

IN THE MATTER OF

ALLIED PAPER MILLS ET AL.

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 3760. Complaint, Apr. 13, 1939—Decision, June 30, 1945

While an individual manufacturer can no doubt more conveniently quote prices by means of a base price and some system of price differentials to translate the base price into a price for any of the many possible variations of the products sold, such fact does not warrant the various book paper manufacturing concerns and their associates in uniting upon a common set of such differentials to be used, and used, by all, regardless of their application to the particular circumstances of each manufacturer, and under which, as provided by the association through the adoption of a common base and price differentials or "trade customs" for addition thereto or subtraction therefrom, coupled with geographical delivered price zones, uniform prices were automatically reached for the many variations in grade, color, quality, finish, size, packing, etc. of the product concerned.

Where an association of book paper manufacturers; its executive committee, which, following its organization in 1933 under the National Industrial Recovery Act, constituted the executive authority of the Book Paper Division of the Paper Industry for the administration of its subordinate Code; 14 individuals, who were its officers or Committee members; and 45 corporate association members or former members—comprising about one-half of all the domestic manufacturers of book paper and representing approximately 80 percent of the book paper capacity of the whole industry—engaged in the manufacture and, except as below set forth, competitive interstate sale and distribution of book paper, which, with its many types, sizes, weights, colors, grades, and special characteristics for particular uses, they made and sold to users and to merchants for resale, through negotiated contracts and through spot transactions, and under the practice prevalent for a long period of years, of quoting the many variations above indicated, in terms of price differentials from some designated standard unit, which, at the time of the N.R.A. or National Recovery Administration varied in different sections and as among different manufacturers, along with their application:

Following the period of said N.R.A., during which a committee of the association prepared a standard schedule of price differentials for coated, uncoated, and offset papers which, adopted by the association and published, provided a basic selling price on a given paper subject to arbitrary differentials or so-called "Trade Customs" for all variations from the standards established; and thereby made simple and exact the filing of prices with said code authority—

- (a) Continued said differentials or "Trade Customs" adopted and published in 1933, until their revision and consolidation in 1936 into one pamphlet, which followed the association's adoption and recommendation of a revised set of "trade customs" including substantial additions and changes;
- (b) Continued, after the dissolution of N.R.A., a geographic zoning system adopted in 1933 by the association as a part of its recommendations to N.R.A. for inclusion in the Code of the Book Paper Division, which, in lieu of the manufacturers' theretofore varying practice, required the filing of prices upon a delivered basis, and under which zone system or plan the Zone I price made the base price, with successive price differentials added for each of three other zones, and under which, while purchasers were allowed to take delivery in any quantities by any means of transporta-

tion they desired, it was on the basis of the applicable zone price with a freight allowance at the carload rate; whereby—notwithstanding various departures in individual cases—the price of all for a carload quantity delivered to any purchaser, wherever located with respect to the different mills, would be identical;

- (c) Through cooperation and understanding, maintained identical quantity differentials under which the price per hundred-weight of any given grade of paper varied with the quantity purchased; maintained another type of quantity differential which concerned differences between spot and contract prices and the quantities thereunder, with various allied provisions; and maintained uniform price differentials between the so-called standard grades of both coated and uncoated paper; making the continuation of some of the lower grades, and grading generally, subjects of consideration by the association, both directly and through committees;
- (d) Continued, though on a gradually diminishing scale— following a pledge of member cooperation in the closing days of N.R.A. under which they were required to file their prices with the Code Authority a specified number of days in advance of the effective date and to adhere to them until different prices were filed,—to file announcements of price changes with the association, and did not limit the filing of prices to past transactions, but included instances of both current and future prices, which, under the practice and procedure indicated, once a base price was determined, were automatically fixed for any of the thousands of combinations resulting from the various factors mentioned;
- (e) Made regular use, as respects many of the members, of a standard form of sales contract approved by the association, which set forth, among other things, that prices and deliveries thereunder were “based upon and subject to the trade customs of the Book Paper Manufacturers Association, or any other trade customs applicable to the grade or grades of paper specified in this contract”; and that “The basic selling price shall be for paper packed for domestic use in ordinary wooden cases with customary markers,” followed by a schedule of price differentials for quantities and manner of packing or shipment, and with other provisions relating to the ultimate price; and made use thereof, with variations, as respects other members;
- (f) Through discussions of prices at association meetings, reconciling differences in views, arrived at a common course of action with regard to such matters as price cutting, price changes, price practices, and disparities between contract and spot business; with the result that, despite the variety of their products and the resulting great number of different prices, they succeeded in maintaining price uniformity to a remarkable degree;
- (g) Continued the practice under N.R.A., with respect to bidding for business with the U. S. Government Printing Office, regular purchaser of substantial quantities of book paper, during which period only identical bids, priced on the basis of the published list price after the deduction of the usual cash discount of 3 percent, were received and the contracts were allocated among the identical bidders upon the basis of their relative sales to the Printing Office in previous years; and, following complaints from mills which bid but received no contract, changed their method so as to determine by lot which mills were awarded contracts, until said Office adopted the practice of purchasing paper in the spot market when only tied bids were received; manifested concerted unwillingness to supply the paper involved, when a given manufacturer's representative violated instructions and bid under the prices authorized; and made known their interest in and dissatisfaction with said nonidentical bids which were low;

Capacity, tendency and effect of which combination and the acts and practices performed in connection therewith, as above set out, were—

To restrain and suppress competition in the interstate sale of book papers, and to de-

prive both private and governmental purchasers of the benefits of competition in price among them;

To define, establish, and maintain uniform base prices for book papers, and uniform geographical zones within each of which delivered prices were uniform to purchasers, wherever located within a zone, and to fix and determine uniform price differentials for book papers as between such zones;

To establish and maintain uniform quantity brackets and uniform price differentials for book paper as between such quantity brackets; and uniform price relationships between spot and contract purchases;

To establish and maintain—and from time to time to expand or readjust—through the guise of "Trade Customs," uniform and arbitrary price differentials for each of the many variations of book papers from specified predetermined bases, and thus determine the differentials from a base price in any particular transactions;

To provide means for, and to further, the exchange of future and current price information among themselves; and to prepare and promote the use of a uniform contract of sale with provisions for furthering the maintenance of price uniformity;

To bring about collective consideration and discussion of base prices for book papers as a means of arriving at understandings and a common course of action with respect to such prices; and

To bring about cooperation otherwise among themselves to establish and maintain price uniformity in the sale of book paper, and to prevent, hinder, and restrain the operation of competitive forces which tend to disturb the uniformity of prices established and maintained through the aforesaid means:

Held, That the aforesaid acts and practices of the association, individuals, and corporations concerned, under the circumstances set forth, constituted unfair methods of competition in commerce.

As regards opinion testimony by an expert economist, in connection with a pricing system of book paper manufacturers and their association—under which, through the adoption of a common base price together with various "trade customs" or differentials, whereby, taken in conjunction with a delivered price zone system, uniform prices for the many variations in grade, color, weight, size, method of sale and shipment were reached—which (a) went, in part, to the proposition that uniformity in price by different sellers of a standard commodity in a given market may be the result either of perfect competition or of collusion, and furnishes no basis for an inference that such uniformity is due to one as against the other of these conditions, and in which (b) comparisons were made between the behavior of prices for book paper in relation to the prices of certain other commodities and to certain business indices, (c) an opinion was expressed upon what these said comparisons indicated to the witness; and which (d) was also directed toward countervailing any inference of collusion among those concerned—the book paper manufacturers and their association—from the single fact of price uniformity among sellers in a given market; and in which (e), upon the question of uniformity of price as between different markets in the same zone, the witness testified that he had not studied the zoning system and was not prepared to testify with respect to it: the Commission examined and considered said opinion testimony, but in the circumstances present in the case, including the existence of facts which affected the hypothesis upon which certain of the testimony was based, as well as the existence of different and conflicting facts shown by the record generally, viewed it as entirely failing to support any contention that the price behavior of book paper was due to operation of competitive forces without the intervention of said manufacturers and their association.

Before *Mr. Charles F. Diggs*, *Mr. John J. Keenan* and *Mr. John L. Hornor*, trial examiners.

Mr. Reuben J. Martin for the Commission.

Covington, Burling, Rublee, Acheson & Shorb, of Washington, D. C., and *Wise, Corlett & Canfield*, of New York City, for respondents, with whom also appeared—

Mr. Charles Kirkpatrick, of Holyoke, Mass., for American Writing Paper Co.;

Wardwell, Ranney & Allen, of Boston, Mass., for Champion-International Co.;

Smith, Schnacke & Compton, of Dayton, Ohio, for Dill & Collins, Inc., The Mead Corp., Wheelwright Papers, Inc. and R. I. Worrell;

Norris, Lex, Hart & Eldredge, of Philadelphia, Pa., for W. C. Hamilton & Sons, Inc.;

Gunnison, Fish, Gifford & Chapin, of Erie, Pa., for Hammermill Paper Co.;

Witherspoon, Witherspoon & Kelley, of Spokane, Wash., for Inland Empire Paper Co.;

Shaman, Winer & Shulman, of Dayton, Ohio, for Jay Leach, Receiver for Miami Valley Coated Paper Co.;

Mr. Joseph A. Gerardi, of New York City, for Newton Falls Paper Co.;

Dunnington, Bartholow & Miller, of New York City, for New York & Pennsylvania Co. and C. A. Clough;

Littlefield & Marshall, of New York City, for Oxford Miami Paper Co.;

Mr. Robert C. Murchie, of Concord, N. H., for Parker-Young Co.;

Chickering & Gregory, of San Francisco, Calif., for Schmidt Lithograph Co.;

E. H. & W. B. Turner, of Dayton, Ohio, for Sorg Paper Co.;

Covington, Burling, Rublee, Acheson & Shorb, of Washington, D. C., and *Denny, Valentine & Davenport*, of Richmond, Va., for Overton D. Dennis and Howard S. Donald, trustees for Standard Paper Manufacturing Co.;

Castle & Fitch, of Rochester, N. Y., and *Mr. Philip S. Ehrlick*, of San Francisco, Calif., for Stecher-Troung Litho Corp.;

Burroughs & Brown, of New York City, for West Virginia Pulp & Paper Co. and J. R. Miller;

Dawes, Abbott & Littlefield, of New York City, for C. A. Gordon;

Davis, Polk, Wardwell, Gardiner & Reed, of New York City, for F. H. Savage.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Allied Paper Mills, American Writing Paper Company, Appleton Coated Paper Company, The D. M. Bare Paper Company, The Beckett Paper Company, Bergstrom Paper Company, Martin Cantine Company, The Champion Paper and Fibre Company, Champion-International Company, The Chillicothe Paper Company, Columbian Paper Company, Consolidated Water Power & Paper Company, Dill & Collins, Inc., Everett Pulp & Paper Company, Fitchburg Paper Company, French Paper Company, P. H. Glatfelter Company, W. C. Hamilton & Sons, Inc., Hammermill Paper Company, Inland Empire Paper Company, International Paper Company, The Jessup & Moore Paper Company, Kimberly-Clark Corporation, McLaurin-Jones Company, The Mead Corporation, Miamisburg Paper Company, Miami Val-

Complaint

40 F. T. C.

ley Coated Paper Company, The Michigan Paper Company, Mohawk Paper Mills, Inc., Newton Falls Paper Company, New York & Pennsylvania Company, The Northwest Paper Company, Oxford Miami Paper Company, Oxford Paper Company, Parker-Young Company, Rex Paper Company, Schmidt Lithograph Company, Sorg Paper Company, Standard Paper Manufacturing Company, Stecher-Troung Litho Corp., S. D. Warren Company, Watab Paper Company, West Virginia Pulp & Paper Company, Watervliet Paper Company, Wheelwright Papers, Inc., independently, and as members of Book Paper Manufacturers Association, Book Paper Manufacturers Association and P. H. Glatfelder, C. L. Barnum, and R. S. Berry, individually, and as officers of said Book Paper Manufacturers Association, and C. A. Clough, D. R. Curtenius, G. K. Ferguson, P. H. Glatfelder, C. A. Gordon, W. H. Kenety, J. R. Miller, F. H. Savage, J. S. Sensenbrenner, R. D. Smith, L. G. Thomson, and R. I. Worrell, individually, and as members of the Executive Committee of Book Paper Manufacturers Association, hereinafter referred to as respondents, have violated the provisions of the said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Allied Paper Mills, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business located in Kalamazoo, within said State.

Respondent, American Writing Paper Company, is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business located in the city of Holyoke, in the State of Massachusetts.

Respondent, Appleton Coated Paper Company, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business located at Appleton, within said State.

Respondent, The D. M. Bare Paper Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business located in Roaring Spring, within said State.

Respondent, The Beckett Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located at Hamilton, within said State.

Respondent, Bergstrom Paper Company, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business located at Neenah, within said State.

Respondent, Martin Cantine Company, is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business located at Saugerties, within said State.

Respondent, The Champion Paper and Fibre Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Hamilton, within said State.

Respondent, Champion-International Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located in Lawrence, within said State.

Respondent, The Chillicothe Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Chillicothe, within said State,

Respondent, Columbian Paper Company, is a corporation, organized and existing under the laws of the State of Virginia, with its principal office and place of business located at Buena Vista, within said State.

Respondent, Consolidated Water Power & Paper Company, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business located at 135 South LaSalle Street, in the city of Chicago, within the State of Illinois.

Respondent, Dill & Collins, Inc., is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Chillicothe, within said State.

Respondent, Everett Pulp & Paper Company, is a corporation, organized and existing under the laws of the State of Washington, with its principal office and place of business located at Everett, within said State.

Respondent, Fitchburg Paper Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located at Fitchburg, within said State.

Respondent, French Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business located at Niles, within said State.

Respondent, P. H. Glatfelter Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business located at Spring Grove, within said State.

Respondent, W. C. Hamilton & Sons, Inc., is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business located in Miquon, within said State.

Respondent, Hammermill Paper Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business located in Erie, within said State.

Respondent, Inland Empire Paper Company, is a corporation, organized and existing under the laws of the State of Washington, with its principal office and place of business located at Millwood, in said State.

Respondent, International Paper Company, is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business located at 220 East 42d Street, in the city of New York, within said State.

Respondent, The Jessup & Moore Paper Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located in the Commercial Building in the city of Philadelphia, within the State of Pennsylvania.

Respondent, Kimberly-Clark Corporation, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business located at Neenah, within said State.

Respondent, McLaurin-Jones Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located in Brookfield, within said State.

Respondent, The Mead Corporation, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Chillicothe, within said State.

Respondent, Miamisburg Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Miamisburg, within said State.

Respondent, Miami Valley Coated Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located in Franklin, within said State.

Respondent, The Michigan Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business located at Plainwell, within said State.

Respondent, Mohawk Paper Mills, Inc., is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business located at Cohoes, within said State.

Respondent, Newton Falls Paper Company, is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business located at Newton Falls, within said State.

Respondent, New York & Pennsylvania Company, is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business located at 230 Park Avenue, in the city of New York, within the State of New York.

Respondent, The Northwest Paper Company, is a corporation, organized and existing under the laws of the State of Minnesota, with its principal office and place of business located at Cloquet, within said State.

Respondent, Oxford Miami Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located at 230 Park Avenue, in the city of New York, within the State of New York.

Respondent, Oxford Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located at 230 Park Avenue, in the city of New York, within the State of New York.

Respondent, Parker-Young Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located at 131 State Street, in the city of Boston, within said State.

Respondent, Rex Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business located at Kalamazoo, within said State.

Respondent, Schmidt Lithograph Company, is a corporation, organized and existing under the laws of the State of California, with its principal office and place of business located at 461 Second Street, in the city of San Francisco, within said State.

Respondent, Sorg Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located at Middletown, within said State.

Respondent, Standard Paper Manufacturing Company, is a corporation, organized and existing under the laws of the State of Virginia, with its principal office and place of business located at Richmond, within said State.

Respondent, Stecher-Troung Litho Corp., is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business located in Rochester, within said State.

Respondent, S. D. Warren Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business located at 89 Broad Street, in the city of Boston, within said State.

Respondent, Watab Paper Company, is a corporation, organized and existing under the laws of the State of Minnesota, with its principal office and place of business located at Sartell, within said State.

Respondent, West Virginia Pulp & Paper Company, is a corporation, organized and existing under the laws of the State of Delaware, with its

principal office and place of business located at 230 Park Avenue, in the city of New York, within the State of New York.

Respondent, Watervliet Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business located at Watervliet, within said State.

Respondent, Wheelwright Papers, Inc., is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business located at Chillicothe, within said State.

All of the respondents described in this paragraph are engaged in the manufacture, sale and distribution of book, coated and similar papers, and are members of respondent, Book Paper Manufacturers Association. Said respondents are, for convenience, hereinafter referred to as "respondent members."

PAR. 2. Respondent, Book Paper Manufacturers Association, is a voluntary unincorporated trade association composed of manufacturers of book, coated and similar papers, located throughout the several States of the United States, and has as its principal members the respondents hereinbefore named in paragraph 1, which said respondents produce approximately 86% of the total volume of book, coated and similar paper produced in the United States. Said respondent has since its organization maintained and now maintains its office and principal place of business at 122 East 42d Street, in the city of New York, within the State of New York, and for convenience is hereinafter referred to as "respondent association."

PAR. 3. The officers of said respondent association who, in their individual capacities and as officers of said respondent association, are made respondents herein are P. H. Glatfelter, chairman and treasurer, Spring Grove, Pa.; C. L. Barnum, acting managing director, 122 East 42d Street, New York, N. Y.; and R. S. Berry, secretary and assistant treasurer, 122 East 42d Street, New York, N. Y.

PAR. 4. The members of the Executive Committee of said respondent Book Paper Manufacturers Association who, in their individual capacities and as members of the Executive Committee of said respondent association, made respondents herein are: C. A. Clough, representing New York & Pennsylvania Company, 230 Park Avenue, New York, N. Y.; D. R. Curtenius, representing Allied Paper Mills, Kalamazoo, Mich.; G. K. Ferguson, representing Watervliet Paper Company, Watervliet, Mich.; P. H. Glatfelter, representing P. H. Glatfelter Company, Spring Grove, Pa.; C. A. Gordon representing Oxford Paper Company, 230 Park Avenue, New York, N. Y.; W. H. Kenety, representing The Northwest Paper Company, Cloquet, Minn.; J. R. Miller, representing West Virginia Pulp & Paper Company, 230 Park Avenue, New York, N. Y.; F. H. Savage, representing International Paper Company, 220 East 42d Street, New York, N. Y.; J. S. Sensenbrenner, representing Kimberly-Clark Corporation, Neenah, Wis.; R. D. Smith, representing S. D. Warren Company, 89 Broad Street, Boston, Mass.; L. G. Thomson, representing Champion Paper and Fibre Company, Hamilton, Ohio; and R. I. Worrell, representing The Mead Corporation, Chillicothe, Ohio. Said respondents, together with the officers of said respondent association herein set out in paragraph 3, are hereinafter referred to for convenience as "individual respondents."

PAR. 5. All of said respondent members hereinbefore set out in paragraph 1, have been for more than two years last past and are now, engaged

Complaint

40 F. T. C.

in the manufacture and distribution of book, coated and similar papers which the said respective respondent members sell to their respective customers located in the various States of the United States and in the District of Columbia, causing said products when sold to be transported from the State of the location of their respective mills to the purchasers thereof located at various points in the several States of the United States other than the State of the origin of such shipments and in the District of Columbia. Except for the acts and practices engaged in by said respondent members as hereinafter set forth, said respondent members would be in free, open and active competition with each other in the sale and distribution of their respective products in commerce between and among the several States of the United States. There has been and now is a course of interstate trade and commerce in said products between said respondent members and dealers in said products located throughout the several States of the United States and in the District of Columbia. At all times mentioned herein said respondent members have been in competition with other corporations, partnerships and individuals likewise engaged in the manufacture and sale of book, coated and similar papers in interstate commerce.

PAR. 6. Said respondent members, acting in cooperation with each other and through and in cooperation with said respondent association and said individual respondents, for more than two years last past, and particularly since June 16, 1933, have entered into an understanding, agreement, combination or conspiracy among themselves and with and through said respondent association and said individual respondents to restrict, restrain and suppress competition in the sale and distribution of book, coated and similar papers to customers located throughout the several States of the United States and in the District of Columbia, as aforesaid, and to the United States Government by agreeing to fix and maintain uniform prices, terms and discounts at which said book, coated and similar papers are to be sold and by agreeing on bids to be submitted to the United States Government for its paper requirements, and to cooperate with each other in the enforcement and maintenance of said fixed prices, terms and discounts by exchanging information through said respondent association as to the prices, terms and discounts at which said respondent members have sold and are offering to sell said book, coated and similar papers to customers and prospective customers, and are offering to sell such book, coated and similar papers to the United States Government.

PAR. 7. Pursuant to said understanding, agreement, combination or conspiracy, and in furtherance thereof, the said respondents have done and performed, and still do and perform, the following acts and things:

1. Certain of said respondent members in June of 1933 organized said respondent association, Book Paper Manufacturers Association, which said association, since its organization, has acted as a clearing house for the exchange of information submitted to it by said respondent members, including reports as to the sales of book, coated and similar papers, together with prices, discounts and terms at which said book, coated and similar papers are sold or offered to be sold.

2. Regular meetings of the members of said respondent association have been and are held from time to time at convenient locations within the United States, and at said meetings said respondent members have discussed and do discuss trade and competitive conditions in said industry and have agreed upon and established, and do agree upon and establish,

trade policies to be followed and prices to be charged by said respondent members in the interstate sale and distribution of their said book, coated and similar papers.

3. Said respondent members have adopted and maintained identical zoning systems by means of which the United States is divided into four zones, and have established and maintained, and do now establish and maintain, by agreement with each other, fixed uniform delivered prices for book, coated and similar papers in Zone 1, which said prices are designated as "Base Prices" and are increased by 20¢ in Zone 2, 40¢ in Zone 3 and 60¢ in Zone 4, so that the price of book, coated and similar papers is the same to all purchasers located in each respective zone regardless of the location in the particular zone of the purchaser, and regardless of the location of the particular respondent member making said sale to said purchaser.

4. Said respondent association has formulated and established uniform finishing differentials and said respondent members have adopted and maintained and do now maintain, said uniform finishing differentials without regard to the actual cost of said finishing operations to said respective respondent members.

5. Said respondent association has promulgated and compiled so-called trade customs and practices in the form of rules and regulations dealing with the allocation and classification of grades, grading, quotations and sales, special provisions for certain grades, seconds, job lots, discontinued lines, and other so-called trade customs, including a pricing guide containing a map dividing the United States into the zones aforesaid and establishing price differentials to be charged in each zone, so-called unfair methods of competition, and forms and methods of reporting statistics and forms and methods for price filing, and said respondent members have generally adopted and used, and now use, said rules and regulations in the conduct of their said respective businesses, and in carrying out and performing the acts and things hereinabove alleged.

PAR. 8. The individual respondents hereinbefore named in paragraphs 3 and 4 are now and have been officers and members of the Executive Committee of said respondent association and, as such officers and members of the Executive Committee, have had and now have full and complete charge of the activities of said respondent association, conducting the meetings of said members of said respondent association, collecting said statistical information from the members of said respondent association, and compiling and disseminating the same to the said members of respondent association and formulating the trade policies of said respondent members; all in pursuance and furtherance of the objects and aims of said respondent association as hereinbefore set forth in paragraph 7.

PAR. 9. The result of the acts and practices of the said respondent members in the said respondent association and said individual respondents, as hereinbefore set out in paragraphs 6, 7 and 8, has been and now is to substantially lessen, restrict, restrain and suppress price competition in the interstate sale of book, coated and similar papers throughout the several States of the United States and in the District of Columbia, and empowers the said respondents to control the market and enhance the prices of said book, coated and similar papers above the price which would prevail under normal, natural and open competition between said respondent members; to increase the cost of paper used by the United States Government to a price above that prevailing in the open market; and also

to tend to create a monopoly in said respondent members in the manufacture and sale of book, coated and similar papers in interstate commerce.

PAR. 10. The acts and practices of the respondents as herein alleged, are all to the prejudice of the public, have a dangerous tendency to and have actually hindered and prevented price competition between and among respondents in the sale of book, coated and similar papers in commerce within the intent and meaning of the Federal Trade Commission Act; and have placed in respondents the power to control prices; have increased the prices of book, coated and similar papers paid by the purchasers thereof, and consequently the prices paid by the public; have created in the respondents a monopoly in the sale of book, coated and similar papers in such commerce, and unreasonably restrained such commerce in book, coated and similar papers and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on April 13, 1939, issued and subsequently served its complaint in this proceeding upon the respondents named in the caption hereof, charging them with the use of unfair methods of competition in commerce in violation of the provisions of said act. After the issuance of the said complaint and the filing of respondents' answers thereto, testimony and other evidence in support of and in opposition to the allegations of the complaint were introduced before examiners of the Commission theretofore duly designated by it, and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint, answers, testimony and other evidence, report by the trial examiner and exceptions thereto, briefs in support of the complaint and in opposition thereto, and the oral arguments of counsel; and the Commission, having duly considered the matter and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom.

FINDINGS AS TO THE FACTS

PARAGRAPH 1. (a) Respondent, Allied Paper Mills, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business at Kalamazoo, Mich. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent Book Paper Manufacturers Association (hereinafter frequently referred to as the association).

(b) Respondent, American Writing Paper Corporation (the concern referred to in the complaint as American Writing Paper Company) is a corporation organized and existing under the laws of the State of Delaware, with its principal office and place of business at Holyoke, Massachusetts. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(c) Respondent, The Appleton Coated Paper Company, (the concern referred to in the complaint as Appleton Coated Paper Company), is a

corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business at Appleton, Wis. It is engaged in the manufacture, sale, and distribution of coated book paper, and is a member of respondent association.

(d) Respondent, The D. M. Bare Paper Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business at Roaring Spring, Pa. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(e) Respondent, The Beckett Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Hamilton, Ohio. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(f) Respondent, Bergstrom Paper Company, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business at Neenah, Wis. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(g) Respondent, The Martin Cantine Company, (the concern referred to in the complaint as Martin Cantine Company), is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business at Saugerties, N. Y. It is engaged in the manufacture, sale, and distribution of coated book paper, and is a member of respondent association.

(h) Respondent, The Champion Paper and Fibre Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Hamilton, Ohio. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(i) Respondent, Champion-International Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business at Lawrence, Mass. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(j) Respondent, The Chillicothe Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Chillicothe, Ohio. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(k) Respondent, Columbian Paper Company, is a corporation, organized and existing under the laws of the State of Virginia, with its principal office and place of business at Buena Vista, Va. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(l) Respondent, Consolidated Water Power & Paper Company, is a corporation, organized and existing under the laws of the State of Wisconsin, with its principal office and place of business at Wisconsin Rapids, Wis. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(m) Respondent, Dill and Collins, Incorporated, a wholly owned subsidiary of respondent, The Mead Corporation, is a corporation organized and existing under the laws of the State of Delaware, with its principal

office and place of business at Philadelphia, Pa. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(n) Respondent, Everett Pulp and Paper Company, is a corporation, organized and existing under the laws of the State of Washington, with its principal office and place of business at Everett, Wash. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(o) Respondent, Fitchburg Paper Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business at Fitchburg, Mass. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(p) Respondent, French Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business at Niles, Mich. It is engaged in the manufacture, sale, and distribution of uncoated book paper and was, during a substantial portion of the period covered by the complaint herein and until its resignation in February 1938, a member of respondent association.

(q) Respondent, P. H. Glatfelter Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business at Spring Grove, Pa. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(r) Respondent, W. C. Hamilton & Sons, (the respondent referred to in the complaint as W. C. Hamilton & Sons, Inc.), is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business at Miquon, Pa. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(s) Respondent, Hammermill Paper Company, is a corporation, organized and existing under the laws of the State of Pennsylvania, with its principal office and place of business at Erie, Pa. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(t) Respondent, Inland Empire Paper Company, is a corporation, organized and existing under the laws of the State of Washington, with its principal office and place of business at Millwood, Wash. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(u) Respondent, International Paper Company, is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business at New York, N. Y. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(v) Respondent, The Jessup & Moore Paper Company, is a corporation, organized and existing under the laws of the State of Maryland, with its principal office and place of business at Philadelphia, Pa. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(w) Respondent, Kimberly-Clark Corporation, is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business at Neenah, Wis. It is engaged in the manu-

facture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(x) Respondent, McLaurin-Jones Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business at Brookfield, Mass. It is engaged in the manufacture, sale, and distribution of coated book paper, and is a member of respondent association.

(y) Respondent, The Mead Corporation, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Chillicothe, Ohio. It is engaged directly and through its subsidiaries, respondents, Dill and Collins, Incorporated, and Wheelwright Papers, Inc., in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(z) Respondent, Miamisburg Paper Company, was a corporation, organized under the laws of the State of Ohio, and had its principal office and place of business at Miamisburg, Ohio. It was engaged in the manufacture, sale, and distribution of book and other paper, and until its dissolution in 1940 was a member of respondent association.

(a-1) Respondent, Miami Valley Coated Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Franklin, Ohio. It is engaged in the manufacture, sale, and distribution of coated book paper, and was, until placed in receivership in September 1936, a member of respondent association.

(b-1) Respondent, The Michigan Paper Company of Plainwell, (the respondent referred to in the complaint herein as The Michigan Paper Company), is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business at Plainwell, Mich. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(c-1) Respondent, Mohawk Paper Mills, Inc., is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business at Waterford, N. Y. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and was for several years preceding its resignation in March 1938 a member of respondent association.

(d-1) Respondent, Newton Falls Paper Company, is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business at Newton Falls, N. Y. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(e-1) Respondent, New York and Pennsylvania Company, Incorporated, (the respondent referred to in the complaint as New York and Pennsylvania Company), is a corporation organized and existing under the laws of the State of Delaware, with its principal office and place of business at New York, N. Y. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(f-1) Respondent, The Northwest Paper Company, is a corporation, organized and existing under the laws of the State of Minnesota, with its principal office and place of business at Cloquet, Minn. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(g-1) Respondent, Oxford Miami Paper Company, is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at New York, N. Y. It is engaged in the manufacture of uncoated book paper and in the sale and distribution of coated and uncoated book paper. It is under common management with respondent, Oxford Paper Company, and is a member of respondent association.

(h-1) Respondent, Oxford Paper Company, is a corporation, organized and existing under the laws of the State of Maine, with its principal office and place of business at New York, N. Y. It is engaged in the manufacture of coated book paper and in the sale and distribution of coated and uncoated book paper. It is under common management with respondent, Oxford Miami Paper Company, and is a member of respondent association.

(i-1) Respondent, The Parker-Young Company, (the respondent referred to in the complaint as Parker-Young Company), is a corporation, organized and existing under the laws of the State of Maine, with its principal office and place of business at Lincoln, N. H. It is engaged in the manufacture, sale, and distribution of papers encompassed in the activities of respondent association, of which it is a member.

(j-1) Respondent, Rex Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business at Kalamazoo, Mich. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(k-1) Respondent, Schmidt Lithograph Company, is a corporation, organized and existing under the laws of the State of California, with its principal office and place of business at San Francisco, Calif. In connection with its business as a lithographer, it is engaged in the manufacture, sale, and distribution of coated book paper. Approximately half of its production of such paper is sold to others and the remainder is used in the conduct of its lithographic business. It is a member of respondent association.

(l-1) Respondent, The Sorg Paper Company, (the respondent referred to in the complaint as Sorg Paper Company), is a corporation, organized and existing under the laws of the State of Ohio, with its principal office and place of business at Middletown, Ohio. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association.

(m-1) Respondent, Standard Paper Manufacturing Company, is a corporation, organized and existing under the laws of the State of Virginia, with its principal office and place of business at Richmond, Va. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and is a member of respondent association. This company filed its petition pursuant to Section 77(b) of the Bankruptcy Act and the trustees designated by the court also answered the complaint herein consenting to being made parties to this proceeding without further notice.

(n-1) Respondent, Stecher-Traung Lithograph Corporation, (the respondent referred to in the complaint as Stecher-Troung Litho Corp.), is a corporation, organized and existing under the laws of the State of New York, with its principal office and place of business at Rochester, N. Y. As an incident to the conduct of its business as a lithographer, it produces coated paper for its own use. With the exception of the sale of seconds

unsuited to its own use and trifling accommodation sales, it is not engaged in the sale and distribution of book paper for commercial purposes. Until its resignation in January 1939, it was a member of respondent association.

(o-1) Respondent, S. D. Warren Company, is a corporation, organized and existing under the laws of the State of Massachusetts, with its principal office and place of business at Boston, Mass. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(p-1) Respondent, Watab Paper Company, is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business at Sartell, Minn. It is engaged in the manufacture, sale, and distribution of uncoated book paper, and was, until its resignation in March 1936, a member of respondent association.

(q-1) Respondent, West Virginia Pulp and Paper Company, is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business at Wilmington, Del. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and is a member of respondent association.

(r-1) Respondent, Watervliet Paper Company, is a corporation, organized and existing under the laws of the State of Michigan, with its principal office and place of business at Watervliet, Mich. It is engaged in the manufacture, sale, and distribution of coated and uncoated book paper, and was, until its resignation in May 1938, a member of respondent association. (This membership was subsequently reinstated.)

(s-1) Respondent, Wheelwright Papers, Inc., is a corporation, organized and existing under the laws of the State of Delaware, with its principal office and place of business at New York, N. Y. It is a subsidiary of respondent The Mead Corporation and is engaged in the sale and distribution of uncoated book paper produced by respondent, Dill and Collins, Incorporated, another subsidiary of respondent, The Mead Corporation. It was, until its resignation in March 1934, a member of respondent association.

(t-1) Respondent, Book Paper Manufacturers Association, is a voluntary unincorporated association of manufacturers of book paper, with its offices in New York, N. Y. It was organized in June 1933, and took part in the formulation of a Code for the Paper Industry and of a subordinate Code for the Book Paper Division under the National Industrial Recovery Act. During the NRA Code period, the executive committee of the association, in substance, constituted the executive authority of the Book Paper Division for the administration of the subordinate Code for that division. The present membership of the association consists of approximately one half of all the domestic manufacturers of book paper, and this membership represents approximately 80 percent of the book paper capacity of the whole industry. The association has a constitution and by-laws, a president, treasurer, managing director, and secretary. Its executive committee is composed of 12 members elected by the membership, and in general this committee supervises and directs the activities of the association. There are a number of other committees of the association, but they all report to the executive committee.

(u-1) Respondent, P. H. Glatfelter, an individual, is president of respondent, P. H. Glatfelter Company, and is chairman, treasurer, and a member of the executive committee of respondent association.

(v-1) Respondent, C. L. Barnum, an individual, is secretary and assistant treasurer of respondent association and was acting managing director thereof from September 1937 to October 1938.

(w-1) Respondent, R. S. Berry, was for a number of years and until August 1938, secretary of respondent association, but he is not now connected with said association.

(x-1) Respondent, Clarence A. Clough, an individual, is president of respondent, The New York and Pennsylvania Company, and a member of the executive committee of respondent association.

(y-1) Respondent, Dwight R. Curtenius, an individual, is president of respondent, Allied Paper Mills, and a member of the executive committee of respondent association.

(z-1) Respondent, G. K. Ferguson, an individual, is president of respondent, Watervliet Paper Company, and was a member of the executive committee of respondent association until some time in 1938, but not at the time the complaint herein was issued.

(a-2) Respondent, Charles A. Gordon, an individual, is executive vice president of respondents, Oxford Paper Company and Oxford Miami Paper Company, and a member of the executive committee of respondent association.

(b-2) Respondent, W. H. Kenety, an individual, a former member of the executive committee of respondent association, is now managing director of said association.

(c-2) Respondent, John R. Miller, an individual, is vice president of respondent, West Virginia Pulp & Paper Company, and a member of the executive committee of respondent association.

(d-2) Respondent, F. Henry Savage, sales manager of the Book and Bond Division of respondent, International Paper Company, is a member of the executive committee of respondent association.

(e-2) Respondent, John S. Sensenbrenner, an individual, is vice president of respondent, Kimberly-Clark Corporation, and a member of the executive committee of respondent association.

(f-2) Respondent, Roger D. Smith, an individual, is president of respondent, S. D. Warren Company, and a member of the executive committee of respondent association.

(g-2) Respondent, L. G. Thomson, an individual, associated with respondent, The Champion Paper and Fibre Company, is a member of the executive committee of respondent association.

(h-2) Respondent, R. I. Worrell, an individual, is president of respondent, Wheelwright Papers, Incorporated, vice president of respondent, Dill and Collins, Incorporated, and director of respondent, The Mead Corporation, and is a member of the executive committee of respondent association.

PAR. 2. The respondents named in subparagraphs (a) to (s-1), inclusive, of paragraph 1 (hereinafter sometimes referred to collectively as corporate respondents) are engaged in the manufacture, sale, and distribution of book and allied papers, and in the course of said business each competes, except as hereinafter stated, with other corporations, partnerships, and individuals similarly engaged. Pursuant to sales made, each such corporate respondent regularly transports book and allied grades of paper, or causes the transportation thereof, from the State in which it is manufactured to purchasers thereof at locations outside the State in which such paper is manufactured; and, in general, said corporate respondents maintain, and have maintained, a constant course of trade in commerce in book and allied papers among and between the several States of the United States and in the District of Columbia. The respondents named in sub-

paragraphs (t-1) to (h-2), inclusive, of paragraph 1 are not individually engaged in the production, sale, or distribution of book and allied papers but have participated in, aided, assisted, and cooperated with the other respondents in planning, doing, and performing the acts and practices hereinafter set forth.

PAR. 3. (a) Under NRA, the paper industry was separated into divisions, each of which had a subordinate Code. The kinds, types, and classifications of paper assigned to the jurisdiction of each division were settled at that time, and the association has retained jurisdiction with respect to the papers originally allocated to the Book Paper Division under the Code. For the purpose of this proceeding, book paper is treated as including all types of paper thus coming within the jurisdiction of the association. In a broad sense, book paper is any paper which contains not more than 25 percent ground wood and which is customarily used for printing purposes. The more important classifications are uncoated book paper and coated book paper, ordinarily used in books, magazines, and pamphlets; offset paper, designed for use in the offset printing process; envelope paper; and tablet paper. There are a number of less important classifications, such as adding machine paper, calendar stock, decalcomania paper, menu paper, and poster paper. Coated book paper is made by coating one or both sides of uncoated paper with a mixture of clay, or casein and clay, or casein and starch, to provide a smooth, glossy finish. Super-calendar paper is ordinary machine-finished uncoated paper which is put through a series of rolls under heavy pressure for the purpose of further smoothing its surface.

(b) Book papers are made in many types, sizes, weights, and colors, and with many different special characteristics for particular uses. There is a rough classification of uncoated grades designed as A, B, C, D, and E, and a similar classification of coated grades into Nos. 1, 2, 3, 4, and 5. Paper of any designated grade produced by one manufacturer is not necessarily identical with that classified in the same grade but produced by another manufacturer. All papers classified in one grade compete primarily with one another and are considered equivalent by respondents for pricing purposes. However, there is also competition between adjoining grades because it is frequently possible to substitute one for another. Book paper is sold in rolls, or the rolls may be sheeted and packed in cases, or packed on a platform known as a skid, or bundled in hard-fold or soft-fold bundles, and occasionally may be packed in ream packages.

(c) Book paper is sold by respondents directly to users and to merchants for resale to users. Approximately 55 percent of the production of the industry is sold through negotiated contracts, and 45 percent in spot transactions. The majority of spot sales are made to merchants and merchants also participate in negotiating some contracts. The contracts of sale usually contain a provision permitting a price change at the beginning of each calendar quarter. Paper merchants customarily buy and handle the papers of more than one manufacturer, stocking papers in accordance with the needs of their trade. Some producers of book paper sell almost exclusively directly to users, some sell almost exclusively to paper merchants, and others have varying divisions of their business between the two extremes. Some book paper manufacturers produce both coated and uncoated paper, some produce only one of these types, some produce only a few grades and others many grades, some who produce only coated paper buy their supplies of uncoated paper from others, some concentrate

their business largely on offset papers or envelope and tablet papers, and many producers have varying kinds and types of specialized papers which are not closely related to any of the so-called standard grades.

PAR. 4. (a) The fact that a manufacturer of book paper may offer a number of different kinds and types of book paper and that each one may be in different colors, in different weights, in rolls or in sheets of many different sizes, the sheets may be untrimmed or trimmed one, two, three, or four sides, may be packed in many different ways, and may be sold in widely differing quantities would result in a long and complicated price list if a price were quoted separately for each possible combination on each of the papers offered by the manufacturer. For a very long period of years these variations from some designated standard unit have been quoted in terms of price differentials from the standard unit. At the time of NRA, these differentials and the practices affecting their application varied in different sections and as among book paper manufacturers. A committee of the association, by discussion and agreement, arrived at a consensus of opinion and prepared a standard schedule of price differentials for coated, uncoated, and offset papers. These were adopted by the association and those relating to uncoated and coated paper published effective September 22, 1933, and those concerning offset paper effective December 1, 1933, under a designation "Trade Customs." Using uncoated book paper as an example, a standard unit was established as a base and the amount to be added to the price or subtracted from it for certain of the many possible variations is calculated in relation to the standard unit, and as to certain other variations is expressed in terms of one hundred pounds of paper. Provision was made for a basic selling price being quoted on paper of a certain size, of a specified weight per standard unit, and packaged in a certain way. Similar provisions were made for coated and offset papers. By quoting a "basic selling price" and adding thereto a provision that this price is subject to the "Trade Customs," prices for all variations from the standard established were determined by applying the differentials thus provided.

(b) In May 1936, the association adopted, published, and recommended a revised set of "Trade Customs" prepared by one of its committees. This publication (Com. Ex. 47) is a revision and consolidation of the previous publications of September and December 1933 into one pamphlet, with substantial additions. Respondents contend that these actions do not constitute the establishment or the fixing of any price differentials and are merely codifications of previously existing customs in the trade. It is clear, however, that the first publication involved discussion, reconciliation of existing variations and differences, and agreement among members upon a standard set of "Trade Customs." A comparison of the 1936 publication (which provides many of the price differentials in current use by respondents) with the 1933 publications shows substantial differences between them. These changes include details of application, some changes in actual price differentials, some entirely new price differentials, the addition of working formulas, and some entirely new provisions, including price differentials for papers not specifically covered in the previous publications. Such matters were a frequent subject of consideration by the committees of the association and by the association itself. For example, the minutes of the executive committee of November 23, 1936, show:

After discussion, the Executive Committee referred to the Trade Customs Committee for clarification the question relative to the application of light weight differentials, whether before or after the addition of some differentials (Com. Ex. 90).

Another example is the following from the minutes of the association for October 15, 1936:

The recommendation of the Executive Committee was unanimously approved that Mr. George Olmsted, Sr., be appointed as this Association's representative on the special A.P.P.A. Trade Customs Committee engaged in preparing a uniform form of trade customs for use throughout the entire industry. It was brought out that this authorization carried with it the definite understanding that no action by that committee was to be binding on this association and that any changes considered necessary would be reported back to the association for its consideration and action (Com. Ex. 89).

(c) Under the NRA Code for the Book Paper Division, all members of the industry were required to file their prices with the Code Authority, which was in substance the executive committee of the association. The filing was made simple and exact by naming prices subject to the price differentials contained in the "Trade Customs." After the NRA period, respondents continued to use the differentials adopted in 1933 until they were superseded by the new publication issued by the association in 1936, and this is now in general use by respondents. In examining these practices, the Commission has given consideration to the respondents' claims of convenience and necessity as excusing their establishment and use of a common set of price differentials as prepared and published by the association. An individual manufacturer can no doubt more conveniently quote prices by means of a base price and some system of price differentials to translate the base price into a price for any of the many possible variations of the products sold. The Commission, however, does not consider that this warrants the several respondents in uniting upon a common set of such differentials to be used, and used, by all, regardless of their application to the particular circumstances of each manufacturer.

(d) It was generally admitted by respondents that the price differentials provided in their "Trade Customs" do not accurately represent the costs of any individual manufacturer. So far as individual manufacturers are concerned, the various differentials are arbitrary figures used for determining all prices except the base price. Prior to the issuance of complaint in this matter the association had under way a cost study of the finishing differentials contained in the current issue of its "Trade Customs." The results of this study show extremely wide differences in costs as between different manufacturers upon each of the price differentials. The committee of the association having this in charge reconciled these differences by arriving at what is more or less an average of the varying costs as reported by association members. These figures were different from the figures in the current "Trade Customs," and the committee recommended the adoption of the new figures in place of the old ones, but upon advice that this matter involved legal and business difficulties, the committee proposal was tabled. It is noted that at the time this proposed revision of finishing differentials was laid aside, the association was aware that informal investigation of its activities was being made by this Commission.

PAR. 5. (a) Before 1933, there was no uniform practice among book paper manufacturers with respect to whether their products were sold upon a delivered price, upon an f.o.b. mill price, upon zone prices, or with partial or full freight allowance. As a matter of fact, all of these methods were in use, and in the case of zone prices the geographical areas used were not uniform and neither were the price differentials between zones. In 1933, the association adopted, as a part of its recommendations to NRA

for inclusion in the Code for the Book Paper Division, a zoning system originated by the Champion Paper and Fibre Company. This adoption necessarily involved discussion of and agreement upon the territorial areas to be included in each zone and the price differentials to be made applicable in each, and copies of the zone plan as adopted were furnished to the individual manufacturers by the association. The NRA Code for the Book Paper Division required the filing of prices upon a delivered basis and the zoning system adopted provided a common and uniform basis for doing this.

(b) The zoning system thus established provided four ones: The States of North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Arkansas, Louisiana, Mississippi, Alabama, Florida, Georgia, and South Carolina, constituted Zone 2; all States north and east of the belt of States constituting Zone 2 were designated as Zone 1; and all States west of that belt were designated as Zone 4, except that the States of Wyoming, Colorado, and Texas were placed in Zone 3. Zone price differentials adopted for use as a part of this zoning system provided that the price for Zone 1 would constitute the base price; the price for Zone 2 would be the base price plus 20 cents per hundredweight; the price in Zone 3 would be the base price plus 40 cents per hundredweight; and the price in Zone 4 would be the base price plus 60 cents per hundredweight.

(c) Under this system, sales were made on the basis of the zone price applicable at the point of delivery with carload freight allowed, constituting in fact a delivered price. Under this system, purchasers were allowed to take delivery in any quantities by any means of transportation they desired, but on the basis of the applicable zone price with a freight allowance at the carload rate.

(d) No change was made in this system upon the dissolution of NRA. Respondents have continued to use it in the same way in which it was used under NRA and it is now in general use by them. The obvious result of the use of this system is that when respondents' base prices for paper are identical, the price of all respondents for a carload quantity delivered to any purchaser, wherever located with respect to the different mills, will be identical. The degree to which the individual corporate respondents have occasion to use the various zone price differentials depends upon their respective locations and the area in which sales are made. Some of the corporate respondents sell only in one zone or almost entirely within one zone, others in two or three or all zones, and a few limit their sales within an area which can be reached without exceeding a predetermined maximum freight charge. None of these variations conflicts with the system and merely represents the degree to which it is used. There are, of course, some instances in individual transactions where a respondent, for reasons peculiar to the transaction, may waive a zone differential in the price. One respondent has made a minor variation in the geographical divisions between two zones, and another respondent whose products occupy a unique position has made some geographical changes. However, regardless of these various departures, the system is, in fact, in general use. In his testimony, an officer of one of the corporate respondents explained its continued use as being by mutual consent because it is a convenient method of handling the freight situation. The system was in fact continued by mutual understanding and consent.

PAR. 6. (a) It is customary in the book paper industry to maintain quantity differentials under which the price per hundredweight of any

given grade of paper varies with the quantity purchased. In their printed price lists respondents usually quote in five brackets; namely, (1) one-case quantity; (2) four-case quantity, assorted of regular sizes and weights of one grade; (3) 5,000 pounds of one item; (4) 10,000 pounds of one item; and (5) 36,000 pounds of one item. A few of the respondents quote in their price lists one or two quantity brackets in addition to those stated, but they are supplemental to the ones stated and do not in any way conflict with them. The various respondents have used, and use, identical price differentials as between the various quantity brackets mentioned. Of these brackets, the highest price quoted is for the one-case quantity. The price in the four-case bracket is 25 cents per hundredweight less than the price in the one-case bracket; the price in the 5,000-pound bracket is 25 cents per hundredweight less than in the four-case bracket; the price in the 10,000-pound bracket is 15 cents per hundredweight less than in the 5,000-pound bracket; and the price in the 36,000-pound bracket is 10 cents per hundredweight less than in the 10,000-pound bracket. Another type of price differential in the nature of a quantity differential concerns differences between spot and contract prices and the quantities thereunder, with various allied provisions. For example, a unanimous recommendation of the executive committee which was approved at a general meeting of the association on November 22, 1935, includes the following:

In order to eliminate the confusion and inequality caused by the 10¢ differential in both cost and suggested resale prices between spot orders and contract orders on B, C, D and E Grades of Book papers, as well as to maintain the Trade Customs differential of 25¢ the hundred pounds for Hardsized papers over Book-sized papers throughout the cost and suggested resale schedules, we recommend that the adjustments be made in the cost schedule as shown in brackets in the example below:

[Here appears a tabulation showing the changes recommended.]

For Zones 2, 3 and 4 the regular zone differentials still apply.

No contracts in Class 5 to be taken for less than 100 tons.

* * * * *

That the differential of 25¢ per cwt. for Varnishable Coated Label over Regular Coated Label be strictly adhered to, effective January 1, 1936.

That the basis for pricing 50 Ton and 100 Ton spot orders remain as heretofore, i. e. merchant carload cost plus 5%. That the differential accorded spot orders for large tonnage be reduced by making the suggested resale price for 250 Ton spot orders at the merchant carload cost plus \$2.00 per Ton and for 1000 Ton spot orders at the merchant carload cost. Provisions as to minimum quantities and deliveries remain as heretofore.

* * * * *

There shall be no contracts of any nature below 100 Tons per year quantity.

Contracts of 100 Tons and over shall be priced as follows:

[Here appears a detailed statement concerning quantities and price relationships]

That Duplex Varnishing Super Label be considered directly competitive with and be priced on the basis of regular Coated one side Litho paper, except that the minimum basis weight without extra charge for such duplex varnishing super label shall be 50 lbs., (Com. Ex. 98-B, C, D).

Detailed illustrations of the action taken concerning changes thus approved and recommended appear in Commission Exhibits 95 and 96.

(b) The minutes of a meeting of the executive committee of the association at the Waldorf Astoria Hotel in New York City on January 23, 1936, contain this item;

REVIEW OF PREVIOUSLY RECOMMENDED QUANTITY DIFFERENTIALS

Mr. Savage presented a report to the Executive Committee. After considerable discussion the matter was tabled until the next meeting (Com. Ex. 90).

The minutes of a meeting of the executive committee at the Drake Hotel in Chicago on January 31, 1936, contain only one item, as follows:

REVIEW OF PREVIOUSLY RECOMMENDED QUANTITY DIFFERENTIALS

Mr. Savage presented a report to the Executive Committee, which after consideration was referred to the Special General Meeting, January 31, 1936 (Com. Ex. 90).

The minutes of a special general meeting of the association at the Drake Hotel in Chicago on January 31, 1936, contain only one item, as follows:

REVIEW OF PREVIOUSLY RECOMMENDED QUANTITY DIFFERENTIALS

Recommendation of the Executive Committee with respect to previously recommended quantity differentials was presented and voluntarily accepted by individual members represented (Com. Ex. 89).

It is probable that the action of January 31, 1936, related to or was connected with the action taken in the preceding November, but the indefiniteness of the minutes and the lack of other showing in the record make it impracticable to determine what changes were made or what supplemental action was taken. The minutes of a meeting of the executive committee on November 13, 1936, show the following:

QUANTITY DIFFERENTIALS

There was discussion without action being taken with reference to quantity differentials for book paper (Com. Ex. 90).

The record does not show when the precise quantity differentials appearing in respondents' price lists as stated in (a) above were established. Two of these brackets, those for the four-case quantity and for the carlot quantity, with a difference of 50 cents per hundredweight between them (equivalent to the sum of the 25-cent, 15-cent, and 10-cent per hundredweight intervening differentials), appear incidentally in Commission Exhibit 95, described above. The other differentials appearing in Commission Exhibit 95 are related to and dependent upon the spot differentials appearing in the price lists. From these actions and other related facts in the record and from the identity of the quantity differentials actually used by respondents in their price lists, the Commission infers and concludes that they were established in the same manner; that is, as a result of cooperation and understanding among respondents.

(c) There are also uniform price differentials between the so called standard grades of both coated paper and uncoated paper. In uncoated paper, Grade B is 45 cents per hundredweight less than Grade A; Grade C is 25 cents per hundredweight less than Grade B; Grade D is 25 cents per hundredweight less than Grade C; and Grade E is 25 cents per hundredweight less than Grade D. In the case of coated papers, Grade 2 is \$1.35 per hundredweight less than Grade 1; Grade 3 is 95 cents per hundredweight less than Grade 2; Grade 4 is 45 cents per hundredweight less than Grade 3; and Grade 5 is 50 cents per hundredweight less than Grade 4. During the years 1935-39, there were several minor changes in the price

differentials between grades. The continuation of some of the lower grades, and grading generally, were subjects which received consideration by the association from time to time, both directly and through its committee on grading and committee on manufacturing. The vagueness of the minutes and lack of other evidence result in no specific showing having been made as to the exact origin of these differentials in price between grades, or how the changes in them were made. It is apparent, however, that they are in common use and that the changes, when made, were general. The quotations from Commission Exhibit 98-B, C, and D in subparagraph (a) above, because of the references to price differentials as between types of paper, strongly suggest that the price differentials as between grades are the result of cooperative action by respondents.

PAR. 7. (a) The numerous papers referred to in this proceeding as book papers are individual and diverse products and the record indicates that even within any of the so-called standard grades the products of the various manufacturers differ in some of their characteristics. Nevertheless, through the application of various standard price differentials characterized by respondents as "Trade Customs," the use of the zoning system, and the various standard quantity and grade price differentials, the question of price uniformity, in an industry where thousands of different prices necessarily result from combinations of the various factors heretofore mentioned, is reduced to the single element of base price. Once a base price is determined, the application of the factors mentioned automatically determined the price to be paid by the purchaser for any of the various sizes, weights, finishes, colors, trim, packing, quantities, etc., in which paper may be ordered, through fixing the sum to be added to or taken from the base price for all such variations. In considering respondents' cooperative activities with respect to base prices, certain general facts must be taken into account. There is no one concern which produces more than approximately 10 percent of the total industry output of book papers. There is no recognized price leader or leaders in the industry. In point of volume, West Virginia Pulp and Paper Company, the Oxford group, The Mead Corporation, The Champion Paper and Fibre Company, and Kimberly-Clark Corporation are probably the largest producers. Except for specialty products, few of the respondents admit to ever having initiated a price change on book paper, and practically all of them insist that they follow the prices initiated by others when those prices appear to be reasonably established but could rarely, if ever, recall whom they did follow in specific instances. As to the so-called standard grades of coated and uncoated book papers, respondents' price lists show identical base prices. During much of the period covered by the complaint in this proceeding, informal investigations of respondents' activities were from time to time being made by this Commission. Respondents were aware of and discussed these matters, as shown by frequent references to them in the minutes of the association meetings. A typical instance of this is the following extract from the minutes of a meeting of June 18, 1936:

Additional report of this investigation, previously considered at the General Meeting May 6, was made. It was the opinion of counsel from the information presently available that the investigation of the particular complaint had not produced substantiating facts and, while the Federal Trade Commission had not yet reviewed the findings of the investigator, it would seem that the investigation should be concluded without further action (Com. Ex. 89).

The minutes of respondent association were carefully edited. They were first prepared by the secretary and then revised by the managing director, and in all cases were revised by counsel for the association before submission to and approval by the association. With the exception of legislative and governmental matters, the minutes are usually vague and it is apparent from comparison with facts otherwise shown in the record that they do not set forth all matters considered or action taken by the association.

(b) In the closing days of NRA the question of "association cooperation" was considered, and the minutes of a general meeting of May 7 and 8, 1935, read in part:

Several members having prior to the meeting expressed their feeling that there was great need for cooperation on the part of all members at this time; and with a view towards bringing about such closer cooperation through establishing a policy of more open discussion and criticism with respect to the operation of the Association, the following questions were asked of all members present:

1. Regardless of continuation of NRA, do you think the Book Paper Association should be continued?

2. Do you think your business has benefited through cooperation with the Book Paper Manufacturers Association?

3. Regardless of certain recommendations which may be detrimental to an individual mill's interest, do you think that full cooperation therewith would be best for the industry as a whole?

4. Have you any suggestions for a better method of handling matters by Executive and other committees, as well as criticism of past methods?

5. Will you pledge your continued cooperation?

All companies represented pledged their cooperation in response to question No. 5. Members were advised that all suggestions and criticism would be considered and kept in mind by the Executive Committee (Com. Ex. 88).

After the demise of NRA, many of the respondents continued to file announcements of price changes with the association, which disseminated the prices filed by one member to other members. This activity was in a gradually diminishing scale. The number of such filings by association members for the last half of 1935 was 157; for 1936, 82; for 1937, 76; for 1938, 3; and for the first half of 1939, 3. The association furnished its members with forms which were used in filing prices, and these forms carry the following statement:

Price is for Zone 1, F.O.B. mill, carload rate of freight allowed.

We adopt as our selling policy, and the foregoing grades and prices are subject to, specifications, trade practices, terms and conditions of sale, differentials, discounts, extra charges, etc., as shown in:

(a) the annexed statement which is hereby published by us; or

(b) all conditions of the current recommended Trade Practices of the Book Paper Manufacturers Association and all differentials and extra charges provided in Book Paper Trade Customs apply except as modified by us and shown on the back hereof.

The Secretary of the Book Paper Manufacturers Association is hereby authorized and requested to publish the foregoing and to make this schedule available to anyone interested (Com. Ex. 45).

The corporate respondents frequently announced any base price change to the trade by telephone or telegram, and this notice was followed in a few days, or as soon thereafter as practicable, by mailing the new printed

price list to the trade. Numbers of respondents regularly sent their new price lists to their competitors, and such lists were widely distributed in the trade. The fact that competitors' price lists were available to respondents through trade sources apparently did not diminish the value of cooperative filing and dissemination of price announcements through the association. On August 23, 1937, the managing director of the association, in writing its chairman, stated in part:

The price schedules now issued by the Association are fewer in number than during the code period. This is an activity that most of our members consider a very important one (Com. Ex. 99).

Under NRA respondents were required to file their prices with the Code Authority a specified number of days in advance of the effective date and were obliged to adhere to prices so filed until different prices were filed. The price filing carried on through the association after NRA was not limited to past transactions but included as well instances of both current and future prices.

(c) Through the cooperation of its members and some nonmember book paper manufacturers, the association prepared and distributed monthly and weekly reports of a statistical nature to members of the industry. One of the monthly reports furnished the following information separately for coated and uncoated book papers, with the latter subdivided into some additional groups: The number of companies reporting; tonnage produced; shipments made in tonnage and in dollar value; inventory at the end of the month; orders received and unfilled orders on hand at the end of the month, with the percentage of standard capacity of the reporting mills of production, shipments, and orders received. Another monthly report gave a four months' comparison for two years of the following: Average number of mills; standard capacity; inventory at beginning of month or period; production; shipments; net sales; inventory at end of month or period; orders received; orders unshipped at end of month or period; and operating ratios of production, shipments, and orders received. Weekly reports were furnished showing separately for coated and uncoated papers the orders received in the week for which the report was made in terms of percentage of standard capacity, with the number of companies reporting. Similar figures were furnished for the immediately preceding three weeks and for the year to date, with comparable figures for the same periods in the previous year. Another weekly report covering production of uncoated book paper for like periods showed the number of companies reporting, the standard capacity of companies reporting, the production of companies reporting, the percentage of operating rate, and the percentage of change in operating rate as between the current and preceding year (Com. Exs. 56-62). These statistical reports dealt in aggregate figures and did not reveal the figures of any individual company to other companies.

(d) The association prepared and approved a standard form of contract for use in the sale of book paper. This form of contract, among its various provisions, contains one permitting change of the price at the beginning of each calendar quarter, provided notice thereof is given not less than 15 days in advance of the new calendar quarter. It also provides:

Prices and deliveries hereunder are based upon and subject to the trade customs of the Book Paper Manufacturers Association, or any other trade customs applicable to the grade or grades of paper specified in this contract.

* * * * *

Findings

40 F. T. C.

The basic selling price shall be for paper packed for domestic use in ordinary wooden cases with customary markers. If packed on non-returnable skids of 3,000 lbs. or over, net per skid, deduct 15¢ per 100 lbs. If on skids of less than 3,000 lbs., net per skid, no deduction. If shipped in rolls weighing 500 lbs. or heavier, deduct 50¢ per 100 lbs. If in rolls weighing 250 lbs. up to 500 lbs., deduct 25¢ per 100 lbs. If in rolls weighing less than 250 lbs., no deduction (Com. Ex. 50).

This form also contains other provisions affecting or directly relating to the ultimate price. This standard contract form was, and is, regularly used by many members of the association and, in addition, some others use it with minor variations. A few members use no written contract, or merely exchange letters, or use an individual form or individually prepared contract.

(e) The association was quite active and held meetings at frequent intervals, usually alternating between New York and Chicago. These meetings ordinarily covered two days, the first day being devoted largely to the presentation of matters to the executive committee for consideration by it, and the second to a general meeting of the membership. Ten meetings were had in 1936, eleven in 1937, and eleven in 1938. These meetings were consistently well attended, as shown by the following figures for the first two meetings in each of the years mentioned:

<i>Date of Meeting</i>	<i>Number of Companies Represented</i>	<i>Number of Individuals Present</i>
January 31, 1936	31	48
February 20, 1936	35	61
January 13, 1937	30	51
February 24, 1937	35	52
January 7, 1938	28	44
February 24, 1938	37	66
January 20, 1939	25	74
March 15, 1939	23	27

Association officials and employees prepared various charts and data which were not distributed to members but which were exhibited and used in the course of association meetings. These included charts showing price trends of raw materials, labor costs and other elements in the cost of producing book paper, and the price trends in book paper as compared with various other commodities. They were analyzed by a designated representative who discussed the charts and data for the benefit of members, in addition to such discussion as the members themselves engaged in. It is apparent from the testimony of witnesses who attended association meetings that the prices of book paper were regularly discussed in such meetings, but they insisted that the discussions were limited to the prices of book papers in relation to costs of manufacture, the statistical position of the industry, and the relation of book paper prices to those for other commodities. It is plain, however, that these discussions of price before and by association members afforded a means for reconciling differences in views, ascertaining the consensus of opinion among members, and arriving at a common course of action. In fact, the record shows that in at least a few instances price changes were announced by members at association meetings.

(f) In the fall of 1937 there was a slackening in the demand for and a softening of prices of book papers. There was a meeting of the executive

committee and a general meeting of the association at Hot Springs on October 6-8, 1937. At about the time of this meeting rumors became current in the trade of a price cut by Kalamazoo Paper Company (not a member of the association) which was said to amount to various sums up to \$23 per ton. Price changes in the industry are ordinarily made in terms of \$5 per ton, or occasionally \$10 per ton. This rumored price cut by Kalamazoo created a furor among the association members at Hot Springs and was widely discussed by members at that meeting. Many members were making urgent efforts by telephone and otherwise to ascertain exactly what action had been taken by Kalamazoo. Contrary to the usual custom of holding meetings about a month apart, another meeting of the association was held in Chicago on October 14, 1937. Between the date of this meeting and that of the Hot Springs meeting, association members generally had ascertained the nature of the cut in price put into effect by the Kalamazoo Paper Company, and apparently the confusion which had existed resulted from the fact that at the time it made this price cut Kalamazoo abandoned selling upon a delivered-price basis and instituted f.o.b. mill prices. The actual result of this approximated a reduction of \$7 per ton in New York on 5,000-pound lots, and a reduction in Chicago of \$12 per ton. The corresponding figures for carload lots were \$2 and \$7, respectively. The rumors in the trade concerning the action taken by Kalamazoo were a matter of concern to paper merchants because of the effect this reduction, if followed by other manufacturers, would have upon their inventories of paper. Within a few days after the Chicago meeting, various members of the association issued price lists making no reduction in price in a single-case and four-case quantity brackets, which brackets account for a large proportion of sales by paper merchants, but making a reduction of \$5 per ton in the quantity brackets above the four-case bracket. During the period when announcements of price changes were being made by other manufacturers, the Kalamazoo Paper Company abandoned the f.o.b. mill basis of selling and issued a price list returning to the delivered-price system in use by other manufacturers, as well as to the prices then in effect by others, with the reduction limited to the quantity brackets above the four-case quantity. The Chicago meeting of October 14, 1937, was followed by another meeting in New York on November 5, 1937, and still another in Chicago on November 18, 1937.

(g) Apparently the difficulties which led to the price cut first announced by Kalamazoo Paper Company were related to and perhaps due to price disparities which developed between contract and spot business, and this involved directly the interests of the paper merchants as well as the respondent manufacturers. The following extracts from certain exhibits introduced into the record show quite clearly that the discussions at association meetings were not confined to generalities, but in fact led to understandings and agreements upon specific matters. On June 7, 1937, the Chicago office of the Northwest Paper Company wrote the assistant general sales manager of that company on the subject of "pricing practice on book paper contracts for third calendar quarter of 1937" in part as follows:

Referring to 'phone conversation, we don't quite understand why we are going to have to be different from other mills such as Oxford, Warren, West Virginia and Champion, where they are advancing their price \$5.00 per ton for uncoated Book over the first quarter price and \$7.00 per ton on the Label.

Earl Bowen of S. D. Warren, who had a report of the meeting in New York, tells me that our representatives were there and the plans were discussed as to what some of the mills were going to do, and we have outlined above what it is (Com. Ex. 132).

The record shows that there was a meeting of the association at the Waldorf Astoria Hotel on May 26, 1937, and that two representatives of the Northwest Paper Company were present. A large paper merchant, the Graham Paper Company, with branches in many cities, on August 19, 1937, wrote respondent Michigan Paper Company that one of its customers was interested in placing a year's contract for paper, stating the quantities and specifications, and:

Send price information to us St. Louis and since our customer won't likely place their contract until early October, there is no particular hurry about your quotation (Com. Ex. 192).

On August 21, 1937, the Michigan Paper Company replied, but without giving any price information, and stated:

There is to be a meeting of the Book Paper Group next week and after this meeting we will have information as to what, if any, price changes have been made (Com. Ex. 193).

The record shows that there was a meeting of the association at the Waldorf Astoria Hotel in New York City on August 27, 1937. On September 30, 1937, the Chicago office of the Northwest Paper Company wrote to its home office concerning price cutting in Chicago and stated in part:

This outburst was prompted by a list that came out from the Swigert Paper Company closing out a lot of items, a good many of which the merchants are sure that Swigert does not have on hand such as 90,000 lbs. of 25×38—70# Enamel.

In talking with Mr. Hillyer, of the Whitaker Paper Company, yesterday, he stated that this sniping has been going on for some time and that the merchants are tired of it and are going to put a stop to it by meeting the situation with the expectation that the mills will step in and have these ridiculous prices corrected (Com. Ex. 140).

On October 13, 1937, there was an exchange of messages by teletype between the New York and home offices of the Northwest Paper Company. The New York office stated:

THERE ARE SEVERAL GOOD SIZED BOOK ORDERS COMING UP HERE IN THE CITY HAS ANY ADJUSTMENTS BEEN MADE IN PRICE OF B AND C GRADES IT IS NECESSARY TO GET IN ON THE GROUND FLOOR AND WANT TO HAVE PROPER PRICES BEFORE QUOTING.

To which the home office replied:

DONT KNOW WHAT PRICE ON BOOK PAPER WILL BE UNTIL END OF THIS WEEK SOME MILLS HAVE ANNOUNCED REDUCTIONS UP AS HIGH AS 23.00 PER TON DO NOT BELIEVE THIS WILL FOLLOW THRU WHOLE PAPER INDUSTRY (Com. Ex. 143).

On October 11, 1937, the Graham Paper Company wrote respondent Michigan Paper Company:

Within the past week rumors have come to us there has been a general decline in Book Papers of quality such as you furnished to our stock.

As far as we can learn Kalamazoo Paper Company have been responsible and understand they took arbitrary action on quite a lot of tonnage in Detroit, which has given rise to rumors there has been a general break in prices.

Understand the manufacturers had a meeting in Hot Springs last week and considerable pressure was exerted to maintain the present market prices, and would appreciate if you would investigate and give us complete information relative to today's market (Com. Ex. 204).

This exhibit bears the penciled notation "DLS phoned in detail on 10/12/37." Graham Paper Company on October 12, 1937, wrote the Michigan Paper Company for the attention of Mr. Dwight L. Stocker (the person referred to in the penciled notation as DLS):

We appreciate you telephoning us this morning relative to the price situation that was created by Kalamazoo Paper Company and which we are hopeful will not stick, as we feel it would be a mistake to reduce prices, particularly at this time.

* * * * *

We are hopeful that at the manufacturers meeting in Chicago Thursday of this week this situation will be corrected, because we fear if allowed to stand it may result in a break down of prices on all qualities (Com. Ex. 194).

On October 13, 1937, Graham Paper Company again wrote the Michigan Paper Company:

Just as quick as you or Mr. Stocker develops what action is taken in Chicago by the manufacturers relative to prices on book papers, will you please communicate with us immediately, so that we can get word to our branches and salesmen at least by the time our competitors have it from their mill sources? (Com. Ex. 195.)

On the day after the association meeting in Chicago of October 14, 1937, the Michigan Paper Company wrote to the Graham Paper Company:

We wish to confirm telephone conversation of today in which we advised that effective today there would not be any change in the one and four case brackets from our price list on both Coated and Plain Papers, but on both Coated and Uncoated Papers 5,000 lbs. brackets and up, including 18 tons, the price would be \$5.00 per ton less. On No. 5 Coated the price is \$10.00 per ton under the price for No. 4 Coated.

Other grades of paper have not been decided upon but just as soon as we have this information the same will be forwarded to you promptly (Com. Ex. 196).

On October 19, 1937, Graham Paper Company asked Michigan Paper Company for a price quotation on paper for one of its customers, to which Michigan Paper Company replied on October 20, 1937:

We are in receipt of your letter of the 19th and herewith confirm telephone conversation, this with reference to 510,000 lbs. 44½×63 basis 70#, long grain, CIS Litho.

As advised, we are not in a position to make our CIS in the No. 5 quality but would be pleased indeed to have this order based on the No. 4 quality.

As you know, there has been some confusion about contract prices and we believe this will be settled at the meetings in New York this week. However, feel that we are justified in quoting you a price of \$7.10 on skids, you to add 5% to this price for your mark-up, but the price you have suggested of \$7.50 less 4% commission is agreeable to us and you may proceed on this basis (Com. Ex. 198).

The record shows there was a meeting of the executive committee of the association at the Waldorf Astoria Hotel in New York on October 21, 1937,

and that Mr. D. L. Stocker of the Michigan Paper Company was in attendance. On November 16, 1937, Graham Paper Company wrote the Michigan Paper Company concerning the price to be made on contract with one of its customers, stating in part:

On such contract have understood the selling price was the merchant's carload cost, and subject to terms of 2% 30 days and merchant was allowed 5% selling commission.

Have inquired about this several places, but no one seems to know exactly what price does govern today on a 250 ton contract.

Is it true that on such contract for Hard Bound Book Publishing and on Music and Litho contracts prices are now less than govern on a Magazine Publisher's contract? (Com. Ex. 201.)

On November 17, 1937, the Michigan Paper Company, in replying to this inquiry, referred to a telephone conversation concerning it, and stated:

As long as you advised us over the telephone that this matter could be held open until Friday or Saturday of this week, we will hold up the inquiry until that time for as advised you, Mr. Servaas is attending the Book Paper Meetings in Chicago this week and he may have some further information regarding contracts by Friday or Saturday at which time we will immediately get in touch with you (Com. Ex. 202).

The record shows there was a meeting of the association at the Drake Hotel in Chicago on November 18, 1937, which was attended by D. L. Stocker and P. S. Servaas of the Michigan Paper Company. Under date of November 20, 1937, the Michigan Paper Company advised the Graham Paper Company in part:

Confirming telephone conversation of today with reference to the Eden Publishing Company proposition, as we do not have any publishing contracts and as the publication prices are not a matter of record, we will have to admit frankly we are not really familiar with this set up. As you know the commercial 250 ton contract, as of today and the first three months of 1938 the merchants cost is regular carload cost to which 5% is added for resale prices.

We have authorized you on this Eden Publishing Company proposition to meet the situation as you find it.

With reference to the hard bound book publishing and Music and Litho contracts to be perfectly frank with you this seems to be more or less up in the air and we have no definite information on this as we have no such contracts. As you appreciate we are strictly a merchants mill and our efforts are in a line to work with the merchants eliminating some of the unreasonable practices which have been in effect and using our efforts to eliminate some of the differentials on so-called questionable contracts.

We are pleased to advise that at a meeting held this week, and you, no doubt, have this information, that the so-called No. 5 contract is entirely eliminated stating the first of the year which should be of considerable help to the merchants (Com. Ex. 203-A).

Under date of December 4, 1937, the Chicago office of the Northwest Paper Company wrote the assistant general sales manager of that Company on the subject of "Contracts for 1938," in part:

According to the wishes of merchants in this market, they want, and understand, that class 5 contracts are to be eliminated, and they are expecting to operate on that basis in 1938. However, they are wondering if the Book meetings of this week will change the idea in any way. If not, practically all the contracts we have, with the exception of those for lithographers, will go on the spot price basis (Com. Ex. 166).

The record shows there was a meeting of the association held December 9, 1937. On December 14, 1937, Allied Paper Mills wrote James F. Walsh Paper Corporation, stating in part:

This has reference to the contracts you have with us which have been used as a blanket contract for printers' requirements.

We are unable to renew these for the year 1938 as we understand that no contracts of this nature will be filled by any mill (Com. Ex. 726).

(h) The record shows that despite the variety of their products and the great number of different prices resulting from the many product differences already mentioned, respondents, through the means heretofore stated, have succeeded in maintaining price uniformity to a remarkable degree. As a part of a statistical study made by respondents, invoices covering spot sales of book paper to merchants during the week ending April 3, 1937, and the week ending July 16, 1938, were tabulated and analyzed in various ways. This part of the study included several thousand separate invoices, and a correlation of these sales with price lists shows that for the 1937 period 85.62 percent of the sales were in agreement with the price list, and these sales in agreement with the list represented 72.40 percent of the tonnage and 75.63 percent of the dollar value. For the 1938 period, 86.14 percent of the sales were in agreement with the price list and these sales represented 77.64 percent of the tonnage and 79.56 percent of the dollar value. In each of the periods, a few sales were made above price list, but the more substantial number of those sales which were not in accord with the price list were below it. Though stated with apparent precision, the figures given are necessarily approximations because of the possibility of occasional errors in a statistical study of this size and complexity.

PAR. 8. (a) The United States Government Printing Office is a regular purchaser of substantial quantities of book paper. Its usual method is to solicit sealed bids for its estimated requirements of each kind and type of paper for a six months' period and to make awards pursuant to the bids received. Some of the respondent paper mills bid directly on these proposals, some bid only through one or more paper merchants or other representatives, and some of respondents bid directly and through one or more paper merchants or representatives on the same items. In bidding through paper merchants or other representatives, respondents follow the practice of authorizing the merchant or representative to bid specified prices upon designated items in the proposals. If the merchant or representative is successful in securing a contract, the paper necessary to fill it is supplied by the respondent who authorized the bid and an agreed percentage of the price paid by the Printing Office is received by the merchant or representative as a commission for his services. During the NRA period, only identical bids were received and they were priced on the basis of the published list price after the deduction of the usual cash discount of 3 percent, and the contracts for supplying the requirements of the Printing Office were allocated among the identical bidders upon the basis of the relative quantities each had sold to the Printing Office in previous years. After NRA, respondents continued to make identical bids upon the same price basis as used during NRA; namely, list price less 3 percent, and the awards for two or three six months' terms were made and the business allocated among various mills upon the basis used during NRA. This caused complaints from mills which bid but received no contracts, and resulted in

a change in the method of making awards. The method substituted was to eliminate duplicate representation of one mill through drawing by lot to determine which bid representing a given mill would have a further chance to secure the business, and then making a selection by lot from among the single bids for each mill, and the contracts were awarded pursuant to such chance selection. Identical bids persisted, however, until the adoption of the practice of making no awards of contracts for Government Printing Office business in any case of tied bids. When only tied bids were received on any item, the paper needed was purchased in the spot market.

(b) It is interesting to note that under date of May 8, 1936, respondent, West Virginia Pulp and Paper Company, filed with the association its prices

* * * to apply for the Government Printing Office * * * as outlined in Government Printing Office proposal requesting bids to be opened May 18, 1936.

The prices stated shall apply on all orders placed prior to December 31, 1936 (Com. Ex. 762-B).

The various prices for the different items were filed on the usual price filing form bearing the notation:

The Secretary of the Book Paper Manufacturers Association is hereby authorized and requested to publish the foregoing and to make this schedule available to any one interested (Com. Ex. 762-B to G).

Similarly, On May 11, 1936, The Chillicothe Paper Company filed with the association its prices on certain items in the proposals for opening on May 18th, stating:

These are the prices to the Government regardless of whether they are sold direct or through a paper merchant (Com. Ex. 626-A, B, C).

This filing carried the usual request for making the prices filed available to others. It is also interesting to note the reaction to instances of non-identical bids that were low. For example, on February 26, 1937, respondent, West Virginia Pulp and Paper Company, wrote to R. P. Andrews Paper Company, who had submitted bids on its behalf to the Government Printing Office:

I have not heard from you relative to the Government Printing Office order for 42,600 pounds of Super Book upon which we quoted on February 13th, \$5.70. You told me by 'phone that all quotations were at \$5.70, but that Reese & Reese had noted on their quotation that if taken on skids, the price would be 15¢ lower.

I am very anxious to know what mill is to make this paper. As the inquiry specified very plainly that the paper was to be packed on skids, it is rather difficult to understand how anyone could have made the "error" as evidently Reese & Reese did. The price quoted was certainly low in the present market, and as all the mills are pretty well filled with business, as a matter of fact are experiencing great difficulty in making shipments, I would like to know the name of the mill that is to make this paper, and also the time promised for shipment (Com. Ex. 683).

On June 23, 1937, R. P. Andrews Paper Company wrote West Virginia Pulp and Paper Company, giving the results of the opening of the bids on 75 tons of book paper, five bidders having named a price of \$6.14, three a price of \$6.39, and one a price of \$6.12½ (Com. Ex. 768). In replying under date of June 24, 1937, West Virginia Pulp and Paper Company stated in part:

* * * If you can give me any information as to what mill will make the paper, it will be appreciated. This light weight Machine Finish paper is not particularly desirable and as far as we are concerned, we are not peeved that we did not get the order, but we don't like the chiseling of a house of the character of Marquette (Com. Ex. 769).

This was followed by another inquiry by West Virginia Pulp and Paper Company under date of July 7, 1937, stating:

Have you ever been able to get any information as to who is to make the paper for Marquette Paper Company, who chiseled on the order for 75 tons of Machine Finish, putting in a price of \$6.125. I am very anxious to know who is to supply this paper and wonder if you can get me the information in confidence (Com. Ex. 770).

(c) In November 1937, respondent, Allied Paper Mills, authorized James F. Walsh Paper Corporation to submit bids on certain lots of paper in the proposals of the Government Printing Office for the first six months of 1938, and stated in the letter of authorization:

The above prices are to be quoted to the government. Unless this is complied with, we will not accept the orders if you are successful in getting them (Com. Ex. 369).

In submitting bids, the James F. Walsh Paper Corporation, on the basis of giving up a part of its commission, bid about 1 percent under the prices authorized by Allied Paper Mills. The result was that on Lot 3 for 400,000 pounds of book paper, eleven concerns bid \$6.24 per hundredweight and Walsh bid \$6.18; and Lot 5 for 400,000 pounds of book paper, thirteen concerns bid \$6.24 per hundredweight and Walsh bid \$6.18; on Lot 6 for 350,000 pounds of book paper, thirteen concerns bid \$5.86 per hundredweight and Walsh bid \$5.80; on Lot 7 for 600,000 pounds of book paper, thirteen concerns bid \$5.86 per hundredweight and Walsh bid \$5.80; on Lot 8 for 600,000 pounds of book paper, thirteen concerns bid \$5.86 per hundredweight and Walsh bid \$5.80; on Lot 10 for 250,000 pounds of book paper, thirteen concerns bid \$5.85 per hundredweight and Walsh bid \$5.79; on Lot 16 for 200,000 pounds of offset paper, one concern bid \$6.38 per hundredweight, nine concerns bid \$6.30 per hundredweight, one concern bid \$6.28 per hundredweight, and Walsh bid \$6.24; on Lot 36 for 100,000 pounds of book paper, eight concerns bid \$9.70 per hundredweight and Walsh bid \$9.60. Thus on every item on which Walsh bid for Allied Paper Mills he was the low bidder. In due course, James F. Walsh Paper Corporation received awards and was informed by Allied Paper Mills that they would not fill the orders. The small reductions made by Walsh would have come out of his commission, and therefore the net return to Allied Paper Mills would be the same as if he had bid the price authorized. The record shows, independently of his own testimony, that after the refusal by Allied Paper Mills, James F. Walsh began seeking to place the orders with other of respondent manufacturers who produced suitable papers to fill the awards received. Walsh testified that in some instances he was told by mills that they were not interested, in some cases that they would not fill the order because he cut the price. Though these latter statements were denied by the parties to whom they were attributed by Walsh, the fact is that Walsh was unable to place the orders with any other mill. Several statements were made by Allied Paper Mills as to the reason they would not accept the order. One such statement was that it is not fair to other dealers to let one violate instructions and profit by it. However, it is clear from the record that, at least as to some of the lots on which

Walsh bid, no other concern bid on behalf of Allied Paper Mills, and there is no affirmative showing that any dealers other than Walsh bid for Allied Paper Mills on any of the lots. Walsh was at the Waldorf Astoria Hotel in New York at the time a meeting of the association was held in December 1937 and talked to some members of the association before and after the meeting, though he was not present at the meeting of the association. He testified that he learned from members who attended the meeting that his cutting the price on the Government Printing Office bids was a subject before the meeting of the association. This is denied by several members who were present. On December 28, 1937, the New York office of Allied Paper Mills teletyped its home office that respondent C. L. Barnum, an official of the association, had just phoned and advised

THAT WALSH HAS NOTIFIED THE GOVERNMENT THAT HE COULD NOT SUPPLY THE PAPER THAT HE BID ON AND THE GOVERNMENT PRINTING OFFICE HAS ARE RE ADVERTISING THE BIDS (Com. Ex. 370).

Walsh had a friendly relationship with F. H. Savage, a divisional sales manager of International Paper Company, and appealed to him to intercede with Dwight Curtenius of Allied Paper Mills. He wired Mr. Savage at the Blackstone Hotel, Chicago, Illinois, on January 4, 1938, as follows:

RECEIVED WIRE TODAY AS FOLLOWS UNLESS SATISFACTORY REPLY TO OUR LETTER DATED DECEMBER SIX IS RECEIVED BY JANUARY SIX OR PERFORMANCE CONTRACT PROPERLY EXECUTED AND RETURNED BY THAT DATE THE COMMITTEE WILL DECLARE YOUR BID BOND IN DEFAULT AND ACTION TAKEN ACCORDINGLY A COPY OF THIS TELEGRAM IS BEING FORWARDED YOUR BONDS-MAN THE AMERICAN EMPLOYERS INSURANCE COMPANY SIGNED WALTER LAMBETH CHAIRMAN JOINT COMMITTEE ON PRINTING STOP COULD YOU POSSIBLY INTERCEDE DWIGHT CURTENIUS FOR ME GOVERNMENT IS FORFEITING MY BOND DECISION MUST BE MADE TOMORROW SO SIGNED CONTRACTS WILL BE IN WASHINGTON ON JANUARY SIX STOP BELIEVE DWIGHT CURTENIUS IS AT THE BOOK MEETING ANYTHING YOU CAN DO WILL BE DEEPLY APPRECIATED AND MAY I HEAR FROM YOU TOMORROW MORNING (Resp. Ex. 20-A, B).

Mr. Savage testified that he had heard rumors that the refusal by Allied Paper Mills to furnish paper to fill the bids made by Walsh was due to objections by Arthur Birmingham of Birmingham & Prosser, large paper merchants in Chicago; that he and Charles A. Gordon, vice president of Oxford Paper Company, called on Birmingham and, among other things, took up the matter of whether he objected to Allied Paper Mills handling the orders for Walsh; that there was no objection by Birmingham; and that he subsequently told Mr. Curtenius of the result of the conversation he had had with Birmingham but did not recall what reply Mr. Curtenius made. This evidence concerning Birmingham & Prosser was put in by respondents, apparently to explain the refusal of Allied Paper Mills to fill the orders for Walsh. There had been a disagreement between Walsh and Birmingham & Prosser which had resulted in Walsh leaving their employ some time previously. Birmingham & Prosser was not a bidder for the business on which Walsh received the award, and it is not clear how it could be of any legitimate interest to Birmingham & Prosser whether Allied

Paper Mills did or did not fill the orders on which Walsh bid. Presumably, if there had been any occasion for objection on this score, it would have been considered by Allied Paper Mills before they authorized Walsh in November 1937 to bid on their paper. The Director of Purchases of the Government Printing Office testified that various contractors, paper mills, and merchants with whom he did business informed him it was going to be very difficult for Walsh to get the paper to fulfill the awards made to him. Allied Paper Mills raised questions as to Walsh's credit. This was evidently an afterthought, for his credit was not questioned at the time he was authorized to bid. Finally, Allied Paper Mills did furnish paper to fulfill those portions of the Walsh contracts for which paper had not been secured from other sources by the Government Printing Office to take care of its necessities when it appeared Walsh would be unable to deliver, and payments were made to Walsh in care of Allied Paper Mills, which held Walsh's power of attorney. The long record of identical bidding by respondents on Government Printing Office proposals, and the reaction of respondents to nonidentical bids that were low, together with the other facts shown, make it evident that respondents had understandings and agreements concerning the prices to that purchaser.

PAR. 9. The respondents introduced opinion testimony by an expert economist. In part, this testimony went to the proposition that uniformity in price by different sellers of a standard commodity in a given market may be the result of perfect competition or of collusion and furnishes no basis for an inference that such uniformity is due to one as against the other of these conditions. This witness also made comparisons between the behavior of prices for book paper in relation to the prices of certain other commodities and in relation to certain business indices and gave his opinion upon what these comparisons indicated to him. This testimony was also directed toward countervailing any inference of collusion among the respondents being drawn from the single fact of price uniformity among sellers in a given market. Upon the question of uniformity of price as between different markets in the same zone, the witness testified that he had not studied the zoning system and was not prepared to testify with respect to it. The Commission has examined and considered this opinion testimony. In the circumstances present in this case, including the existence of facts which affect the hypothesis upon which certain of the testimony is based as well as the existence of different and conflicting facts shown by the record generally, the Commission views the opinion testimony as entirely failing to support any contention that the price behavior of book paper has been due to operation of competitive forces without the intervention of respondents.

PAR. 10. From its consideration of the entire record, the Commission concludes, and therefore finds, that the capacity, tendency, and effect of the combination maintained in the manner aforesaid and the acts and practices performed by respondents thereunder and in connection therewith, as set out herein, has been, and is, to hinder, lessen, restrain, and suppress competition in the sale of book papers among and between the several States of the United States and in the District of Columbia; to deprive both private and governmental purchasers of book papers of the benefits of competition in price among respondents; to define, establish, and maintain uniform base prices for book papers; to define, establish, and maintain uniform geographical zones within each of which delivered prices to purchasers, wherever located within any such zone, are uniform, and to fix and

determine uniform price differentials for book papers as between such zones; to establish and maintain uniform quantity brackets and uniform price differentials for book paper as between such quantity brackets; to establish and maintain uniform price relationships between spot and contract purchases of book paper; to establish and maintain, and from time to time modify, expand, or readjust through the guise of "Trade Customs," uniform and arbitrary price differentials for each of the many variations in color, weight, size, finish, trim, packing, and type of book papers from specified predetermined bases, and thus determine the additions to be made to or subtractions from a base price in any particular transaction; to provide and maintain means for and to further the exchange of future and current price information among themselves; to prepare and promote the use of a uniform contract of sale with provisions therein for supporting and furthering the maintenance of price uniformity; to bring about collective consideration and discussion of base prices for book papers as a means of arriving at understandings and a common course of action with respect to such prices; and to otherwise cooperate among themselves to establish and maintain price uniformity in the sale of book paper, and to prevent, hinder, and restrain the operation of competitive forces which tend to disturb the uniformity of prices established and maintained through the aforesaid means.

CONCLUSION

The aforesaid acts and practices of respondents, under the circumstances and conditions set forth herein, constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission, the answers of respondents, testimony and other evidence in support of and in opposition to the allegations of said complaint taken before examiners of the Commission theretofore duly designated by it, report of the trial examiner and exceptions thereof, briefs filed herein, and the oral arguments of counsel, and the Commission having made its findings as to the facts and its conclusion that said respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That respondent, Book Paper Manufacturers Association, an unincorporated association, its officers, agents, representatives, and employees; respondents, P. H. Glatfelter and C. L. Barnum, individually and as officers of said association; respondents, C. A. Clough, D. R. Curtenius, G. K. Ferguson, C. A. Gordon, W. H. Kenety, J. R. Miller, F. H. Savage, J. S. Sensenbrenner, R. D. Smith, L. G. Thomson, and R. I. Worrell, individually and as members of the executive committee of said association, their respective representatives, agents, and employees; and the corporate respondents, Allied Paper Mills, American Writing Paper Corporation, The Appleton Coated Paper Company, The D. M. Bare Paper Company, The Beckett Paper Company, Bergstrom Paper Company, The Martin Cantine Company, The Champion Paper and Fibre Company, Champion-International Company, The Chillicothe Paper Company, Columbian Pa-

per Company, Consolidated Water Power & Paper Company, Dill and Collins, Incorporated, Everett Pulp and Paper Company, Fitchburg Paper Company, French Paper Company, P. H. Glatfelter Company, W. C. Hamilton & Sons, Hammermill Paper Company, Inland Empire Paper Company, International Paper Company, The Jessup & Moore Paper Company, Kimberly-Clark Corporation, McLaurin-Jones Company, The Mead Corporation, The Michigan Paper Company of Plainwell, Mohawk Paper Mills, Inc., Newton Falls Paper Company, New York and Pennsylvania Company, Incorporated, The Northwest Paper Company, Oxford Miami Paper Company, Oxford Paper Company, The Parker-Young Company, Rex Paper Company, Schmidt Lithograph Company, The Sorg Paper Company, Standard Paper Manufacturing Company, S. D. Warren Company, Watab Paper Company, West Virginia Pulp and Paper Company, Watervliet Paper Company, and Wheelwright Papers, Inc., independently and as members of said association, their respective officers, agents, representatives, and employees, in or in connection with the offering for sale, sale, and distribution in commerce, as "commerce" is defined in the Federal Trade Commission Act, of book paper (which term includes all papers within the jurisdiction of the Book Paper Manufacturers Association at the time of this proceeding), do forthwith cease and desist from entering into, continuing, cooperating in, or carrying out any planned common course of action, understanding, agreement, combination, or conspiracy between and among any two or more of said respondents, or between any one or more of said respondents and others not parties hereto, to do or perform any of the following things:

1. Fixing, establishing, or maintaining uniform prices, discounts, terms, or conditions of sale for any kind or grade of book paper, or in any manner fixing or establishing any prices, discounts, terms, or conditions of sale for book paper.

2. Exchanging or relaying, directly or through the Book Paper Manufacturers Association or any other agency or clearing house, price lists or other information as to current prices, discounts, terms, or conditions of sale for book paper, for the purpose or with the effect of restraining price competition in the sale and distribution of book paper; or exchanging or relaying, directly or through the Book Paper Manufacturers Association or any other agency or clearing house, information as to future prices, discounts, terms, or conditions of sale quoted or to be quoted for book paper.

3. Using in the quotation and sale of book papers the differentials in price for variations in color, weight, size, finish, trim, packing, type, or quantity of such paper heretofore fixed, as found in this proceeding; or fixing, establishing, or maintaining any differentials in price for any variations in color, weight, size, finish, trim, packing, type, or quantity of book paper.

4. Using in the quotation and sale of book paper the geographical zones, or the price differentials between such zones heretofore fixed for pricing purposes, as found in this proceeding; or fixing, establishing, or maintaining any geographical areas for pricing purposes, or any differentials in price between any such areas for use in quoting and selling book papers.

5. Preparing, distributing, or using any uniform or standard form of contract in the sale of book paper, which contract contains provisions in aid or support of any of the things prohibited in other paragraphs of this order.

It is further ordered, For the reasons appearing in the findings as to the facts in this proceeding, that the complaint herein be, and the same hereby

Order

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is, dismissed as to respondent, Miamisburg Paper Company; and that this proceeding be, and the same hereby is, closed as to respondent, Stecher-Traung Lithograph Corporation, respondent, Miami Valley Coated Paper Company, and respondent, R. S. Berry, without prejudice to the right of the Commission to institute further proceedings should facts so warrant.

It is further ordered, That respondents shall, within 60 days after the service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with this order.