of a company's lobbying on the foreign policy of a sovereign state. From this perspective, the reader can identify an application of Liberal Theory on International Relations (IR). Liberal theory (liberalism) places state-society relations at the center of world politics. It is based on the fundamental premise that a critical causal factor influencing state's behavior is the relationship between the state, the domestic and transnational society in which it is embedded. Liberal theory is further developed into three different realms, which are Ideational liberalism, Commercial liberalism and Republican liberalism. Where ideational and commercial liberal theory stress, respectively, particular patterns of underlying societal identities and economic interests, republican liberal theory emphasizes the ways in which domestic institutions and practices aggregate such interests and transform them into state policy. The key variable in republican liberalism is the nature of domestic political representation, which determines whose social preferences dominate policy. In the case study of this thesis, we aim to show how the interests of a particular corporation, i.e. The Coca-Cola Company, were expressed via lobbying and aimed to formulate the broad field of US foreign policy in a way profitable for Coca-Cola.⁵⁹

Last but not least, hereafter, I made an effort to present a different business history. A business history, where the traditional corporate operations are proven to be insufficient without the power of the state. Motivated by an essay of Scranton and Fridenson in their book 'Reimagining Business History', I would like to present a case where the role of the state and corporations are intertwined. We need to recognize as Scranton and Fridenson argue that the state is 'always in' when we speak for businesses. When regulations imposed or planned to be imposed lobbying by corporations is the natural antecedent.⁶⁰ In this thesis, it is American policy in the international field, which provoke lobbying by Coca-Cola, in order the latter to propagate and secure its interests abroad.

⁵⁹ Andrew Moravcsik, "The New Liberalism", in *The Oxford Handbook of International Relations*, ed. Christian Reus-Smit and Duncan Snidal (Oxford: Oxford University Press, 2008), 240-243; Andrew Moravcsik "Liberal International Relations Theory: A Scientific Assessment," in *Progress in International Relations Theory: Appraising the Field*, ed. Colin Elman and Miriam Fendius Elman (Cambridge: MIT Press, 2003), 159-204.

⁶⁰ Philip Scranton, and Patrick Fridenson. *Reimagining Business History* (Baltimore: Johns Hopkins University Press, 2013) 16-18.

Chapter 2: Historiography

In this chapter, the focus is on the analysis of existing literature for our research topic. The discussion starts with an introduction of the role of corporations in American life, politics and their lobbying activities. Then, it turns to Cold War as a historical period for the United States and the world. A consecutive section, discusses the role of US corporations in the world during the Cold War as well as their relationships with the US government. By the end of this chapter, the reader would be supplied with necessary information to move to the analysis of research questions.

2.1. US Corporations in American Life: An Introduction

In order to reveal how Coca-Cola tried to support its foreign activities by employing the US government, the discussion should be traced from the more general topic of the 'role of corporations in the US politics and society'. In an assessment made by Alfred Du Pont Chandler Jr., a leading historian of American businesses, the corporation, during the twentieth century, became 'the most powerful institution in the American economy and its managers the most influential group of economic decision makers'.⁶¹ For professor McQueen, this judgment undermines the liberal position that the US has neither a power elite nor a ruling class. Moreover, Chandler challenges the constitutional order by setting business above government of, by and for the people, arguing that the controls concentrated on corporations overwhelm the choices left to small business and individual consumers. Nonetheless, corporations cannot rule the world. For this task the nation states that provided space for the development of corporations in the late nineteenth century are now required as intermediates.⁶² If we translate these views in our case, it is the power of the US state that can be employed in order corporations, such as Coca-Cola can pursue and accomplish their goals.

⁶¹ Alfred D. Chandler Jr, *The Visible Hand* (Cambridge Massachusetts: The Belknap Press of Harvard University, 1977), 1.

⁶² Humphrey McQueen, *The Essence of Capitalism* (London: Profile Books, 2001), 20.

The prominent position of corporations in US society, is further supported by Hacker. Hacker contended that similar to economic theory, political theory still assumes that power is diffused, with a plurality of groups playing countervailing roles in the public policy arena. Among these groups, corporations have political power without representing constituencies, and they are able to guide government along paths of their own choosing. Hacker's argument is further strengthened by his quote on Arthur Miller, who among other stated that 'National Decision making is an amalgam of the aspirations of the state, watered down by the influence of the units of neofeudalism'.⁶³

Expressing his opinion, Thomas Cochran predicated that the closer relations between maturing capitalist industrialism and government administrators lead to further distortion from the pronounced laissez-faire attitude of the late nineteenth century towards the earlier idea of government as a coordinate of economic utility. This change was gradual and started in the 1880s.⁶⁴ Enhancing Cochran's opinion for the period we study, Stephen Adams, provides evidence for a blurred relation between politics and businesses in America during the 30s and 40s.⁶⁵ By that period, Coca-Cola was a characteristic example of a corporation with professional managers, lawyers and public relations experts.⁶⁶

Nevertheless, neither Cochran, Hacker nor Chandler cover in their analyses, the whole time spectrum of the relations between corporations and US government; which can be reflected by the warning words of four US presidents in regards to corporate power over government.⁶⁷ Firstly, it was Thomas Jefferson, who warned the public as early as in 1816 that corporations, 'dare challenge the US government'. Then, in 1912, Woodrow Wilson claimed that the 'masters of government of the US are the combined capitalists and manufacturers of the US', while later in 1938, Roosevelt, cautioned that democracy is threatened by corporate power. The most

⁶³ Andrew Hacker, ed., *The Corporation Take - Over* (New York: Anchor Books, 1965), 66.

⁶⁴ Thomas C. Cochran, *Business in American Life* (New York: McGraw-Hill, 1974), 245.

⁶⁵ Stephen B. Adams, *The Rise of a Government Entrepreneur* (Chapel Hill: The University of North Carolina Press, 2009), 182.

⁶⁶ Pendergrast, *For God, Country and Coca-Cola*, 149.

⁶⁷ Here, I mention four cases where US Presidents tried to inform people for the role of commercial corporations in American political life. A quick search will reveal a plethora of warnings regarding other institutions and their role in US Government (e.g. financial institutions). Nonetheless, I decided to confine my cases to those associated with commercial corporations, where Coca-Cola belongs to.

notable and famous warning was made in 1961 by Eisenhower in his farewell speech on the Military Industrial Complex.⁶⁸

Till now, corporations found to have a role in influencing the government. However, if we focus on those corporations that act in the international field and have interests in foreign countries, their relation with the US government is becoming more prominent and strong.

Based on Aitken, business overseas is ‘an arm for good or ill of American foreign policy’.⁶⁹ Aitken vindicates his view by stressing that US international business and US national interests can serve to reinforce each other and to present an honest picture of the US abroad. It is in short a win-win situation were businesses support USA abroad and USA supports its businesses interests.⁷⁰ For him, US businesses abroad are simultaneously profit oriented organizations, and USA messengers. Indeed, their role as US messengers is further stressed after WWII.⁷¹

In a more comprehensive perspective, Robert Dallek avowed that beginning in the 1870s, the need for overseas markets became a common theme of American business journals and popular magazines, with political leaders becoming responsive to this appeal. Dallek’s argument is supported by Will Clayton –former corporate executive and State Department official during the forties–, who contended that the nation’s growing production and political interests demanded an open, orderly world. It can be interpreted as a close relation between corporations and governments.⁷²

Nonetheless, interests of state and corporations cannot always be in line. Hacker demonstrates this by asserting that foreign policy constitutes a vivid confrontation of the economic power of corporations and the political power of government.⁷³

Thinking of corporate interests in foreign countries and their direct effect on American foreign policy or in general US politics, can sometimes become a misleading or at least an incomplete way of analyzing the whole situation. Two arguments for why a more comprehensive

⁶⁸ Hymson, “*The Company that Taught the World to Sing*,” 19.

⁶⁹ Thomas Aitken, *A Foreign Policy for American Business* (New York: Harper, 19062), 7.

⁷⁰ Ibid, 137-138.

⁷¹ Ibid, 145.

⁷² Robert Dallek, *The American Style of Foreign Policy: Cultural Politics and Foreign Affairs* (New York: Knopf, 1983), 5.

⁷³ Hacker, *The Corporation Take-Over*, 66.

way can become more fruitful in analyzing those relations are discussed further down. For the author of 'The Age of American Imperialism', the crux of the matter is a general failure to recognize the full impact of foreign investments and thus the influence that they will have on politics. While the export of capital in the form of foreign direct investment (FDI), e.g. in mines, oil wells and manufacturing, is much smaller than exports of goods in any given period, the cumulative effect of the annual flow of investment results in an economic involvement that is by far, greater than exports. It makes the collaboration between government and the corporation a necessary factor for its success.⁷⁴ Think for instance how Coke needed continuous support for its plants abroad, in order the latter to operate unimpeded. The second argument is posed by Horowitz. For him, it is important to look the indirect effects on US politics posed by the foreign policy of countries which receive investments from US companies.⁷⁵ Thus, according to Horowitz foreign policy and corporations' needs to be illustrated as nodes of a web of inter-relations and direct and indirect effects.

The discussion of the role of corporations in American life can be very extensive. Nevertheless, the aforementioned positions cover the majority of positions found on different books and serve perfectly the scope of this research. In summary, US government and US corporations had for a long period very close relations, which were further enhanced after WWII. Indeed, we saw that when it comes to international corporations or corporations with interests in foreign countries, then more cooperation between the US state and corporations is needed. Moreover, the former discussion, shed light on a debate among authors, which lies on whether these relations between corporations and the state are positive or detrimental. As it was presented, authors tend to consider such relations detrimental for the state in the domestic field, but more neutral or even positive in the international field. Consequently, the research that will follow should provide evidence for or against the neutral or positive character of corporate-governmental relations.

⁷⁴ Harry Magdoff, *The Age of American Imperialism* (New York: Monthly Review Press, 1969) 9, 10.

⁷⁵ Horowitz, *Corporations and the Cold War*, 74.

2.2 The First years of the Cold War and the US Foreign Policy

Following an isolationist worldview held in prewar US, the end of the Second World War brought a tremendous shift in theorizing the world. The German attack on the Soviet Union in June 1941, followed by the German declaration of war on the United States in the aftermath of Pearl Harbor, brought the USA and USSR together. The Grand Alliance, as Stalin noted, did not deny ideological differences, but sought to work together on common aims. The defeat of Nazi Germany in 1945, however, prepared the stage for the expansion of American-Soviet ideological conflict into a global Cold War.⁷⁶

The main ideology of this period for the Soviet Union and its zone of influence was Karl Marx's theory of capitalism. Capitalism, for Marx, relied on exploitation: the ruling bourgeoisie paid workers as little as possible in order to maximize profits. In spite of its dominance over society, the bourgeoisie faced eventual extinction; the laws of history dictated that capitalism would create its own gravediggers. On the other hand, Americans believed in a complete different economic ideology, liberalism. American liberalism had an important economic basis, the spread of liberty and the spread of free-market economies as means for the exchange of goods.⁷⁷ The conflict was ideological precisely because the two sides measured their own positions in terms of their ability to replicate their socio-economic systems around the world.⁷⁸

US, as the main power of the world, was in front of complex paths, especially regarding the development of its foreign policy. Aitken sees American business as a primary driver of the new world order. On the other hand, Dallek explains postwar politics based on realism, mentioning that realism was a kind of national obsession, in which everything had to do with foreign affairs.⁷⁹ By comparing these two views, Michael Swanson provides a plethora of examples and illustrates cases, where realism is just a diaphanous mantle of liberalism structured upon corporate interests.⁸⁰ A slightly different position, yet closer to the liberalist one was espoused by Captain Thorneycroft, when on the 28th of February of 1945 reminded the House of

⁷⁶ David D. Engerman, *Ideology and the Origins of the Cold War, 1917-1962*, 31.

⁷⁷ *Ibid*, 21, 22.

⁷⁸ *Ibid*, 31.

⁷⁹ Dallek, *The American Style of Foreign Policy: Cultural Politics and Foreign Affairs*, xvi.

⁸⁰ Michael Swanson, *The War State* (North Charleston: CreateSpace Independent Publishing Platform, 2013).

Commons that ‘the difficulty between East and West was not Poland at all but rather the growing conflict between American idealism and Russian realism’.⁸¹

Regarding the liberal perspective, it is logical to conclude that businesses, which were a powerful part of the economic sphere of the US, were supporters of global prosperity and worldwide American influence.⁸² Indeed, Graebner linked trade developments (e.g. the General Agreement on Trade and Tariffs) with the Truman Doctrine, the Marshall Plan, the Technical Assistance program and a variety of regional and bilateral arrangements related with US foreign policy.⁸³ In addition, Berger et al. testifies that even the CIA was employed to intervene in foreign countries so as to increase the US exports, even in products that the US was the least competitive.⁸⁴ From a US-USSR perspective, Maier and Kindleberger stress the importance of economic production –‘ability to deliver goods’–, for both countries, as a proof of their own system’s superiority.⁸⁵ Moreover, in 1946, an Assistant Secretary of State argued: ‘We need markets –big markets– around the world, in which to buy and sell. We ask no special privileges in any of those markets. Officials assumed that the greater efficiency of US factories would give them the edge, aided by the General Agreement on Tariffs and Trade which was negotiated at the Havana Conference in 1947. McQueen supports that postwar mechanisms (e.g. IMF) were capable of helping US capital impose terms of trade on rival nation-market states, and would patrol their growth by limiting their ability to raise loans.’⁸⁶

In general idealism and liberalism have similarities and both act as counterweight to realism. Nonetheless, as Lundestad shows, the three views can be used simultaneously as complementary ways to explain US foreign policy for the period. Lundestad takes a revisionist viewpoint respecting the advance of the US to a global power position, confirming and expanding the three perspectives. He firstly stresses the fact that the US became an empire by invitation, which constitutes a liberal perspective, but he returns to argue that factors such as

⁸¹ Norman A. Graebner, *A Cold War Diplomacy: American Foreign Policy, 1945-1975* 2nd ed. (New York: Van Nostrand, 1977), 14.

⁸² *Ibid*, 43.

⁸³ *Ibid*, iv.

⁸⁴ Daniel Berger, et al., “Commercial imperialism? Political influence and trade during the Cold War?,” *American Economic Review* 103, no. 2 (2013): 863-896.

⁸⁵ Charles Maier and Charles Kindleberger, “Two Postwar Eras and the Conditions for Stability in Twentieth-Century Western Europe,” *American Historical Review*, 86, no. 2 (1981): 360.

⁸⁶ McQueen, *The Essence of Capitalism*, 190-192.

security, exports and businesses are part of a totality of reasons that led US to acquire a global power position.⁸⁷

Synoptically, three perspectives are pronounced as explanations of the US foreign policy during the Cold War, an idealistic, a liberal and a realistic. Although, as we showed, all of them explain part of the truth, current analysis will probably enhance further the views of Lundestad and Swanson.

2.3 Cold War and the role of US corporations in American (political) life

Section 2.2 discussed the immediate postwar order and the position of the US and its foreign policy. The main conclusion that was drawn was that corporations were a significant part of the postwar US society. Hereafter, the discussion aims to unfold the power of US corporations during this period and in parallel to show their relations with the US government.

The postwar foreign economic expansion of the US manufacturing firms resulted in the transformation of many of the giants of US business into a new form of multinational organizations. To the directors of such organizations the ‘one-ness’ of economic and national interests was quite apparent. One former president of GE, Fred J. Borsch, put it like this: ‘I suggest we will perceive that overriding both the common purposes and cross-purposes of business and government, there is a broader pattern –a ‘consensus’ if you wish, where public and private interest come together, cooperate, interact and become the national interest’.⁸⁸

The prosperous years after WWII and the increased big business interest in military and foreign policies led to particularly strong relations between big corporations and the federal government. After WWII, top-level government administrators and big business leaders were united, concerning their views on American world policies. Policies that stressed from the control of raw materials sources and of safe investment areas, to the containment of communism and exclusion of unwanted products and people from the US were part of business-governmental relationships. Usually, these policies went hand in hand with a final goal to support American

⁸⁷ Geir Lundestad, “Empire by Invitation? The United States and Western Europe, 1945-1952,” *Journal of Peace Research* 23, no. 3 (1986)

⁸⁸ Magdoff, *The Age of American Imperialism*, 200.

investments in foreign countries.⁸⁹ In the same rationale, Aitken states that during the beginning of the Cold War the interests of US corporations abroad rose.⁹⁰

A hefty chapter of the relations between business and government in the post WWII period involves military corporations accompanied by the programs of foreign aid (e.g. Truman and Marshall Plan). A characteristic case is that, when the assistant secretary of Commerce for Economic Affairs explains to businessmen that ‘if these [military and economic] aid programs were discontinued, private investments might be a waste because it would not be safe enough for you to make them’.⁹¹ For the more radical Horowitz, world history, American policy and the American role in the Cold War should be understood and explained before acquiring an understanding of the class character of American society; which is based on a corporate aristocracy that controls departments of the US government involved in foreign policy.⁹²

By drawing ideas from section 2.1 and 2.2, 2.3 discussed the role of US corporations in the postwar period. Although all authors agree on the strong connections between politics and government, there are different views concerned with the nature of these relations. For instance, Horowitz argues that government and corporations are entities governed by the same corporate aristocracy. On the other hand, less radical authors, such as Cochran argue that US governmental goals are enhanced by corporations and this is the key factor for business-government cooperation. Thus, the analysis in the third chapter of this thesis must provide further information regarding the form of corporate-governmental relations.

2.4 Coca-Cola and the Postwar World

In section 1.3.6, the history of Coca-Cola international activities was focused on the formation of the Foreign Department of Coca-Cola, The Coca-Cola Export Corporation, as well as the Technical Observers war program. Strategic efforts to expand Coke had great results. Concretely, after the end of WWII, Coke expanded its presence in 76 countries with 63 overseas

⁸⁹ Thomas C. Cochran, *Business in American Life* (New York: McGraw-Hill, 1974), 321.

⁹⁰ Aitken, *A Foreign Policy for American Business*, 25.

⁹¹ Magdoff, *The Age of American Imperialism*, 176.

⁹² Horowitz, *Corporations and the Cold War*, 22-27.

bottling plants in operation; besides, in some of them the presence was very fragile.⁹³ By the end of 1950, the business had started in Egypt, Morocco, Barbados, Liberia, Rhodesia, Guadeloupe, Algeria, Gibraltar, Kenya, Thailand, Tunisia, India, Congo, Iraq, Lebanon, Cyprus and Saudi Arabia. In parallel, additional plants and aggressive marketing in countries where the industry was already established –primarily Europe and South America– substantially increased per capita consumption around the world.⁹⁴

It is indicative that Coke had developed into a non-allied drink, since after the end of the war ex-Axis powers as well as ex-allies were universally connected with Coca-Cola. Indeed, the new rivals of the Cold War, the Reds were also attached to Coke. It is characteristic that General Zhukov, a fond zealot of Coke in occupied Germany collaborated directly or indirectly with James A. Farley of The Coca-Cola Export Corporation, President Truman and General Eisenhower in order to have access to Coke. For him and other Soviet bureaucrats of occupied Germany, a new, white formula of Coke was produced. As Pendergrast mentions, the White Coke (a Coke in a different bottle with different color liquid) shipments never stopped in occupied Germany.⁹⁵

Nonetheless, situation in Germany was not indicative of the world. Coca-Cola was seriously concerned with the Cold War especially after the Cuban Revolution of 1959. Fidel Castro nationalized all privately owned foreign and domestic industries, including five Coca-Cola plants, setting alarm for the danger of communism.⁹⁶

In short, Coke was embraced in different places of the world, whereas in others its reception was all but positive. Despite of its American character and its role as expresser of capitalism, Coke was loved and hated by communists; as we saw in the first chapter, a similar situation described Coke's role even in the capitalist Europe. The analysis in the third chapter should show how all these diverse receptions of Coca-Cola were managed and eventually expressed towards the US government.

⁹³ Allen, *Secret Formula*, 3, 265; The numbers of foreign bottling plants is raised when considering Louis and Yazijian, who verifies that the number of Coca-Cola bottling plants operated worldwide in the six former theaters of military operations to 155, sixty four of them inaugurated between 1943 and 1946. Indeed, 59 of the latter were established at US government expense; J. C. Louis and Harvey Z. Yazijian, *The Cola Wars* (New York: Everest House Publishers, 1980).

⁹⁴ Pendergrast, *For God, Country and Coca-Cola*, 220.

⁹⁵ *Ibid*, 184-213.

⁹⁶ Hymson, "*The Company that Taught the World to Sing*," 202.

2.5 Lobbying

After introducing the frame of relations between government and corporations in the US and describing this relation for the period of the Cold War, in the upcoming paragraphs, the focal point becomes the history and effectiveness of corporate lobbying. In Chapter 1, lobbying was presented as a process, where an agent of a private or corporate interest is seeking to influence the representatives of the people. The first amendment to the constitution of the US in 1791 secured to people the unhindered right to petition for a redress of grievances; making lobby a ‘traditional’ means in US politics.

Although lobbying is not straight forward processes that once you get involved you directly achieve your goals, multinationals do get involved. They aim to exert influence on states international relations and indirectly support their goals.⁹⁷ A 2011 meta-analysis of previous research findings found a positive correlation between corporate political activity and firm performance. A 2009 study found that lobbying brought a substantial return on investment, as much as the astronomical percentage of 22,000% in some cases.⁹⁸ But even in the past, lobbying was omnipresent acquiring great dimensions. Indeed, the Federal Regulation Lobbying Act (FRLA) of 1946 was the first recognition by Congress of the tremendous part played in the American politics by pressure groups.⁹⁹ For Schriftgiesser, at its highest level, lobbying is a positive good; at its common level, if it is let free, it is in the majority of times detrimental to the welfare of representative government.¹⁰⁰ From a similar and critical standpoint, the Chairman of a Special Committee on Lobbying Activities (1949), Frank Buchanan pronounced ‘influencing legislation is an activity that should be carried on in a goldfish bowl’.¹⁰¹ With his expression, he provides every consecutive analysis of lobbying with a great ethical foundation; if lobbying is not obscured from the public, there is no need to anathematize or demonize it.

⁹⁷ Evren Köksal, “*The impact of multinational corporations on international relations – a study of American multinationals*” (Master Thesis, Middle East Technical University, 2006), 72, 78, 100, 142.

⁹⁸ Brad Plumer, “The Outsized Returns from Lobbying,” *The Washington Post*, October 11, 2011, http://www.washingtonpost.com/blogs/ezra-klein/post/the-outsized-returns-from-lobbying/2011/10/10/gIQADSNEaL_blog.html (accessed December 28, 2014); Sean Lux, Russell T. Crook, David Woehr, “Mixing Business with Politics: A Meta-Analysis of the Antecedents and Outcomes of Corporate Political Activity,” *Journal of Management* 37, no. 1 (2011): 223-247.

⁹⁹ Schriftgiesser, *The Lobbyists*, 17, 88.

¹⁰⁰ *Ibid*, 1.

¹⁰¹ Schriftgiesser, *The Lobbyists*, 90.

In his monumental study, Karl Schriftgiesser attempts to trace the history of lobbying through its development, from the simple days of personal persuasion down to the 1951 and to show how lobbying, which is both good and evil, has become an integral part of the American democratic legislative process.¹⁰² Nobody knows who the first American lobbyist was or what interests he represented. However, the first pressure group in the US –in this period a British Colony to attain immortality– was that little gang of painted-up merchants who pushed the British tea into the salt water of Boston Harbor. Other pressure groups of this early period were the Quakers, as well as the followers of John Dickinson. Thus, it was before the American Revolution, when the basis of pressure to the American political scene was established. But when the Revolution ended, the pressure from countless interests groups increased.

The first definite pressure upon Congress was related to the first Tariff Act of 1789, while the first lobbying that was formed from a business was that of Alexander Hamilton's Philadelphia Society for the Promotion of National Industry in the early 1800s.¹⁰³ In the nineteenth century and as industry developed and the nation expanded, the practice of lobbying increased a hundredfold.

Nevertheless, in the days of the great debate over the government's form to be set up in the newly independent nation of the US, neither the word 'lobby' nor the word 'lobbyist' had been invented (except as archetypal terms). The first recorded use of the word was in 1829 and initially appeared as 'lobby-agent'. Journalists shortened it to lobbyist and by 1832 its use was frequent in Washington. Lobbying took statuesque dimensions in mid-nineteenth century and the first attempt to curtail it was a resolution passed in May 1875, which remained active during the Forty-fourth Congress (1875-1877). The upcoming decade (1880s) was crucial. The intricate system of lobbying began to take a definite form and even minority interests used the vehicle of organizing lobby activities. The first decade of the twentieth century characterized by an incomparable lobbying efficiency of insurance company's interests. Although a 1910 Act tried to

¹⁰² Although, I did a very meticulous research on lobbying, I have not identified any book similar to this of Karl Schriftgiesser (analyzing the history of lobbying in the Legislative Branch of US government) to analyze the history of lobbying to the Executive branch of US government, and in general the topic of lobbying the Executive Branch is underdeveloped in the literature.

¹⁰³ It is important to understand that before the case of Alexander Hamilton's Philadelphia Society, Schriftgiesser is using the term lobbying to denote every effort to exert influence on US politics independently of where it stemmed from (business or non-business).

regulate lobbying and in 1912, Woodrow Wilson acknowledged that the ‘masters of government of the US are the combined capitalists and manufacturers of the US’, the way to lobbying was already paved. One of the most powerful lobbies in US during this period, was the National Association of Manufacturers (active from 1895) and the Veterans’ Lobby (controlled by the American Legion and active from WWI).¹⁰⁴ Lobbying increased and took serious dimensions in the succeeding years till the period examined in this thesis.

A serious effort, although unsuccessful, to regulate lobbying was the non-passed Black Bill (1935), which would require lobbyists to be registered and reveal the sources of their income. However, in 1935 a Special Committee was formed by the congress in order to investigate lobbying activities. Subsequently, the Foreign Agents Registration Act (FARA) was the first attempt to a comprehensive lobbying reform at a federal level. FARA’s primary purpose was to limit the influence of foreign agents and propaganda on American public policy. FARA sought to lessen the influence of foreign propagandists by requiring that: ‘All agents of a foreign principal register their names, addresses and foreign clients represented with the Secretary of State; Any literature or information disseminated by the foreign agent be conspicuously labeled as such; and Foreign agents maintain a comprehensive account of all lobbying contacts made, the date of those contacts, compensation received and funds disbursed, the subject matter discussed and with whom, and disclose this ‘diary’ with the Secretary of State’.¹⁰⁵

In 1944, President Roosevelt sent out a message for lobbying regulation. His message bear fruits, when in 1946 the attempts to shed light on lobbying led to the Federal Regulation Lobbying Act (FRLA).¹⁰⁶

¹⁰⁴ National Association of Manufacturers, “History of National Association of Manufacturers,” <http://www.nam.org/About/History-of-the-NAM/> (accessed April, 17, 2015); Schriftgiesser, *The Lobbyists*, 49; <http://www.legionaa.org/> (accessed April 17, 2015).

¹⁰⁵ Clean Up Washington, “History of the Lobbying Disclosure Act,” <http://www.cleanupwashington.org/lobbying/page.cfm?pageid=38> (accessed June 10, 2015).

¹⁰⁶ The previous analysis was mainly based on Schriftgiesser, *The Lobbyists*, 3-7, 17-19, 25, 34, 40, 73-76. For specific Lobbying cases, the book from Schriftgiesser can become an excellent companion, while for a chronological history of Lobbying please refer to Open Secrets.org., (for instance The Center for Responsive Politics, “Lobbying History: Timeline,” http://www.opensecrets.org/resources/learn/lobbying_timeline.php (accessed April 26, 2015). Another useful guide for lobbying and its regulation for the period of this thesis the first chapter of William V. Luneburg and Thomas M. Susman, *The Lobbying Manual: A Complete Guide to Federal Law Governing Lawyers and Lobbyists* (New York: Random House, 2005).

Returning back to the years of this thesis (1945-1948), FRLA was a great development. According to FRLA, registered lobbyists were published under the Congressional Record, which is used as a source for this paper.¹⁰⁷ As Schriftgiesser mentions Congressional Record listing of lobbyists was not the most reliable source for research into Congress lobbying during this period. The causes were legal, phraseological as well as organizational gaps in identifying lobbyists. For instance, many companies did not register in the beginning their lobbyists, while their lobbyists were independently registered.¹⁰⁸ In 1948, FRLA sought to be enhanced by three court actions. In February of the same year, at the zenith of lobbying activity, the Senate Committee on Expenditures held a five-day public hearings for evaluating the FRLA of 1946, in the Executive Departments. Propositions and critiques by Dr. Belle Zeller of Brooklyn College, whom we mentioned before (section 1.3.3) in regards to her broad definition of lobbying, were unfortunately neglected, when in 1949 (under the Kilgore Resolution) an attempt to rewrite FRLA of 1946 was made. Efforts to improve registration rules and lobbying activities continued in the future.

During the eighty-first Congress (January 3, 1949-January 3, 1951), the Select Committee on Lobbying Activities, was established on August 12, 1949 to conduct a study and investigation of all lobbying activities targeting the Congress. The committee was also directed to study efforts of Federal agencies to influence legislation. Frank Buchanan of Pennsylvania was appointed chairman. Indeed, Buchanan Committee concluded among others, with in total twelve printed reports and ten volumes of public hearings, that several of the more active lobby organizations existed almost solely because of the generosity of the nation's largest corporations (in total 166 corporations including Coca-Cola).¹⁰⁹ In summary, prior to 1995, when new regulations implemented, lobbying laws only required that lobbyists contacting members of the

¹⁰⁷ Congressional Record is the official record of the debates and proceedings of the US Congress.

¹⁰⁸ Specifically, there was a lack of a committee that will supervise the procedure of lobbyist registration. Furthermore, the syntax of the Act "exempts" from its provisions people –i.e. people carry out lobbying or lobbying organizations– if they had been forced "formed for other purposes [and thus not lobbying]" and of their "efforts to influence legislation were incidental to the purpose for which they were formed", Schriftgiesser, *The Lobbyists*, 91-93; According to the CQ Almanac 'Of the approximately 1,000 organizations, firms, individuals and other clients represented by about 1,650 registrants under the lobby law since 1946 less than 300 are regularly reporting their expenses and sources of funds', "CQ Listing of Lobby Financial Reports," Washington, DC: Congressional Quarterly, 1949. <http://library.cqpress.com/cqalmanac/cqal73-1228631>.

¹⁰⁹ Schriftgiesser, *The Lobbyists*, 146; Congressional Quarterly, "Congressional Quarterly Almanac, 1950," <http://library.cqpress.com/cqalmanac/document.php?id=cqal50-1376390> (accessed April 17, 2015).

Congress should register with the Clerk of the House of Representatives and the Secretary of the Senate. Currently, according to lobbying laws, individuals are required to register with the Clerk and the Secretary, when lobbying either legislative or executive branch officials.¹¹⁰

Referring to the history of *lobbying techniques*, a leading strategist of the Anti-Saloon league proposed a piece of useful advice.¹¹¹ He explained that the choosing of issues and the introduction of bills before legislatures are of great importance. Behind all such endeavors, there must be a nation-wide movement of public opinion, voicing itself in a way that will be heard by every congressman. Petitions are important if presented in sufficient volume; personal communications with members are still more efficient; personal interviews are best of all, where the citizen can come face to face with his member and make known his wishes for legislation as a true American sovereign'.¹¹² Another attempt to categorize lobbying techniques is presented by Hillman and Hitt. They describe, among others, CPA –and as a result lobbying– as being either proactive or reactive. Proactive, when corporations are presenting the impact of potential policies and reactive, when they track already approved legislation activities.¹¹³

Lobbying is not an activity unilaterally implemented in all different countries. Apparently, opportunities for lobbying are shaped to a certain degree by states government. In the case of the US, Lassale identified three major issues. Firstly, the importance of electoral money. Indeed, the re-election of parliamentarians can often only be assured if they dispose the financial means to outspend potential competitors. Secondly, lobbying in America is just a part of an 'Iron Triangle'. With its sides represented by Officials from the Executives and their assistants, the Subcommittees of the US Congress as well as interest groups (lobbyists), they form a fragmented and powerful political system. Thirdly, in the US it is possible for former

¹¹⁰ Lobbying the Executive branch: Current Practices and Options for Change (<http://fpc.state.gov/documents/organization/133502.pdf>)

¹¹¹ The Anti-Saloon League of America was one of the most prominent prohibition organizations in the United States of America in the late nineteenth and the early twentieth centuries. The Ohio Anti-Saloon League and its parent organization hoped to close down saloons, believing that, if Americans did not have places to buy alcohol, consumption would decrease. Ohio History Central, "Anti-Saloon League of America," http://www.ohiohistorycentral.org/w/Anti-Saloon_League_of_America?rec=845 (accessed April 17, 2015).

¹¹² Peter Odegard, *Pressure Politics* (New York: Publisher, 1928), 127-128.

¹¹³ Amy J. Hillman and Michael. A. Hitt, "Corporate political strategy formulation: A model of approach, participation, and strategy decisions," *Academy of Management Review*, 24, no. 4 (1999): 825-842.

public official or Congress members to work as lobbyists.¹¹⁴ All these three particularities, even though they are probably slightly different in the examined period, created a great potential for Coke to intervene for its own interests.

Finally, a branch of literature on lobbying techniques is occupied with Congress lobbying. Results of studies show that lobbyists tend to invest in long-term relations and researchers based their studies upon network analysis to understand flows. Indeed, as Horowitz affirms, the business community does not have to prefer a particular candidate or party, providing Coke with more diverse variety of options for lobbying.¹¹⁵ However, several scholars find that lobbyists concentrate their lobbying attention on politicians with whom they are close in ideological, geographical terms and they also agree with them.¹¹⁶

In short, lobbying has a great history in US political life and consequently has great importance on US politics. Opinions of authors and politicians concerning lobbying are not in consensus; lobbying is being presented either as positive, or as a negative reality that aims to manipulate the US government. The case of Coke in this dissertation aims to give further information on Congress lobbying and simultaneously to reveal sides of lobbying waged towards the Executive branch of US government. Moreover, by examining primary sources, this thesis will delve into lobbying techniques (e.g. examine whether they are reactive or proactive), understand the nature of relations developed by lobbyists, as well as the degree Coke lobbying was driven by the particularities as they are identified by Lassale.

2.6 Conclusion

Chapter two was dedicated to the presentation of different debates related with my thesis topic. Conclusions of those debates would be later employed in chapter three and four, in order to connect the results of my analysis with current historical knowledge. In short, the review stressed

¹¹⁴ Lassale's article conclusion are presented in English in David Criekemans, *Symbiosis or controversy? Governmental appraisal of lobbying regulation in the EU and USA* (Antwerp: Departement Politieke en Sociale Wetenschappen, Universiteit Antwerpen, 1998), 8-9.

¹¹⁵ Horowitz, *Corporations and the Cold War*, 13.

¹¹⁶ Gregory Koger and Jennifer Nicoll Victor, "The Beltway Network: A network analysis of Lobbyists's Donations to Members of Congress," (Paper prepared for the Conference on Bicameralism, Vanderbilt University, October 2009), <http://www.vanderbilt.edu/csdi/archived/Bicameralism%20papers/nicoll%20koger.pdf>, 4, 20.

the nature of corporate-governmental relations in America till the first post-WWII years. Authors' opinions that criticize strong relations between governmental officials and corporations were presented in opposition with others that find these relationships positive; at least in regards to the international field and US foreign policy. In a similar way the role of lobbying was contested either as a prerogative of American politics, or as a detrimental force.

Two different debates that were portrayed had to do firstly with American foreign policy and the way that it was formed in the post-WWII period. An active struggle is apparent with scientists believing in Realpolitik opposing the more Idealistic and Liberal theorists. Finally, the position of Coke and its diverse receptions by the post-WWII world were discussed.

Taking everything into consideration, the final two chapters need to enhance the dialogue concerning the role of corporations in American politics, as well as the main theories of the post-WWII American foreign policy, by examining the case of Coke lobbying. Furthermore, the analysis of Coke lobbying will show whether Coca-Cola was a capitalistic drink or a non-allied drink. Were Coke lobbyists targeting communist countries, non-communist countries or all? Was Coke a vehicle to penetrate communist countries or was it applied in a similar way for the capitalistic Europe?

Chapter 3: Analysis of Coke's Lobbying Activities 1945-1948

3.1 Introduction

Back in chapter one, lobbying was defined as either *Actual* or *Potential*. Hereafter, the analysis starts with Potential Lobbying, which includes an analysis of the connections of Coke's Agents with people on the highest positions of politics. The focus will be on James A. Farley, Chairman of the Board of The Coca-Cola Export Corporation in the 1940s, as well as Robert W. Woodruff, who had passed through different positions (President (1923-1939, 1945-), Chairman of the Board (1939-1942), Chairman of the Executive Committee (1942-1945)), but who was simultaneously the actual 'Boss' of Coca-Cola.¹¹⁷ My choice to analyze these two figures, stems both from the significant role they have played in Coke, as well as the availability of documents and biographies for them. Nevertheless, I dedicate some lines to other people as well.

As underlined before, potential lobbying, which is a very broadly defined lobbying, is not focusing on specific lobbying activities. Instead, it is based upon people's connections and networks and thus, it is independent or at least marginally affected from the time framework. Yet, potential lobbying (i.e. relations of Coke's agents) can assist to a smoother transition to the analysis of the time framed Actual lobbying and it can be indicative of the latter.

3.2 Description of Coke's Agents and their Connections: Potential Lobbying

3.2.1 Robert W. Woodruff

Robert Woodruff became president of the Coca-Cola Company in 1923. Committed to international expansion of Coke, Coke's Foreign Department was organized by him in 1926. In

¹¹⁷ The characterization of 'Boss' is applied to Robert Woodruff by different sources. For instance, Pendergrast, *For God, Country and Coca-Cola*, 143.

1930, it became a subsidiary named ‘The Coca-Cola Export Corporation’. According to the official history of Coke, it was Woodruff’s great success to lead Coke into the global arena.¹¹⁸

An extensive discussion around Woodruff is knitted in the book ‘Mr. Anonymous’ and taking into account the scope of this paper, I will focus on his business life. Robert (Bob) Woodruff, was born in 1889 as the son of Ernest Woodruff, who acquired Coca-Cola in 1919. He was a ‘poor’ student and quickly flunked out from Boys’ High School and followed the Georgia Military Academy. After graduating, he started a career passing from different companies (e.g. White Motor Company (WMC), General Pipe and Foundry Company, General Fire Extinguisher Company). The First World War found Woodruff in WMC. Robert lobbied for his assignment to the army’s ordnance department, where he helped design a special truck body meant for transporting troops by road instead of rail. The specifications he drew for the 18-man carrier ‘just’ happened to require the use of a WMC chassis. By the war’s end, Major Robert Woodruff had participated in the design of several military vehicles, all of them dependent on WMC.

After the war, Woodruff stretched to enlarge his circle of friends and especially to cultivate older men who knew their way around the board rooms of New York. Thanks to Walter White of WMC, Woodruff was invited to join Norias, a hunting club near Thomasville, Georgia, whose members included some of the protagonist businessmen in the country.¹¹⁹ His participation in the Board of the Trust Company of Georgia from 1919, his belief in Coke’s potential, his salesman talent and the problematic presidency of Howard Candler led his father and the other directors of the Trust Company of Georgia to offer him the Presidency of Coca-Cola in 1923 creating ‘one of the most successful marriages in the world’.¹²⁰ According to his official biography, Robert Woodruff’s idiosyncrasy was appreciated and this gave him, apart from Coca-Cola, a place into the boards of several of the nation’s largest companies.¹²¹ Moreover, his dedication to social and business affairs, as well as his talent in managing business related problems were catalytic factors that drove Woodruff to serve as a counsel to major and of

¹¹⁸ Coca-Cola Official WebSite, “The Chronicle of Coca-Cola: A Man named Woodruff,” <http://www.coca-colacompany.com/history/the-chronicle-of-coca-cola-a-man-named-woodruff> (accessed May 10, 2015).

¹¹⁹ Allen, *Secret Formula*, 148-149.

¹²⁰ Charles Elliot, “*Mr. Anonymous*” *Robert Woodruff of Coca-Cola* (Atlanta: Cherokee Publishing Company, 1982), 153; Pendergrast, *For God, Country and Coca-Cola*, 143-146.

¹²¹ Elliot, *Mr. Anonymous*, 30, 31.

national importance institutions of the US, including the National Citizens Committee for Welfare and Relief Mobilization of 1932, the Business Advisory Council, the Department of Commerce, the FDR Inner Council of Businessmen, the National Industrial Committee, the National Safety Council and the Ford Foundation. Moreover, he held personal relationships with presidents since the age of Hoover. Among people that asked his advice and dined with him were FDR, Truman, Kennedy, Nixon and Ford, and especially his good friend Dwight Eisenhower.¹²² Woodruff was one of those who urged Eisenhower to run for president and assisted the latter's effort for presidency. Lyndon Johnson, developed strong and warm relations with Woodruff. Johnson helped the company in tangible ways. For instance, one of the strangest, longest-running bureaucratic battles in the history of the Food and Drug Administration (regarding a law requiring ingredient labelling and the need for Coke to certify the existence of caffeine) was resolved in Coke's favor during his presidency, more than a quarter century after it began. Nevertheless, as his biographer and friend claims, Woodruff had a pass to the White House, which he did not use without invitation.¹²³

Apart from his positions in leading American institutions, his positions in boards of corporations and his familiar US Presidents, Woodruff had an extensive network of friends and acquaintances with whom he shared moments in Ichauway, his plantation, or in other places. Some of the most prominent friends of Robert Woodruff include Oliver Max Gardner, who was a lobbyist in Washington in the twenties, Governor of North Carolina (1928-1932), Chairman of the Board for War Mobilization (1943-1945), Under Secretary of US Treasury (1946-1947), and Ambassador to Great Britain (1947).¹²⁴ Another acquaintance of Woodruff was Walter Teagle who served as President of Standard Oil (1917-1937), Chairman of Standard Oil (1937-1942), President of Roosevelt's National Defense Mediation Board and National War Labor Board, Member of the Business Advisory Council, Director of the National Foreign Trade Council and Federal Reserve Bank.¹²⁵ Extending the list of connections with US government, those include

¹²² For a full list of Robert Woodruff acquaintances and friends as well as politicians that had visited his ranch can be found in his biography, Elliot, *Mr. Anonymoous*.

¹²³ Elliot, *Mr. Anonymoous*, 183-186, 195-196, 225-226; Pendergrast, *For God, Country and Coca-Cola*, 266.

¹²⁴ Elliot, *Mr. Anonymoous*, 55; Governor O Max Gardner, "The Politician," <http://www.governoromaxgardner.com/politician.html> (accessed May 10, 2015).

¹²⁵ In general, the position of Chairman is the highest position in a company and President comes second. If we want to use common terms, Chairman is similar to CEO (Chief Executive Officer) and President similar to COO (Chief Operations Officer). Investopedia Staff, "What is the difference between a president and a chief executive officer?"

Ed Forio, who was an executive of Coke and appointed in the Sugar Rationing Board during the war, with some help from Coke prominent lobbyist Benjamin, as well as Senator Walter F. George (who was active during the research period of this thesis) and James A. Farley, whom we will discuss further down. Senator Walter F. George was a close friend of Robert Woodruff and a strong supporter of large corporations, particularly those based in Georgia, like The Coca-Cola Company and the Georgia Power Company. Woodruff had daily access to the Senator whenever Congress debated matters of interest to Coca-Cola after their friendship had been confirmed in 1935 when Woodruff made the Senator a personal loan of \$2500.¹²⁶ Another friendship connected Robert Woodruff with Walter Evans Edge, a Republican, twice the Governor of New Jersey (NJ), (1917-1919; 1944-1947), serving as governor during both World War I and World War II. Edge served as Senator representing NJ (1919-1929) and as United States Ambassador to France (1929-1933). Moving to lower politics, Georgia's governors over the span of more than half a century called on Woodruff for his support and advice. Finally, Woodruff, had connections with the press. Among his admirers was B. C. Forbes, editor of Forbes Magazine and Jack Tarver, editor of The Atlanta Journal Constitution.¹²⁷

In short, Woodruff had established connections with people from all realms of US life and especially with people in high positions in US business and politics. The extent of this relations is reflected on the words of his biographer, who claims that 'the guest book at Ichauway Plantation is filled with names of Presidents, Governors, Senators, fellow plantation owners, giants of business and industry [...] and others from all walks of life'.¹²⁸ These relations established a strong background of potential lobbying, which in cases could be transformed into actual lobbying.

Can there be more than one of each?" <http://www.investopedia.com/ask/answers/04/062504.asp> (accessed 27/7/2015).

¹²⁶ E. J. Kahn, *The big drink* (New York: Random House, 1960), 140-142

¹²⁷ Ibid, 183-186, 195-196, 225- 226.

¹²⁸ Ibid, 60, 61, 66.

3.2.2 James A. Farley

In 1940, The Coca-Cola Export Corporation was assisted by the appointment of James A. Farley, as Chairman of the Board. Farley, who was born in a less prestigious family than the Woodruffs has always had his heart set on a political career and he was successful in receiving appointments as Deputy Superintendent of Public Works, Secretary of the New York State Democratic Party, Postmaster General, master mind of the First Presidential Campaign of FDR, and Chairman of the Democratic National Committee. As Chairman of the Board of Directors for The Coca-Cola Export Corporation, a position he held till 1973, he managed the promotion of sales abroad. In an interview, Woodruff quipped that ‘I don’t care where he [Farley] goes –Spain, England, wherever, he’s entertained by the government. He still keeps up all those political connections.’ Well-known, well-liked, and well-respected by world leaders, Farley’s professional connections were a valuable asset to The Company. Farley traveled the world meeting with government officials smoothing the way for Coca-Cola to gain access to new world markets and get press attention for its efforts.¹²⁹ He loved to travel, meet new people, and exert subtle influence. In 1941, Ralph McGill, a famous Atlanta journalist and friend of Robert Woodruff, wrote that Farley's new job with Coca-Cola ‘entirely divorced him from politics’, meaning from his successful political career. Far from breaking up with politics, Farley's diplomatic missions for his soft drink in the postwar world required every ounce of his skill, especially towards foreign governments; increasingly, Coca-Cola was politics.¹³⁰

From his two autobiographies (Behind the ballots and Jim Farley’s story), the effortlessly conclusion is that James Farley was a politician and simultaneously he cared for causes such as businesses and specifically Coke. Although he loved the company and had a personal relation with Robert Woodruff, Farley remained a politician and most of his hours were dedicated to national and international developments. It is important to mention that Farley devoted only one page of his biography to Coca-Cola.¹³¹

¹²⁹ Hymson, “*The Company that Taught the World to Sing*,” 73.

¹³⁰ Pendergrast, *For God, Country and Coca-Cola*, 219.

¹³¹ James A. Farley, *Jim Farley’s Story* (New York: McGraw-Hill, 1948), 323; James A. Farley, *Behind the Ballots: The Personal History of a Politician* (San Diego: Harcourt Brace and Company, 1940).

Shortly, by maintaining an unsurpassed network of connections, James Farley was the best fit to support Coca-Cola foreign activities. His round trips around the world included visits to kings, queens, emperors, sheikhs, princes, prime ministers, as well as all controversial types of leaders, such as dictators. Simultaneously, his strong connection with Catholicism provided him indispensable entrees into the loftiest realms of Vatican.¹³² Indeed, his papers reveal that in most of the countries he visited (e.g. China, UK) he managed to meet the top governmental elite.

3.3 Actual Lobbying

As we saw in 1.3.4, when it comes to foreign activities, Coke had two different types of interests. Firstly, it needed a friendly environment for foreign investments provided by the US government. Secondly it needed to defend its product against local political or non-political interests, e.g. sake producers in Japan, coffee producers in South America Hence, the establishment of The Coca-Cola 'Empire' was not as simple as the wave of a magic wand, but came through the ingenuity and inspiration of Robert Woodruff and his dedicated 'army'.¹³³

Further down, I analyze the role of Coke's agents and their lobbying efforts. First of all, two very important cases of actual lobbying are presented, even though their time framework is not entirely in accordance with that of my thesis. Then, the analysis focuses on primary documents containing information for actual lobbying activities of Coke's agents.

The French Case (1948-1950)

All the elements of anti-Americanism in France during the Cold War culminated and expressed in a single episode, the Coca-Cola affair; which started during the period of this paper and expanded till the end of the fifties. Here, Coke unwittingly set off a furor that involved the American government, the powerful French Communist Party, the Parisian intelligentsia, French

¹³² Louis and Yazijian, *The Cola Wars*, 66-67; Pendergrast, *For God, Country and Coca-Cola*, 230.

¹³³ Elliot, "Mr. Anonymous", 135-137.

interest groups (e.g. for wine growers, fruit juice, mineral water, cider, beer and other beverages), the parliament, and the cabinet of the Fourth Republic.¹³⁴

From the end of WWII till 1948, the French government, via the Ministry of Finance was putting barriers to French expansion of Coke, since the interests of French people and businesses were fiercely anti-Coke. During this period, Coke tried to handle the situation by employing Farley and its legal staff, in a struggle to alter French politicians views. The climax of the events occurred during the first days of 1949 and continued till the end of the next decade. Specifically, the French attack on Coke was two-fold. In late 1949, a court suit was introduced arguing that Coca-Cola should be banned on the grounds that it contained phosphoric acid which would be harmful to the health of Frenchmen. At the same time, a bill was introduced in France's National Assembly (akin to the US House of Representatives) which called for an outright ban on Coke. When it failed to gather enough votes, another bill was introduced aimed specifically at Coke. A similar to the latter strategy had successfully banned Coke from Portugal. This second bill gathered a good head of steam among the French, and was even endorsed by the prestigious *Le Monde*, which declared 'The oral landscape of France is at stake'. When the bill passed in the Assembly, Farley noted outraged 'Coca-Cola wasn't injurious to the health of the American soldiers who liberated France from the Nazis'. According to him, Coke had been consumed in France since 1919 without any deleterious effects, and he suggested that the US Congress should 'ban French wines as seductive to American morals in retaliation for the political slandering of an American living tradition of refreshment!'

The difficulties, led Makinsky, who was responsible for Coke's expansion in France, to ask Washington's intervention. Specifically, Makinsky asked the State Department to take its part, charging Paris with 'discrimination, hostility, and unjustifiable delaying tactics,' and threatened to withdraw Coca-Cola's business from France.¹³⁵ After trying to stay aloof from fear of linking Coca-Cola with American aid, the State Department acted. David Bruce, the American ambassador in Paris, told Premier Bidault that the United States would resist arbitrary discrimination against any American product. Bruce also lodged a protest with the foreign ministry against Bidault administration's interference with the import of Coke's concentrate

¹³⁴ Richard F. Kuisel, *Seducing the French: The Dilemma of Americanization* (Los Angeles: University of California Press, 1993) 53, 55.

¹³⁵ Prince Alexander Makinsky biographical information can be found in Allen, *Secret Formula*, 1.

from Morocco. The American ambassador warned of ‘possible serious repercussion’ if the harassment of Coca-Cola were to continue and asked the French cabinet to take up the matter. Finally, in April 1950, French government chose to give in and turn its policy in accordance with Coke.¹³⁶

In the same period, Farley moved in two different directions. He launched a domestic press campaign to influence the American public, which according to the French Ambassador in the US could jeopardize the aid of America towards France. Secondly, he met with Henri Bonnet, France’s ambassador to the US and David Bruce, convened with French officials. This diplomatic summit paid off when the Council of the Republic, France’s equivalent of the US Senate, refused to pass the anti-Coke bill. Furthermore, a court case was settled in Coke’s favor when the local bottler got a battery of experts to testify that the beverage wasn’t harmful to anyone’s health.¹³⁷

In parallel, the legendary trademark lawyer of Coca-Cola, Stephen Ladas proposed a different method to make French people more eager to accept Coke. Ladas was the mastermind of Coke’s international strategy for the period and was proven to be an invaluable source for The Company.¹³⁸ Instead of lobbying the government, Ladas proposed to make Coke's and French interest intertwined. The application of this thought was managed via Coke's bottling agreements with local businesses. Although this was a useful power injection to the highly emblematically problematic situation of Coke, France remained one of the worst host of The Coca-Cola Company.¹³⁹

The Case of Denmark

The case of Denmark was somewhat different compared with what Coca-Cola faced in France. The history of Coca-Cola in Denmark in the early postwar years offers a fascinating case for studying the close links between Cold War politics, business interest and consumption culture.

¹³⁶ Kuisel, *Seducing the French*, 62-64.

¹³⁷ Louis and Yazijian, *The Cola Wars*, 77-78; The tactic followed by James Farley is broadly known as indirect lobbying and aims to influence politicians by influencing those the electorate.

¹³⁸ Pendergrast, *For God, Country and Coca-Cola*, 175.

¹³⁹ *Ibid*, 223-225.

The events in the case of Denmark started during 1945 and continued till the end of the fifties. In the case of Denmark, we see the need for Coke to deal with the legal system of a country. Moreover, this case gives insights for the action of US government, when the latter was called by its businesses to address foreign issues and governments.

In Denmark, the battle was not so verbally emphasized as in France, yet, by far more effective. Specifically, Coca-Cola, as every other company, faced problems with sugar rationing in Denmark, which came to an end in 1953. Coke was present in Denmark already since the 1930s, yet in the postwar years it could operate smoothly only after 1959. Before this period, the strong lobby of Denmark in collaboration with Danish government implemented a high tax for Cola products, targeting Coca-Cola and its American and non-American competitors. Nevertheless, the powerful interests of Tuborg and Carlsberg were not in accordance with the communists, who paradoxically supported Coca-Cola by opposing indirect taxes.

The events culminated in 1953, when Coke lawyers in Denmark tried to manage the situation. Their unsuccessful actions, led The Coca-Cola Company to lobby the State Department, which in 1954 send a formal letter asking the Danish government not to discriminate against US products. Subsequently, efforts by the US government, The Coca-Cola Company and DADEKO, the bottler of Coke in Denmark achieved in persuading Danish government to abolish the discriminatory law in 1959.¹⁴⁰

The main conclusion stemming from the two aforementioned cases of France and Denmark is twofold. Firstly, the US government intervened in favor of Coke's foreign interests only in periods where serious difficulties existed. Secondly, US government was involved only after Coca-Cola had opted for the assistance of local governments and the latter proved to be ill fated.

Moreover, these two cases showed that Coke problems emerged not only during the first post-war years. In antithesis they were present during the next decade. This seriously questions my research framework. Nevertheless, the cost to acquire further primary sources prevented me from finding a new final point for my time framework during the fifties or even the sixties.

¹⁴⁰ Niels A. Sørensen and Klaus Petersen. "Corporate Capitalism or Coca-Colonization? Economic Interests, Cultural Concerns, Tax Policies and Coca-Cola in Denmark from 1945 to the Early 1960s," *Contemporary European History* 21, no. 4 (2012): 597-617.

Further down, I analyze my primary sources, which point to a marginal involvement of US government in Coke's foreign affairs.

Analysis of further Primary Sources

The first primary sources analyzed are the two newspapers, Wall Street Journal and New York Times. In both of them and for the period I studied, I could not identify any article related to Coke foreign activities, its lobbying or any article signed by Coke's executives with aim to manipulate political and public opinion towards or against specific developments abroad. However, there is an intervention of James A. Farley in New York Times, where he explains his views on a pacified world and evangelizes the need for US to guard security and post-world order. In this article, he also discusses the reason of his business trips, as member of The Coca-Cola Export Corporation. It is possible to infer that such a call for action towards the US government serves Coke's interests, since US presence abroad can ensure the uncut operations of Coca-Cola plants.¹⁴¹ Nevertheless, it does not provide further indication towards any direct link between US post-WWII role and Coke's profit.

New York Times provide information on the trips of James A. Farley around the world after WWII. The articles dedicated to his trips present mainly his itinerary or some comments from his visits.¹⁴² Moreover, during my research I discovered a couple of articles, where Farley is being mentioned. In all of this cases, it is clear that he is employed for his role as an experienced politician and not for his business role in Coke. All these articles do not contain any opinion regarding Farley's views on Coke's international activities or US governmental assistance to them in a direct or indirect way. Of course, his political positions may hide interests related to Coca-Cola, yet we cannot prove this from the available documents.¹⁴³ Last but not least, the remaining entries in those newspapers related to Coke are those describing general business news; which again do not contain any information on lobbying activities. For instance,

¹⁴¹ Farley A. James, "World is looking to U.S.," *New York Times*, (8 December 1946).

¹⁴² Some characteristic articles of this type are the following *New York Times*, "Farley Off on Business Trip," September 5, 1945; *New York Times*, "Farley to Go Abroad," September 2, 1946.

¹⁴³ Characteristic article of this type is the following, Hagerty A. James, "Farley Declines to Back Mead Or to Preside at Convention," *New York Times*, August 8, 1946.

New York Times has a chronicle concerning W. J. Hobbs appointment with the Presidency of Coca-Cola on May 7, 1946.¹⁴⁴

At this point, we can claim that if Coke had actually lobbied Congress in respect to its foreign interests, then there are probably two reasons for not finding any information in these newspapers. Either the infant stage of lobbying disclosure was responsible for not having publishable information or people had very low interest on lobbying topics.

The next station in our primary sources research are the Papers from the US Government (Congress and Executive Branch) from Hathi Trust Online Library. The Hathi Trust Online Library provides a great environment for research, via its friendly interface. Surprisingly I did not find any information or Congress hearings regarding Coke's lobbying for its international activities. My analysis of documents revealed some entries related to United States Patent Office. Specifically, Coca-Cola was lobbying the Congress Committee towards syrup patents.¹⁴⁵ These are the only actual lobbying effort, which can be traced with official Congressional documents for the period. Similarly, there are no public documents (e.g. hearings) published by the Congress, which mention Coke's lobbyists. For instance, there are no documents describing the actions of the top Coca-Cola lobbyist, Ben Oehlert. This means that there is either no lobbying or this is not traceable due to the 'infant phase of lobbying disclosure'; something supported by the Office of Clerk as well.

After having examined the newspapers and the papers published by the Federal Government, my analysis will turn towards the papers of specific people related with Coca-Cola or/and the US government. From the papers of James Farley we learn his 'emotional' bonds with politics and his political party as well as his interest for the role of the US in the new post WWII order. His reference to Coca-Cola in his private papers is rare, and when Coke is mentioned it is referred as the prominent reason of his trip. He omits to elaborate and provide further information regarding the role, if any, that US can play in Coke's foreign operations. Characteristic example of the way he treats Coca-Cola in his personal papers is his trip in Italy in 1946. Out of thirty-six pages, there are only few lines in the text, where Farley discuss briefly his

¹⁴⁴*New York Times*, "Coca-Cola Revises its Top Leadership," May 7, 1946.

¹⁴⁵ Bureau of National Affairs, "*The United States Patents Quarterly*," (Washington: Associated Industry Publications, 1946), 244.

inspection and conversations with Italian bottlers of Coke. On the other hand, he dedicates all the other pages speaking for his experiences in Italy and his meetings with Cardinals and the Pope.¹⁴⁶ Similarly, in his correspondence with Robert Woodruff, he never asks for assistance from the US government concerning Coke's operations abroad. For instance, we can see in an article that after his trip to Latin American countries, he underlined the need for 'practical' relations with the countries of this continent. If this memo is analyzed from a political standpoint, adopting Farley's political career, there it is just one comment on strategic international relations program. From a different standpoint, if we analyze it from Farley's business position, this means that he indirectly asks from Company's executives in Atlanta to press for better relations with these countries and support their development. These are necessary prerequisite for Coke's further expansion.¹⁴⁷

It is also important to mention that Farley and Coke, did not confine themselves into call for better relations with foreign countries to support Coke. They reciprocate these calls as well. Coke actively supported bringing technology in a lot of countries to help their economies.¹⁴⁸ Following this reasoning, Farley believed that Coke helped the world by bringing technology in production and by improving living conditions of its employees. Thus, it was US government turn, which needed to support both foreign countries development and in some way Coke's international visions.

Taking into account the notable role of James Farley in Coke and also the fact that Roosevelt Study Center did not provide the full collection of its papers, I decided to examine his contacts with Robert Woodruff and other documents related with James Farley that were considered important by Woodruff. My analysis shows that Farley's potential lobbying towards people of foreign states, was a major part of his job, something that was further supported by the 'Boss'. His more than intimate relations with the Catholic Church, Cardinals and the Pope was a useful tool to iron out issues arising in Catholic countries, with no need of US intervention.¹⁴⁹

¹⁴⁶ Farley, James A. *Memorandum of European Trip March 13, 1946 - April 20, 1946*. Memorandum. Roosevelt Study Center Collections, *The Papers of James A. Farley, 1886-1976*.

¹⁴⁷ Farley, James A. *It's Time we Got Practical in South America, 1945*. Article. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box104, Folder 2)*.

¹⁴⁸ Pendergrast, *For God, Country and Coca-Cola*, 222.

¹⁴⁹ Kahn, *The Big Drink*, 26-27.

Unfortunately, it was impossible to trace specific cases where Farley transformed his connections into specific actual lobbying either towards US, or foreign politicians.

Moreover, James Farley did two global tours during the period that I studied, and had the chance to see all Coca-Cola operations. It is interesting that his memos and notes did not involve considerations about foreign activities, apart from the sugar shortage issue immediately at the end of the war in 1945. Probably, this could be explained by lack of other serious problems in Coke foreign activities. A thorough look on secondary sources testifies for the opposite (see for instance the case of France or of Denmark). Consequently, it is better to infer that foreign issues were of minor importance for Coca-Cola headquarters, as they were managed directly with foreigners and as a result they were not part of Robert Woodruff papers.¹⁵⁰

The analysis of the papers from Benjamin Oehlert, the head of Coca-Cola lobbyists showed that he did not mention any lobbying for foreign activities after 1946. Indeed, a letter in the documents acknowledges the fact that most of the activity of Ben Oehlert during the war and till 1946 was directed to sugar supply normalization.¹⁵¹ Similar conclusions can be drawn by analyzing the Subject Files of the other prominent lobbyist, Fred Morisson. The only lobbying case was related to sugar rationing during the war. Specifically, in the papers of Fred Morisson, it is possible to trace a message from Ody H. Lamborn, the Executive director of the Sugar Research Foundation in New York City addressed to the Great Western Sugar Company, in which we read the efforts of Coke to have access to sugar.¹⁵² The analysis of the papers of the lawyer of Coke, John Sibley do not provide any further information.

The last step in my analysis was to study the transformation of Potential Lobbying to Actual Lobbying for Robert Woodruff connections. Specifically, I looked into Truman Papers as well as the papers that describe the correspondence between Senator Walter F. George and Robert

¹⁵⁰ Farley, James A. *Special Interview to 'La Chronica', April 3, 1947*. Interview. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box 104, Folder 3)*.

¹⁵¹ For instance, Oehlert Benjamin. *Oehlert Benjamin to Robert W. Woodruff, September 29, 1944*. Letter. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box242, Folder 4)*.

¹⁵² Lamborn H. Ody. *Lamborn H. Ody to Oxnard Benjamin of the Great Western Sugar Company, December 15, 1944*. Letter. Subject Files of Robert Winship Woodruff. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box229, Folder 1)*.

Woodruff. My aim was to trace any lobbying activity that Robert Woodruff waged either via President Truman or Senator George. During this period, Eisenhower, the very best friend of Woodruff was not part of US government and thus, I do not examine his case.

By examining the Papers of Truman Administration and Robert Woodruff, I could not find any indication of meetings between Truman and Woodruff or any other executive of Coca-Cola. The only case where Coca-Cola is mentioned is a document from a meeting with businessmen headed by President Truman, which aimed to provide advice and consultancy to the President. From the notes, Robert Woodruff enjoyed the company of the President but nothing is supporting the existence of actual lobbying.¹⁵³ The analysis of letters between Robert Woodruff and his friend Walter George proves that the latter helped the business of the former by providing useful information regarding the developments in the US government. Indeed, the communication between Robert Woodruff and Senator Walter F. George, from 1934 till our research period, when comes to business, is often confined to financial and tax issues and not the foreign activities of Coke.¹⁵⁴

By combining the analyses of documents and correspondence of the key Coca-Cola executives, we can conclude that Coca-Cola did not apply actual lobbying for its foreign activities to the US Government. Specifically, it is impossible to trace James Farley pressures and lobbying to the US government as well as that of main lobbyists such as Fred Morisson and Benjamin Oehlert. Although the lack of papers from The Coca-Cola Archives do not enable an absolute conclusion, my analysis points towards a different direction of Coke's lobbying compared to my hypothesis. Specifically, it indicates that first and foremost, Coca-Cola did not pursue actual lobbying towards the US government to support its foreign interest –something that it did for instance for patent policies– and preferred a direct contact with the countries, where problems arose. Secondly, it indicates that Coca-Cola did not have many problems in foreign countries.

¹⁵³ Woodruff, Robert W. *Letter to President Truman Office, April 16, 1946*. Letter. Roosevelt Study Center Collections, *President Harry S. Truman Office Files, 1945-1953*.

¹⁵⁴ Indicative pieces of communications between Walter F. George and Robert W. Woodruff are the following; Walter, George F. *Senator Walter F. George to Robert Woodruff, March 20, 1934*. Letter. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box104, Folder 6)*; Walter, George F. *Senator Walter F. George to Robert Woodruff, January 25, 1946*. Letter. Emory University Special Collections, *Robert Woodruff Papers (MSS 10 Alphabetical Files Box104, Folder 7)*.

Opting for US government support was the final solution only in critical and decisive situations as we saw in Denmark and France. The prominent figure of James Farley and his massive ‘telephone directory’ of acquaintances all over the world helped him maintain strong relations with key people that would help Coca-Cola foreign operations. Indeed, it is not farfetched to speculate that local authorities could provide direct and targeted assistance. Moving to my second conclusion, all papers I analyzed do not point towards problems of Coca-Cola abroad for which governmental help, either from local authorities or the US government was needed. My analysis was based among others, on papers that Robert Woodruff kept and which he considered to be important. While examining his papers, I went through memos on sugar rationing and the need to contact the US government for this problem (pre and immediate post-war years), but I did not come along the French or other cases where US or even foreign governments were mobilized. However, Mark Pendergrast confirms that a lot of different issues raised all over the world and affected Coke’s foreign activities during the period.¹⁵⁵

In the next chapter, I briefly recap the conclusions and provide alternative explanations for my findings. Subsequently, I propose future research paths on Coke’s and in general lobbying history.

¹⁵⁵ Pendergrast, *For God, Country and Coca-Cola*, 222-228.

Chapter 4: Conclusion

4.1 Review of Previous Chapters

This research aimed to investigate lobbying activities of Coca-Cola waged towards the US government for the period 1945-1948. Specifically, it was targeted towards lobbying activities that waged to support Coca-Cola foreign interests and activities.

In the first chapter, I introduced the political and business landscape of the period and provided motivation for my research, which actually is a case study for the role of corporations in politics.

According to chapter two, already before the beginning of Cold War, American corporations were powerful entities in US politics and when it came to foreign policy, they were recognized as a facet of the latter. Cold War brought this relation to a new stage and made it much more intimate. As I showed, lobbying was a common practice for corporations for a long period before the forties in US and was also a tactic preferred and exercised by Coca-Cola already from the rise of the twentieth century. Further down, I will discuss my conclusions concerning the way that Coke employed US government to support its interests in foreign countries. Moreover, and following the analysis of chapter three, I will try to address the dialogue and debates presented in my historiographical review.

4.2 Conclusions

Conclusions from the analysis of primary and secondary sources of this research are multifaceted. To start with, it is important to stress the prominence of potential lobbying for Coca-Cola. It is reflected by the intimate relations between Coke and US government executives. Although strong relations are present, my effort to examine whether potential lobbying can lead to traceable actual lobbying, did not prove to be fruitful. So, from this perspective, we can only argue that potential lobbying was present. Nonetheless, and based on the available sources, it

was very rarely translated into actual lobbying towards the US government, which is the focal point of this paper (for instance in the case of France).

In respect to actual lobbying, the following trends were present in my analysis. Regarding James A. Farley, one interpretation of his behavior is that he was employing indirectly actual lobbying. Farley tried, as we saw, via New York Times to support an internationalist view for the US, by supporting US presence around the world. The latter can be seen as very important prerequisite for the smooth operations of Coca-Cola. A different interpretation is that James A. Farley was speaking from his role as a politician, without having in mind Coca-Cola. Indeed, if we consider his strong dedication to US politics, the second can be a very plausible scenario. As a result, his calls for American presence abroad were motivated by his political and not business thought. However, the case of France revealed that Farley was very active in actual lobbying towards foreigners.

A second conclusion regarding actual lobbying is that actual lobbying towards the US government, as it was traced in my primary sources did not aim to enhance Coke's foreign activities and it was targeted mainly for domestic Coke's business (e.g. patents). In other words, Coca-Cola did not lobby US government for its foreign affairs, but instead preferred to motivate local politicians to support its interests in their respective countries. However, the case of France was a bold exception. On the other hand, we saw that via –especially– James Farley, Coke applied not only actual but potential lobbying to foreign countries, as well.

Taking into account sources limitations, a third conclusion, is that since I did not do research in the Coca-Cola Archives, some papers are missing from the analysis of actual lobbying. Nonetheless, the fact that I did not find any indication of actual lobbying for foreign activities in Robert Woodruff papers, makes the former possibility very small. Instead, it supports that lobbying for foreign activities was primarily targeting directly foreign governments.

A fourth conclusion or interpretation of the results is that Coke did not need lobbying, in order to enhance its position abroad. Two explanations can be applied. The first is discussed in the thesis of Victoria de Grazia. In her book, she underlined that Europeans left space for American corporations, since they wanted their land to be penetrated by them. American companies, expressed the American type of capitalism. A consumer-oriented capitalism, with

benefits for the masses compared with the elite-oriented capitalism of Europe.¹⁵⁶ Of course this explanation is tied with people abroad, not addressing the role of communists' and business interests abroad. It can be probably employed in countries with less powerful communist parties and business organizations. The second explanations is related with those cases, where Coke faced strong local interests. In those cases Coca-Cola opted for smart marketing and public relations maneuvers. For instance in the case of Switzerland, Coke's public relation's firm, Hill and Knowlton organized an educational tour for Swiss to change their perception and attitude towards Coke. They presented the latter firm, as a great example of a corporation of which approximately 95% of its revenues stayed in Switzerland.¹⁵⁷ Thus, in this case, no lobbying was employed and instead other tactics were preferable and used.

A fifth interpretation of the absence of actual lobbying may stem from the technique that Robert Woodruff used in order to promote WMC during WWI. Specifically, Robert Woodruff was trying to assign corporate and governmental goals. For instance, in the case of WMC, Woodruff tried to assist US war effort by applying his company technology on war vehicles. Following WMC paradigm, Woodruff cultivated a climate of reciprocal relations, where in the first place he and his company (e.g. Coca-Cola) was acting to help US government and then in an act of reciprocity, US government was expected to assist this specific corporation. With US involvement in WWII, Coca-Cola viewed the War Department contract (i.e. construction of Brecon Loading Company) as an offer, which could not gracefully be refused. It could be seen as the contract that signified the start of a reciprocal relationship between Coca-Cola and the U.S. government, where each party assist the other in its different goals during and after WWII.¹⁵⁸ In this case, it is logical to infer that such reciprocal relations did not need any activation via formal lobbying. Instead they were activated via personal relations for which written sources do not always exist.

Conclusions of this research would have more value, if we use them in order to feed the dialogue of all different debates presented in chapter two. To start with, there is a debate regarding the

¹⁵⁶ Victoria de Grazia, *Irresistible Empire: America's Advance through Twentieth Century Europe* (Cambridge, MS: Belknap Press, 2005).

¹⁵⁷ Pendergrast, *For God, Country and Coca-Cola*, 226.

¹⁵⁸ Hymson, "The Company that Taught the World to Sing," 31, 74.

international relations theory that can be applied to study American relations with the world in the postwar period. My analysis supported the liberal view, where corporations such as Coke, were expressers of the US supremacy against the communist camp. Specifically, Coke had a role in shaping US policy, either via potential or via actual lobbying. Now, concerning the other debate on the ethics and nature of corporate influence on the government and the ethics of lobbying, my results point towards a win-win situation. In specific, the case of Coke showed that a strong American brand can be benefited from the US government, in cases of strong problems (e.g. French case). Coke was a vehicle to convey American ideals and values, making it a live advertisement for what people abroad expected from the US, especially in the Cold War period. Hence, and in respect to the ethics of these relations, I would say that the relations between Coke and the US government was based on mutual benefits and it was not an egoistic collaboration to serve Coke. Last but not least, in chapter two we discussed that lobbying the Executive Branch is an almost untapped topic in the available literature. Coke case showed that networks of business people are spread and can potentially influence the Executive Branch or even the President (see for instance Robert Woodruff and James Farley's connections).

Available research do not apply lobbying theory on practice and especially for foreign activities. In this thesis, I made an effort to address this limitation by creating a business story of Coca-Cola outside its successful marketing and operational activities, which stresses the role of corporations in politics.

4.3 Limitations

My analysis showed the difficulty of tracing and identifying lobbying. Lobbying is more than simple relations; it is a web of relations, which can be difficult to uncover and further research is needed.

4.3.1 Sources limitations

The selection of source materials for a research project always incurs the potential for claims of unwarranted selectivity and investigator bias. One of a researcher's main goals should be to

demonstrate that the choice of primary and secondary source materials was made to minimize the potential adverse effects of selectivity and bias.¹⁵⁹ Hereafter, I present some of the sources for which for a plethora of reasons I could not gain access.

First and foremost, Coca-Cola Archivist, Jamal Booker denied collaboration and was negative even in providing Annual Reports of The Coca-Cola Company. Moreover, Hughes Spalding Collection, which provides a wealth of fresh information regarding Woodruff's political dealing is currently closed.¹⁶⁰ The cost to acquire the Atlanta Journal Constitution, which has some useful material on Coke and politics did not allow me to incorporate it into my research.

Another primary source, in which access includes great costs is the Congressional Quarterly News Features, Inc; a small but successful bureau which specializes in a factual and statistical study of Congress in all its phases. Almost every week it furnishes a special study of 'pressures on Congress'. It lists all new lobby registrations as they become available. Its more important function is to show what lobbies and lobbyists are lined up for or against.¹⁶¹ As a substitute, I examined the US Governmental Publications and specifically, Congressional Records from Hathi Trust Digital Library. Special consideration regarding the sources should be paid in relation to formal actual lobbying towards the Congress. The fact that lobbying disclosure was at its infancy, limits the results of my research, since there are probably much more cases, where Coke employed lobbying towards the Congress, but they are not traceable from the available documents.

Even though, the aforementioned recommendations are important for further research on the topic, I strongly believe that my extensive research has brought into light a lot of the most significant documents for the topic I examined. However, the analysis of the aforementioned sources would make the conclusions more robust.

¹⁵⁹ Thies, "A pragmatic guide to Qualitative Historical Analysis in the Study of International Relations," 355.

¹⁶⁰ Allen, *Secret Formula*, x.

¹⁶¹ Schriftgiesser, *The Lobbyists*, 106.

4.3.2 Methodological Limitations

The main methodological counterargument to this thesis has to do with the way that lobbying was approached. The focus on both Actual and Potential Lobbying can for some authors be a comprehensive analysis of a true network that a company creates to defend its position. However, there are two more positions regarding lobbying theorization. On the one hand, some scholars define lobbying as a more general phenomenon, than I did. For instance, for Horowitz, corporate ideology enters the political scene via different ways. For example, the control of media, financial ‘support’ of universities and foundations are just some of these lobbying ways.¹⁶² On the other hand, other scholars prefer a close definition of lobbying, which includes mainly actual lobbying. Consequently, my research possibly belongs to the middle ground. Although, I do not claim that this approach is the absolute and best approach, I think that my goal to reveal the role of corporations in US government is enhanced from such lobbying theorization.

Another methodological issue arises regarding the key individual executives, whom I examined. In The Coca-Cola Company, a lot of people were involved as executives and members of its administration. Trying to find ties for all of them, would have led to meaningless conclusions, apart from being time consuming and probably difficult to be managed. As Schriftgiesser in his masterpiece supports ‘the history of lobbying is (virtually) the history of American legislation. It would be a thankless and probably a useless effort to trace it in all its details, nor could be done because of the secret nature of the profession’.¹⁶³ In this already perplexed situation, other views can make the analysis of lobbying even more complicated. Think for instance the possible case that lobbying towards the US government was not initiated by Coke but by foreign subjects, in order the latter to support an ‘Americanization’ of their country; something that in the end will definitely would assist Coke’s foreign activities.

Last but not least, the time framework of the study constitutes a different type of limitation. Lobbying activities regarding the foreign activities of Coca-Cola is difficult to be confined in a small research framework. My research would be more comprehensive if a new

¹⁶² Horowitz, *Corporations and the Cold War*, 15.

¹⁶³ Schriftgiesser, *The Lobbyists*, 6.

study expanded the project for the fifties, which as we saw in the case of France and Denmark was a critical decade for Coke global expansion.

4.4 Future Research

In this thesis among others, the aim was to provide a different way to see international developments, via the history of Coca-Cola lobbying waged towards the US government. Consequently, I implemented a liberal perspective on international relations. Although the available literature on Coca-Cola is vast, varied and rich, I revealed some new facts concerning lobbying and international relations, in the same way that Christina Hostetter revealed a different story of sugar rationing in WWII US.¹⁶⁴ I am aware that lobbying was defined as broadly as possible and this is something that will trigger discussions regarding the nature and boundaries of lobbying. Nevertheless, the purpose of this thesis was not to define lobbying but to show that lobbying means influence and influence cannot be confined into the corridors of Congress, not even in the White House. Influence is perfectly situated in informal meetings, in a walk or a hunt in an American ranch. Further research should be contacted, since a comprehensive analysis of lobbying by major corporations is missing from the literature. Such research can reveal the connection of other corporations with the US government; and the role of the latter in regards with corporations' foreign activities. Despite the fact that not all limitations could be addressed, research on corporate lobbying could formulate a new lens for seeing national and international politics.

¹⁶⁴ Wagnleitner, *Coca-Colonization and the Cold War*, xiii-xiv.

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