

Syllabus

IN THE MATTER OF

AMERICAN IRON & STEEL INSTITUTE, 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 5508. Complaint, Nov. 13, 1947¹—Decision, Aug. 10, 1951

Where the Iron & Steel Institute; and a large number of member corporations, which produced more than 85 percent of the steel products produced and sold in the United States—including products regularly used in the production of automobiles, agricultural implements, tools and machinery, hardware, plumbing supplies, metal cans and containers, railroad equipment, homes, buildings, public buildings, bridges, dams and others, and products purchased in large quantities by the Federal, State, and municipal governments—and each of which directly or through an affiliate, and in cooperation with one another, actively participated in or supported said Institute and its activities; and which, engaged in the interstate sale and production of their products, were in competition with one another except as it was thereby restrained, lessened or destroyed;

- Following the close of NRA in May 1935 (or date of organization, if later) and the adoption, on June 6, 1935, by the members of the Iron and Steel Industry, of a formal resolution ratifying a similar resolution adopted by the Board of Directors of respondent Institute on June 3, 1935, to the effect that each of said members declared its intention of maintaining "the standards of fair competition", which had been described in the N. R. A. Steel Code—
- (a) Defined and described, through Committees of the Institute and otherwise, the limits of steel product groups, and the ranges of products within said groups, and classified ranges of products, quantities, and services; and made use of the said definitions, descriptions, and classifications in the pricing of their products, and in determining what products would be sold at base prices, and for which products and services extra charges or deductions would be made; and, in the case of any particular concern, announced "base prices," "extras," and "deductions" applicable to a particular product at a particular place and time (as distinguished from the actual selling prices which were nearly always the same as those announced as applicable under similar conditions by other respondent concerns;
 - (b) Prior to 1940 jointly compiled averaged industry-wide costs of producing products, performing services, and handling quantities different from those sold at base prices; actual costs of which different functions varied, depending upon efficiency, size of the particular product run, and other factors;
 - (c) Made use of said averaged industry-wide cost factors as a basis for determining and announcing the additional amounts (which were nearly always the same during any given period for any service, characteristic, or quantity), to be added to or deducted from their "base" or "based prices";
 - (d) Specified in the case of each, in announcing its base prices, not only an amount of dollars and cents for a specified steel product but also that such amount was applicable to such product at a specified geographical point or "basing point," and either announced prices at each of said points, or a willingness to equalize its prices with prices announced;

¹ Amended.

Syllabus

48 F. T. C.

- (e) Failed, in numerous instances, in the case of some of said concerns, to specify that their "base" or "based price" had application at one or more geographical points at which they produced and from which they shipped steel products;
- (f) Collected and compiled through the Institute, lists of freight rate factors, from certain basing points to many of the consuming points, and through the use of freight rate books in which said lists were printed and which were sold by said Institute, were enable to and did, quote identical amounts for the delivery cost factor of their delivered quotations, notwithstanding the complexities and uncertainties concerned in the freight rate tariffs published by the common carriers; and calculated delivered prices for their products, with some exceptions, by adding to the base price, plus extras or minus deductions, a freight rate factor thus arrived at;
- (g) Beginning during the period of the N. R. A. Steel Code and continuing until the time of the complaint, imposed a charge equal to 35 percent of the applicable all-rail freight rate to the railroad station nearest to the point of use of purchasers desiring to use truck facilities for transportation when delivery was taken at the plant, and used arbitrary identical switching charges on purchases of steel products for delivery at basing points, which in some instances were more and in other instances less than the actual switching charges, which were practically impossible to determine in advance;
- (h) Attempted through the Traffic Committee of the Institute, to restrict the extension by the Interstate Commerce Commission of the fabrication in transit privileges available to purchasers of steel products;
- (i) In many instances made identical quotations, with respect to any given delivery point, in sealed bids submitted to State and Federal agencies, in which each bidder represented expressly or impliedly that its sealed bid was made on the basis of independent action, through use of such identical base prices, extra charges, terms and conditions of sale, basing points and delivery charges; notwithstanding the fact that the place of production of the steel products, proposed for delivery to the points concerned, varied widely among the different bidders:

Held, That such acts and practices, taken together and under the circumstances set forth, tended to lessen competition, were oppressive to the public interest, and unfair within the intent and meaning of the Federal Trade Commission Act, and if not checked, would unduly suppress competition; and that the public interest and the provisions of the aforesaid act required that the respondents should be restrained as in the cease and desist order provided.

Before *Mr. Frank Hier*, trial examiner.

Mr. Lynn C. Paulson, *Mr. Robert R. MacIver*, *Mr. Elmer F. Bennett*, and *Mr. Joseph J. Gercke* for the Commission.

Davis, *Polk*, *Wardwell*, *Sunderland & Kiendl*, of New York City, for American Iron & Steel Institute and numerous respondents, and along with—

Mr. Fred Farrar, of Denver, Colo., and *Rathbone, Perry, Kelley & Drye*, of New York City, for Colorado Fuel and Iron Corp.;

Morgan, Lewis & Bockius, of Philadelphia, Pa., and *Mr. John P. Bracken*, of Washington, D. C., for Alan Wood Steel Co. and The Midvale Co.;

Essington, McKibbin, Beebe & Pratt, of Chicago, Ill., for Acme Steel Co.;

Curtis, Mallet-Prevost, Colt & Mosle, of New York City, for Agaloy Tubing Co.;

Smith, Buchanan & Ingersoll, of Pittsburgh, Pa., for Allegheny Ludlum Steel Corp. and A. M. Byers Co.;

Mr. Frederick S. Duncan, of New York City, for American Chain & Cable Co., Inc.;

Jones, Williams, Dorsey & Hill, of Atlanta, Ga., for Atlantic Steel Co.;

Kittelle & Lamb, of Washington, D. C., for The Atlantic Wire Co. and John A. Roebling's Sons Co.;

Sullivan & Cromwell, of New York City, for The Babcock & Wilcox Tube Co. and The National Supply Co.;

Gordon, Brady, Caffrey & Keller, of New York City, for Continental Cooper & Steel Industries, Inc.;

Kenefick, Bass, Letchworth, Baldy & Phillips, of Buffalo, N. Y., for Buffalo Eclipse Corp.;

Mr. Alton W. Lick, of Harrisburg, Pa., for Central Iron & Steel Co.;

O'Connor & Farber, of New York City, for Compressed Steel Shafting Co.;

Cabaniss & Johnston, of Birmingham, Ala., for Connors Steel Co.;

Black, McCuskey, Souers & Arbaugh, of Canton, Ohio, for Continental Steel Corp. and The Cuyahoga Steel & Wire Co.;

Mr. Frank R. S. Kaplan and *Mr. Maurice J. Mahoney*, of Pittsburgh, Pa., for Copperweld Steel Co.;

Gilfillan, Gilpin & Brehman, of Philadelphia, Pa., for Henry Disston & Sons, Inc.;

Mullikin, Stockbridge & Waters, of Baltimore, Md., for Eastern Stainless Steel Corp.;

McCloskey, Best & Leslie, of Pittsburgh, Pa., for Firth Sterling Steel & Carbide Corp.;

Paul, Lawrence & Rock, of Pittsburgh, Pa., for Follansbee Steel Corp. and Reeves Steel & Manufacturing Co.;

Shepley, Kroeger, Fisse & Ingamells, of St. Louis, Mo., for Granite City Steel Co.;

Jones, Day, Cockley & Reavis (Earl J. Lefever), of Cleveland, Ohio, for Griffin Manufacturing Co. and The Thomas Steel Co.;

Benton, Benton & Luedeke, of Newport, Ky., for Newport Steel Corp.;

Mr. Joseph P. Gaffney, of Philadelphia, Pa., for Keystone Drawn Steel Co.;

Lewis, Rice, Tucker, Allen & Chubb, of St. Louis, Mo., for Laclede Steel Co.;

McDermott, Will & Emery, of Chicago, Ill., for National Standard Co.;

Bingham, Collins, Porter & Kistler, of Washington, D. C., for Northwestern Steel & Wire Co.;

Fitzgerald, Abbott & Beardsley, of Oakland, Calif., for Pacific States Steel Corp.;

Mr. Harold K. Brooks, of Pittsburgh, Pa., for Pittsburgh Tube Co.;

Poole, Warren & Littell, of Detroit, Mich., for The Standard Tube Co.;

Day, Cope, Ketterer, Raley & Wright, of Canton, Ohio, for The Timken Roller Bearing Co.;

J. M. Stoner & Sons, of Pittsburgh, Pa., for Vulcan Crucible Steel Co.;

Acheson, Davidson & Fergus, of Washington, Pa., for Washington Steel Corp.; and

Rathbone, Perry, Kelley & Drye, of New York City, *Morgan, Lewis & Bockius*, of Philadelphia, Pa., and *Mr. John P. Bracken*, of Washington, D. C., for Claymont Steel Corp.

Mr. Nathan L. Miller, of New York City, and *Mr. Roger M. Blough*, and *Reed, Smith, Shaw & McClay*, of Pittsburgh, Pa., for United States Steel Corp., American Bridge Co., The American Steel & Wire Co. of New Jersey, United States Steel Co., Columbia Steel Co., Geneva Steel Co., National Tube Co., Tennessee Coal, Iron & Railroad Co., and Virginia Bridge Co.

Cravath, Swaine & Moore, of New York City, for Bethlehem Steel Corp., Bethlehem Pacific Coast Steel Corp., and Bethlehem Steel Co.

Mr. Thomas F. Patton, of Cleveland, Ohio, for Republic Steel Corp. and Truscon Steel Co.

Thorp, Reed & Armstrong, of Pittsburgh, Pa., for National Steel Corp., Weirton Steel Co., and Great Lakes Steel Co., and along with—

Breed, Abbott & Morgan, of New York City, for Sheffield Steel Corp. of Ohio.

Mr. Edgardo A. Correa, of Middletown, Ohio, and *Breed, Abbott & Morgan*, of New York City, for Armco Steel Corp.

Mayer, Meyer, Austrian & Platt, of Chicago, Ill., for Inland Steel Co. and Inland Steel Products Co.

Andrews, Hadden & Putnam, of Cleveland, Ohio, for The Youngstown Sheet & Tube Co.

Mr. Richard L. Barnes, Mr. H. Parker Sharp, and *Brandt, Riester & Brandt*, of Pittsburgh, Pa., for Jones & Laughlin Steel Corp.

Wickes, Riddle, Bloomer, Jacobi & McGuire, of New York City, and *Schmidt, Hugus & Laas* and *Mr. J. E. Bruce*, of Wheeling, W. Va., for Wheeling Steel Corp.

Reed, Smith, Shaw & McClay, of Pittsburgh, Pa., for Crucible Steel Co. of America, Pittsburgh Steel Co., Sharon Steel Co., Columbia Steel & Shafting Co., Latrobe Electric Steel Co., Superior Steel Corp., Vanadium-Alloys Steel Co., and Wyckoff Steel Co.

Knapp, Cushing, Hershberger & Stevenson of Chicago, Ill., for Columbia Tool Steel Co.

Pam, Hurd & Reichmann, of Chicago, Ill., for Bliss & Laughlin, Inc.

Beaumont, Smith & Harris, of Detroit, Mich., for Bundy Tubing Co.

Stryker, Tams & Horner, of Newark, N. J., for The Carpenter Steel Co.

Gardner, Carton & Douglas, of Chicago, Ill., for Chicago Steel & Wire Co.

Cooke, Beake, Miller, Wrock & Cross, of Detroit, Mich., for Detroit Steel Corp.

Thorp, Reed & Armstrong, of Pittsburgh, Pa., for Edgewater Steel Co., Moltrup Steel Products Co., and Pittsburgh Tool Steel Wire Co.

Paul, Lawrence & Rock, of Pittsburgh, Pa., for Empire Steel Corp. and E. S. Liquidating Co.

Henninger, Shumaker & Kiester, of Butler, Pa., for Fretz-Moon Tube Co., Inc.

Mr. Charles Garside, of New York City, for Harrisburg Steel Corp.

Daily, Dines, White & Fiedler, of Chicago, Ill., for Joslyn Manufacturing & Supply Co.

Athearn, Chandler & Hoffman, of San Francisco, Calif., for Judson Steel Corp.

Baer, Davis & Witherell, of Peoria, Ill., for Keystone Steel & Wire Co.

Norris, Lew, Hart & Eldredge, of Philadelphia, Pa., for Lukens Steel Co.

Complaint

48 F. T. C.

Mr. Robert M. Bozeman, of New York City, for The Mahoning Valley Steel Co.

Fordyce, Mayne, Hartman, Renard & Stribling, of St. Louis, Mo., for The Medart Co.

Mr. Louis J. Wiesen, of Sharon, Pa., and *Reed, Smith, Shaw & McClay*, of Pittsburgh, Pa., for Mercer Tube & Manufacturing Co.

Mr. Joseph A. Patrick, of New York City, for The Phoenix Iron Co.

Mr. Leonard H. Freiberg, of Cincinnati, Ohio, for The Pollak Steel Co.

Dickinson, Wright, Davis, McKean & Cudlip, of Detroit, Mich., for Rotary Electric Steel Co.

Mr. Vincent P. McDevitt and *Mr. Warren W. Holmes*, of Philadelphia, Pa., for Sweet's Steel Co.

Blawter, O'Neill & Houston, of Pittsburgh, Pa., for Universal Cyclops Steel Corp.

Mr. Mark J. Ryan, of New York City, for Western Automatic Machine Screw Co.

Mr. Grover C. Richman, of Camden, N. J., for Wheatland Tube Co.

Mr. Forest D. Siefkin and *Mr. W. Wadsworth Watts*, of Chicago, Ill., for Wisconsin Steel Co.

AMENDED COMPLAINT¹

Pursuant to the provisions of an act of Congress entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914, and commonly known as the Federal Trade Commission Act, the Commission having reason to believe that the respondents herein named have violated the said act of Congress, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, the Commission hereby issues its amended complaint stating its charges in that respect as follows:

ORGANIZATION AND DESCRIPTION OF RESPONDENTS

PARAGRAPH 1. Each of the parties named below in this paragraph 1 is hereby named as a respondent herein.

¹ The Commission on September 3, 1948, issued an order dismissing amended complaint as to respondent E. S. Liquidating Co., formerly Empire Steel Corp., as follows:

This matter came on to be heard in regular course upon motion filed March 16, 1948, amended May 10, 1948, by respondent E. S. Liquidating Co., formerly Empire Steel Corp., to dismiss the amended complaint as to it and a statement of counsel supporting the complaint, filed June 25, 1948, by which said motion is not opposed.

123

Complaint

Company name	State of incorporation	Principal place of business
American Iron & Steel Institute, its directors and officers.	New York.....	350 5th Avenue, New York, N. Y.
United States Corp., and the following of its subsidiaries:	New Jersey.....	71 Broadway, New York, N. Y.
American Bridge Co.....	do.....	Frick Bldg., Pittsburgh, Pa.
The American Steel & Wire Co. of New Jersey.....	do.....	Rockefeller Bldg., Cleveland Ohio.
Carnegie-Illinois Steel Corp.....	do.....	Carnegie Bldg., Pittsburgh, Pa.
Columbia Steel Co.....	Delaware.....	Russ Bldg., San Francisco, Calif.
Geneva Steel Co.....	do.....	Geneva, Utah.
National Tube Co.....	do.....	Frick Bldg., Pittsburgh, Pa.
Tennessee Coal, Iron & Railroad Co.....	Tennessee.....	Brown-Marx Bldg., Birmingham, Ala.
Virginia Bridge Co.....	New Jersey.....	Roanoke, Va.
Bethlehem Steel Corp. and the following of its subsidiaries:	Delaware.....	25 Broadway, New York, N. Y.
Bethlehem Pacific Coast Steel Corp.....	do.....	20th and Illinois St., San Francisco, Calif.
Bethlehem Steel Co.....	Pennsylvania.....	Bethlehem, Pa.
Republic Steel Corp. and its controlled company: Truscon Steel Co.....	New Jersey.....	Republic Bldg., Cleveland, Ohio.
The Youngstown Sheet & Tube Co.....	Michigan.....	Do.
Jones & Laughlin Steel Corp.....	Ohio.....	Stambaugh Bldg., Youngstown, Ohio.
American Rolling Mill Co., and its subsidiary: Sheffield Steel Corp. of Ohio.....	Pennsylvania.....	Jones & Laughlin Bldg., Pittsburgh, Pa.
National Steel Corp. and the following of its subsidiaries:	Ohio.....	703 Curtis St., Middletown, Ohio.
Weirton Steel Co.....	do.....	Sheffield Station, Kansas City, Mo.
Great Lakes Steel Co.....	Delaware.....	Grant Bldg., Pittsburgh, Pa.
Inland Steel Co. and its subsidiary.....	West Virginia.....	1935 Stillwell St., Weirton, W. Va.
Milcor Steel Co.....	Delaware.....	Tecumseh Rd., Ecorse, Detroit, Mich.
Wheeling Steel Corp.....	do.....	38 South Dearborn St., Chicago, Ill.
Colorado Fuel & Iron Corp.....	do.....	36th and Burnham Sts., Milwaukee, Wis.
Crucible Steel Co. of America.....	do.....	Wheeling, W. Va.
Pittsburgh Steel Co.....	Colorado.....	Continental Oil Bldg., Denver, Colo.
Sharon Steel Corp.....	New Jersey.....	405 Lexington Ave., New York, N. Y.
Alan Wood Steel Co.....	Pennsylvania.....	Grant Bldg., Pittsburgh, Pa.
Acme Steel Co.....	do.....	Sharon, Pa.
Agaloy Tubing Co.....	do.....	Conshohocken, Pa.
Allegheny Ludlum Steel Corp.....	Illinois.....	2340 Archer Ave., Chicago, Ill.
American Chain & Cable Company, Inc.....	Place of incorporation unknown.	1027 Newark Ave., Elizabeth, N. J.
Atlantic Steel Co.....	Pennsylvania.....	Brackenridge, Pa.
The Atlantic Wire Co.....	New York.....	230 Park Ave., New York, N. Y.
The Babcock & Wilcox Tube Co.....	Delaware.....	Atlanta 1, Ga.
Bliss & Laughlin, Inc.....	Connecticut.....	1 Church St., Bramford, Conn.
Continental-United Industries Co., Inc.....	Pennsylvania.....	Beaver Falls, Pa.
Buffalo Bolt Co.....	Delaware.....	Harvey, Ill.
Bundy Tubing Co.....	do.....	345 Madison Ave., New York, N. Y.
A. M. Byers Co.....	New York.....	North Tonawanda, N. Y.
The Carpenter Steel Co.....	Place of incorporation unknown.	Hern at Springfield, Detroit 13, Mich.
Central Iron & Steel Co.....	Pennsylvania.....	Clark Bldg., Pittsburgh 22, Pa.
Chicago Steel & Wire Co.....	New Jersey.....	101 West Bern, Reading, Pa.
Columbia Steel & Shafting Co.....	Pennsylvania.....	Harrisburg, Pa.
	Illinois.....	10257 Torrence Ave., Chicago 17, Ill.
	Pennsylvania.....	P. O. Box 1557, Pittsburgh 30, Pa. (works at Carnegie, Pa.).

It appears to the Commission that said respondent on December 19, 1948, sold all of its assets of any and every nature to the Studebaker Corp. and since said date has not owned any property capable of producing steel, has produced no steel, does not presently intend to produce steel at any time in the future, and has not been a member of the American Iron & Steel Institute since April 29, 1948.

It is ordered, That the amended complaint herein be, and the same hereby is, dismissed as to respondent E. S. Liquidating Co., formerly Empire Steel Corp.

The Commission on February 15, 1949, issued an order dismissing amended complaint as to respondent The Phoenix Iron Co., as follows:

This matter came to be heard in regular course upon motion filed December 22, 1947, by counsel for respondent The Phoenix Iron Co. to dismiss the complaint as to it; a supplemental statement in support of said motion, filed January 22, 1948; and a statement of counsel supporting the complaint, filed January 23, 1948, together with supplemental statements, by said counsel, filed October 12 and December 16, 1948, respectively, by which said motion is not now opposed.

It appears to the Commission that said respondent, on or about September 30, 1947, sold all its steel-producing facilities; that since said date it has ceased to engage in the production of steel and has existed solely as a holding company owning shares of stock in other corporations, none of which are engaged in the production of steel; that it does not presently intend to resume the production of steel; and that on or about October 9, 1947, it withdrew from membership in the American Iron & Steel Institute.

It is therefore ordered, That the amended complaint herein be, and the same hereby is, dismissed as to respondent The Phoenix Iron Co.

Complaint

48 F. T. C.

Company name	State of incorporation	Principal place of business
Columbia Tool Steel Co.....	Illinois.....	Lincoln Highway and State St., Chicago Heights, Ill.
Compressed Steel Shafting Co.....	Massachusetts.....	1587 Hyde Park Ave., Readville, Mass.
Connors Steel Co.....	Delaware.....	Birmingham 1, Ala.
Continental Steel Corp.....	Indiana.....	Kokomo, Ind.
Copperweld Steel Co.....	Pennsylvania.....	Glassport, Pa.
The Cuyahoga Steel & Wire Co.....	Ohio.....	Longwood Ave., Maple Heights, Cleveland 5, Ohio.
Detroit Steel Corp.....	Michigan.....	1025 South Oakwood Ave., Detroit 9, Mich.
Henry Disston & Sons, Inc.....	Pennsylvania.....	Tacony, Philadelphia 35, Pa.
Eastern Stainless Steel Corp.....	Maryland.....	Box 1975, Baltimore 3, Md.
Edgewater Steel Co.....	Pennsylvania.....	P. O. Box 478, Pittsburgh 30, Pa. (works at Oakmont, Pa.)
Empire Steel Corp.....	Ohio.....	Mansfield, Ohio.
Firth Sterling Steel & Carbide Corp.....	Pennsylvania.....	McKeesport, Pa.
Follansbee Steel Corp.....	Delaware.....	3d and Liberty Ave., Pittsburgh, Pa.
Fretz-Moon Tube Co., Inc.....	Pennsylvania.....	Butler, Pa.
Granite City Steel Co.....	Delaware.....	20th and Madison Ave., Granite City, Ill.
Griffin Manufacturing Co.....	Pennsylvania.....	Cherry and Huron Sts., Erie, Pa.
Harrisburg Steel Corp.....	do.....	Harrisburg, Pa.
International Detrola Corp.....	Indiana.....	Beard Ave. at Chatfield, Detroit 9, Mich.
Joslyn Manufacturing & Supply Co.....	Illinois.....	20 North Wacker Dr., Chicago, Ill.
Judson Steel Corp.....	California.....	4200 Eastshore Highway, Emeryville, Calif.
Keystone Drawn Steel Co.....	Pennsylvania.....	Spring City, Pa.
Keystone Steel & Wire Co.....	Illinois.....	Peoria 7, Ill.
Laclede Steel Co.....	Missouri.....	Arcade Bldg., St. Louis, Mo.
Latrobe Electric Steel Co.....	Pennsylvania.....	Latrobe, Pa.
Lukens Steel Co.....	do.....	Coatesville, Pa.
The Mahoning Valley Steel Co.....	Ohio.....	McKees Lane, Niles, Ohio.
The Medart Co.....	Missouri.....	100 Potomac St., St. Louis, Mo.
Mercer Tube & Manufacturing Co.....	Delaware.....	200 Clark St., Sharon, Pa.
The Midvale Co.....	do.....	4320 Wissahickon Ave., Nicetown, Philadelphia, Pa.
Moltrup Steel Products Co.....	Pennsylvania.....	Beaver Falls, Pa.
National Standard Co.....	Michigan.....	Niles, Mich.
The National Supply Co.....	Pennsylvania.....	330 Grant St., Pittsburgh 30, Pa.
Northwestern Steel & Wire Co.....	Illinois.....	Sterling, Ill.
Pacific States Steel Corp.....	California.....	Niles, Calif.
The Phoenix Iron Co.....	Pennsylvania.....	121 Bridge St., Phoenixville, Pa.
Pittsburgh Tool Steel Wire Co.....	do.....	Monaca, Pa.
Pittsburgh Tube Co.....	Delaware.....	323 4th Ave., Pittsburgh 22, Pa.
The Pollak Steel Co.....	Ohio.....	820 Temple Bar Bldg., Cincinnati, Ohio.
Reeves Steel & Manufacturing Co.....	do.....	Dover, Ohio.
John A. Roebling's Sons Co.....	New Jersey.....	640 South Broad St., Trenton 2, N. J.
Rotary Electric Steel Co.....	Delaware.....	21400 Mound Rd., Warren Township, Mich.
The Standard Tube Co.....	Michigan.....	14600 Woodward Ave., Highland Park, Mich.
Superior Steel Corp.....	Virginia.....	Grant Bldg., Pittsburgh, Pa.
Sweets Steel Co.....	Pennsylvania.....	Williamsport, Pa.
The Thomas Steel Co.....	Ohio.....	Delaware Ave., Warren, Ohio.
The Timken Roller Bearing Co.....	do.....	1835 Deuber Ave. SW., Canton 6, Ohio.
Universal-Cyclops Steel Corp.....	Pennsylvania.....	Bridgeville, Pa.
Vanadium-Alloys Steel Co. and its subsidiary: Anchor Drawn Steel Co.....	do.....	Latrobe, Pa.
	Place of incorporation unknown	Do.
Vulcan Crucible Steel Co.....	New Jersey.....	West Aliquippa, Pa.
Washington Steel.....	Place of incorporation unknown.	Washington, Pa.
Western Automatic Machine Screw Co.....	do.....	117 Main St, Flemington, N. J.
Wheatland Tube Co.....	Pennsylvania.....	Real Estate Trust Bldg., Philadelphia, 7, Pa.
Wisconsin Steel Co.....	Place of incorporation unknown.	180 North Michigan Ave., Chicago, Ill.
Worth Steel Co.....	Delaware.....	Claymont, Del.
Wyckoff Steel Co.....	Pennsylvania.....	First National Bank Bldg., Pittsburgh, Pa.

Sometimes hereinafter the aforesaid American Iron & Steel Institute will be referred to as respondent Institute. Its officers and directors sometimes will be referred to as officers and directors of respondent Institute. Each of the other parties named above in this paragraph 1 sometimes will be referred to as a producer respondent and, sometimes collectively, they will be referred to as producer respondents.

The following producer respondents are members of respondent Institute, and they are sometimes hereinafter referred to as members: Acme Steel Co., Agaloy Tubing Co., Alan Wood Steel Co., Allegheny Ludlum Steel Corp., The American Rolling Mill Co., Anchor Drawn Steel Co., Atlantic Steel Co., The Atlantic Wire Co., The Babcock & Wilcox Tube Co., Bethlehem Steel Co., Bliss & Laughlin, Inc., Buffalo Bolt Co., Bundy Tubing Co., A. M. Byers Co., The Carpenter Steel Co., Central Iron & Steel Co., Chicago Steel & Wire Co., Colorado Fuel & Iron Corp., Columbia Steel & Shafting Co., Columbia Tool Steel Co., Compressed Steel Shafting Co., Connors Steel Co., Continental Steel Corp., Copperweld Steel Co., Crucible Steel Co. of America, The Cuyahoga Steel & Wire Co., Detroit Steel Corp., Henry Disston & Sons, Inc., Eastern Stainless Steel Corp., Edgewater Steel Co., Empire Steel Corp., Firth Sterling Steel & Carbide Corp., Follansbee Steel Corp., Fretz-Moon Tube Co., Inc., Granite City Steel Co., Griffin Manufacturing Co., Harrisburg Steel Corp., Inland Steel Co., Jones & Laughlin Steel Corp., Joslyn Manufacturing & Supply Co., Judson Steel Corp., Keystone Drawn Steel Co., Keystone Steel & Wire Co., Laclede Steel Co., Latrobe Electric Steel Co., Lukens Steel Co., The Mahoning Valley Steel Co., The Medart Co., Mercer Tube & Manufacturing Co., The Midvale Co., Moltrup Steel Products Co., National Standard Co., National Steel Corp., Northwestern Steel & Wire Co., Pacific States Steel Corp., The Phoenix Iron Co., Pittsburgh Steel Co., Pittsburgh Tool Steel Wire Co., Pittsburgh Tube Co., The Pollak Steel Co., Reeves Steel & Manufacturing Co., Republic Steel Corp., John A. Roebling's Sons Co., Rotary Electric Steel Co., Sharon Steel Corp., The Standard Tube Co., Superior Steel Corp., Sweet's Steel Co., The Thomas Steel Co., United States Steel Corp., Universal Cyclops Steel Corp., Vanadium-Alloys Steel Co., Vulcan Crucible Steel Co., Washington Steel Corp., Western Automatic Machine Screw Co.,

Complaint

48 F. T. C.

Wheatland Tube Co., Wheeling Steel Corp., Wisconsin Steel Co.,
Wyckoff Steel Co., The Youngstown Sheet & Tube Co.

DESCRIPTION OF THE INDUSTRY AND THE INTERSTATE CHARACTER
OF RESPONDENTS' BUSINESS

PAR. 2. The steel industry is one of the basic industries of the Nation. Respondent producers produce and sell substantially all of the steel that is produced and sold in the country. According to reports of respondent Institute, its members produce more than 96 percent of the country's total output of steel. The total dollar volume of their sales of the products involved herein in 1946 was approximately \$5,000,000,000. The steel products which they produce and sell are regularly used in the production of automobiles, agricultural implements, tools and machinery, hardware, plumbing supplies, metal cans, and containers, railroad equipment, homes, buildings, public buildings, bridges, dams, and other products and things and are of great importance to the public generally. The Federal, State, and municipal governments of the Nation purchase large quantities of steel annually.

Producer respondents, in the regular course of their business, are engaged in interstate commerce, as "commerce" is defined in the Federal Trade Commission Act, and in that connection have used the acts, policies, and methods hereinafter alleged. They sell and deliver across State boundary lines and in the District of Columbia large quantities of their products and supplies, and, in addition, sell and export steel products to purchasers thereof in foreign countries.

Respondents have the power to dominate and manipulate the markets in which their unorganized customers and consumers must buy their products and to frustrate, destroy, suppress, and eliminate competition between themselves. The American Iron & Steel Institute is made use of by producer respondents as a vehicle or medium for collective action and it assists the producer respondents in dominating and manipulating markets and in the carrying on of the unfair methods of competition hereinafter alleged. Collective action taken by producer respondents through respondent Institute in connection with the increase in steel prices which was announced during July 1947 is an instance in point.

OFFENSES CHARGED

PAR. 3. For many years last past and continuing to the present time, respondents have combined, conspired and agreed to act collusively

and have acted collusively, and are now acting collusively, in restraining, suppressing, frustrating, and destroying competition in the sale of steel products, including but not restricted to (1) ingots; (2) semi-finished rolled products (e. g. blooms, billets, tube rounds, sheet bars, tin-plate bars, and slabs); (3) finished rolled products (e. g. rails and accessory rail supplies, structural shapes, bars, wire rods, skelp, sheet steel piling, sheets, strip steel, and tin mill block plate); and (4) further finished steel products (e. g. cold finished bars, rods, sheets and strips, galvanized sheet and strip, terneplate and other coated sheet and strip tin plate, pipe and tubes, nails, wire and wire products) in commerce, as "commerce" is defined in the Federal Trade Commission Act and in violation of section 5 of the Federal Trade Commission Act (15 U. S. C. A. 45) in the commission of acts and the promulgation and use of policies, methods, and practices hereinafter more particularly set forth in subparagraphs 1 to 3, inclusive, of this paragraph 3 and in each of the succeeding paragraphs, namely, paragraph 4, paragraph 5, paragraph 6, and paragraph 7.

1. They have collusively composed, established and announced prices—

(a) Through the maintenance and use of the basing point practices and methods particularly described, set forth and alleged in paragraph 4;

(b) Through the collective compilation of pricing factors more particularly described, set forth and alleged in paragraph 5; and

(c) Through collective designation of certain steel products as "base products" for pricing purposes as is more particularly described, set forth and alleged in paragraph 6.

2. They have directly and indirectly through the offices and organization of respondent Institute, and otherwise, collectively furthered their designs and plans to restrain, suppress, frustrate, and lessen competition in the sale of steel products—

(a) Through agreements and collective action, including those particularized, set forth and alleged in paragraph 7;

(b) Through discussions by representatives of producer respondents in group meetings where they have reached a meeting of their minds that it would be to the self-interest of each of the producer respondents to so act as to forestall increases in steel production facilities and acting thereafter in accordance with such understandings;

(c) Through agreements, methods, and practices with respect to making quotations to railroads;

Complaint

48 F. T. C.

(d) Through taking collective and collusive action from time-to-time to promote the making of delivered price quotations by producer respondents to customers at any given destination and in the promotion of adherence to such quotations;

(e) Through collective action with respect to resale price maintenance plans to further frustrate price competition and in so doing requiring jobbers to sell various steel products at the delivered price quotations adopted and specified by the producer respondents which were calculated in accordance with the basing point practices and methods referred to in paragraph 4 herein;

(f) Through taking collective action for establishment of a classification of customers designated as "jobbers" and the designation of particular persons, firms, and individuals to be listed within that classification as provided in joint action by members of one or more of the various "groups" of Respondents referred to in paragraph 7 herein;

(g) Through collective action in establishing and maintaining uniform terms and conditions of sale, including free credit periods and maximum cash discounts for prompt payment.

3. They have collusively acted to prevent deviations from their collusively announced prices—

(a) Through the taking of collective action to prevent diversions of shipments in transit;

(b) Through the taking of collective action to forestall and prevent reductions in railroad rates;

(c) Through the taking of collective action to curtail fabrication in transit;

(d) Through the taking of collective action to curtail price quotations on an f. o. b. mill basis when unrelated to or calculated in accordance with the basing point practices particularized in paragraph 4; and

(e) Through the taking of collective action to arrive at the establishment of uniform quotations on extras as is more particularly described, set forth and alleged in paragraph 6.

PAR. 4. Producer respondents have followed and do now follow a planned common and cooperative course of action in their employment and use of basing point practices, as hereinafter particularized, set forth and alleged in this paragraph 4. The practices involve the designating of a certain location or a limited number of locations as basing points for pricing purposes. Such locations will hereinafter

sometimes be referred to as basing points. For each such basing point a factor "base price" is announced. Such factor will hereinafter sometimes be referred to as "base price" or "basing point price." The factor of "base price" thus used is announced by respondents as f. o. b. Pittsburgh, Pa., on some products. On other steel products with respect to a given delivered price quotation, the factor "base price," as announced by producer respondents, is announced as f. o. b. one or two or more locations (namely, a basing point) plus "freight applicator" therefor to said destination. Regularly, and in many instances, producer respondent produce steel at and make shipments from locations other than those designated and used as basing points in calculating the applicable delivered price quotations.

In calculating, arriving at and announcing delivered price quotations, Producer Respondents use a formula, including the factor "base price" and a factor designated by respondents as "freight rate." The latter factor, when used by producer respondents for pricing purposes, is taken from a compilation cooperatively and collectively produced by respondents through respondent Institute. The factor thus designated by respondents as "freight rate" is herein sometimes referred to as "freight applicator." Thus, the delivered price quotations of producer respondents involve the use of a formula, namely, "base price" plus "freight applicator." The factor "freight applicator" thus utilized purports to represent the applicable freight rate on a given shipment. However, in no instance except by happenstance does it represent the sum of the applicable freight rate on a shipment by a producer respondent where the delivered price therefor was based on the basing point price f. o. b. a location other than that from which shipment was made. Furthermore, variances thus arising in many instances on some steel products occur because producer respondents making quotations in such instances have utilized the factor "base price" at a basing point plus the factor "freight applicator" supposedly representing freight charges from the basing point thus selected to the destination involved, although shipment is actually made from a production point much nearer freight-wise and at substantially lower actual transportation cost than the sum represented by said "freight applicator" used as a part of the formula for the delivered price. In other instances, producer respondents, although making shipments from one of the aforesaid basing points calculates delivered price quotations with respect thereto through the use of the formula of base price plus freight applicator applicable from an entirely different basing point than the point of shipment.

PAR. 5. As a part of their common purposes and plan to lessen price competition, respondents have agreed upon a common list of charges to be added to base prices in lieu of switching, shipping, and freight charges. Such charges have been compiled and published by the respondent Institute, ostensibly for the purpose of determining shipping charges, and are employed by the producer respondents in the calculation of delivered price quotations. Each producer respondent maintains a traffic department for determining actual shipping charges, including rates and routes. Such calculations are difficult and technical and traffic experts frequently differ as to the proper rate or route involved in a particular shipment. Such calculations often differ through changes in rates or routes which may not become known to different shippers at the same time. To avoid differences in delivered price quotations through employment of different rates, routes or switching charges by different producer respondents, the respondents have employed in the calculation of delivered price quotations, only the rates which have been published and promulgated by the respondent Institute. Thus, Institute freight rate books are in reality price books.

In computing and calculating their delivered price quotations in accordance with the aforesaid compilation or schedule of factors purporting to be all-rail freight rates and rail-ocean freight rates compiled and disseminated collectively through respondent Institute, respondents frequently assess and charge amounts for delivery that are higher than those available according to official published tariffs and frequently deny purchasers the benefit of lower rates otherwise available for water or truck haul; likewise, respondents include in delivered price quotations arbitrary amounts in lieu of actual switching charges made by the railroads for switching cars, which said arbitrary charges respondents have made available to themselves by collective collusive action through respondent Institute and otherwise.

PAR. 6. Producer respondents produce and sell thousands of steel products which vary in size, shape, chemical composition, physical treatment and otherwise from one another. Thus, the potentiality for price competition among these respondents is very great. To prevent this potential competition from finding expression and in furtherance of their general combination, respondents have adopted common methods of pricing and selling their great variety of products as follows: They have collectively and collusively classified their products making certain products "base" products for pricing purposes, and variations therefrom "extras" or "deductions." An

"extra" or "deduction" is any variation in quality, size, chemical composition, physical treatment or otherwise from the "base" product. They have collectively and concertedly classified "extras" and "deductions" for pricing purposes and have concertedly and collusively established and maintained uniform prices for the aforesaid "extras" and "deductions," usually in terms of monetary amounts per hundred pounds or per pound or in terms of percent of the applicable base price factor. The said monetary amounts or percentum are added to or deducted from the applicable "base price" factor as provided for by the aforesaid collective and collusive action of respondents. Respondents have also collusively and concertedly established and maintained a system of uniform "extras" and "deductions" applicable to size or quantity of shipment or services rendered.

From time to time through agreement among themselves, respondents have arbitrarily increased the price of "extras" by substantial amounts aggregating a high percentage of the "base" product price factor and without relation to the cost of the "extra" involved.

PAR. 7. For several years last past producer respondents have been conducting their business and carrying on their activities under an agreement embodied in a formal resolution adopted on June 6, 1935, by producer members of respondent Institute representing more than 90 percent of the steel producing capacity of the country. Under the terms of said resolution, which ratified a similar resolution adopted by respondent Institute's board of directors on June 3, 1935, each of the producer respondents declared its intention of maintaining "the standards of fair competition which are described in the Steel Code." Said resolutions were adopted and have continued in effect after the invalidation of the National Industrial Recovery Act by the Supreme Court of the United States. Among other things said Code provided that "each member of the Code, by becoming such member, agrees with every other member thereof that the Code constitutes a valid and binding contract by and among all members of the Code." The board of directors of respondent American Iron & Steel Institute was the Code Authority which was entrusted by respondents with and exercised the functions of enforcing, administering, interpreting, and applying the provisions of the Code regarding "the standards of fair competition" incorporated therein. Said Institute, its board of directors, committees, and members have exercised similar functions since adoption of the aforesaid resolutions and have continued the Code in effect as a voluntary agreement among the members of the Institute.

As recently as July 1947, the Institute was used by respondents to collusively support an increase in the price of steel which the producer respondents had announced. Respondent producers have continuously collaborated in the promotion, establishment and conduct within the membership of respondent Institute of a number of separate groups each composed of members who produce and sell similar and competing kinds of steel products, and have promoted and held frequent meetings, conferred, and systematically exchanged and interchanged information among and between themselves to carry out a noncompetitive price policy. Many of the producer respondents are producers of more than one kind of steel product and accordingly affiliated with more than one of the separate groups referred to. Among such groups are those composed of the respective producers of rolled steel products, rails, structural shapes, plates, bars, sheets, strips, tubular goods and wire products.

PAR. 8. Each of the producer respondents have contributed to the accomplishment of the acts and the effects flowing therefrom, as alleged in this complaint, by—

(1) Use of the basing point practices as particularized, set forth and alleged in paragraph 4;

(2) The practice of discrimination between and among its customers by demanding, charging, accepting, and receiving higher net prices from its customers located near its plant than from its customers more distantly located for goods of like grade, quality and quantity, and whereby it is enabled to and does match its quotations on a delivered basis with the quotations of other respondent members;

(3) Action in quoting prices to customers located in the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming, which are arrived at through the application of basing point practices as particularized in paragraph 4, and in so doing quotes prices as though shipments were being made from mills east of the Rocky Mountains, although deliveries are actually made from mills west of the Rocky Mountains and in some instances near the location of the customer's business;

(4) Use of the compilations more particularly described, set forth and alleged in paragraph 5;

(5) Use of the designations of "base products" for pricing purposes in the manner more particularly set forth and alleged in paragraph 6;

(6) Use of compilations of "extras" or "deductions" more particularly described, set forth and alleged in paragraph 6;

(7) Acting in accordance with the understandings, agreements, plans, methods, policies, and practices more particularly described, set forth and alleged in paragraphs 3 and 7.

PAR. 9. The inherent effects of the adoption and maintenance by the respondent members of the practices described and alleged in paragraph 4 herein and of the collective action alleged in subparagraph 3 (d) of paragraph 3 herein include all and singularly the following, to-wit:

(1) Substantial lessening of competition among respondent members;

(2) Unfair and oppressive discrimination against portions of the purchasing public in large areas by depriving such purchasers of the advantage which would otherwise accrue to them as a result of their proximity to the factories of respondent members, and by requiring such purchasers to pay increases over what the net prices to such purchasers would have been if such net prices had been fixed by competition among respondents; and

(3) Deprivation of equal opportunities for buyers to secure supplies of steel in times of short supply when respondent producers refuse to quote and sell f. o. b. mill.

PAR. 10. The combination, agreements, and understandings of the respondents and the acts, practices, pricing methods, systems, devices, and policies as hereinbefore alleged, all and singularly, are unfair and to the prejudice of the public, deprive the public of the benefit of competition, promote discrimination against some buyers and users of respondents' products, have a dangerous tendency and capacity to restrain unreasonably competition in the sale of such products in commerce; have actually hindered, frustrated, restrained, suppressed, and prevented competition in such products in commerce; and constitute unfair methods of competition and unfair and deceptive acts and practices in commerce, within the meaning of section 5 of the Federal Trade Commission Act, as amended.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act the Federal Trade Commission, on November 13, 1947, issued and subsequently served its amended complaint upon the respondents named in the caption hereof, charging them with the use of unfair methods of competition and unfair and deceptive acts and practices in commerce, in violation of the provisions of that act. After the filing of respondents' answers to said complaint, testimony and other evidence in support of the allegations of the complaint were introduced before a trial examiner of the Commission theretofore duly

Findings

48 F. T. C.

designated by it, and such testimony and other evidence were duly recorded and filed in the office of the Commission. After counsel supporting the complaint rested their case, a proposal for the settlement of this proceeding was submitted by all of the respondents herein except those as to whom the Commission has determined the complaint should be dismissed, said proposal for settlement having been accepted and recommended by the Director, Bureau of Antimonopoly, and the Assistant Director of that Bureau and Chief of the Division of Investigation and Litigation, of the Commission. The Commission, being of the opinion that said proposal for settlement provided for an adequate and appropriate disposition of this proceeding, and that it would be in the public interest to accept same, on June 15, 1951, entered an order "tentatively accepting proposal for settlement; rejecting previously submitted proposal for settlement, providing for the issuance of a tentative decision and affording interested parties an opportunity to file memoranda or briefs with respect thereto, denying motion for leave to adduce additional evidence, withdrawing case from trial examiner and closing the record for the reception of evidence, and dismissing the complaint as to certain respondents" and issued its tentative decision consisting of findings as to the facts, conclusion, and order to cease and desist in the form submitted with said proposal for settlement. No reasons having been presented, within the time provided therefor, as to why said tentative decision should not be entered as the Commission's final decision herein, and the aforesaid tentative order becoming by its terms an order of the Commission upon the issuance by the Commission of said tentative decision as its final decision herein, this matter came on for final hearing before the Commission upon the amended complaint, answers thereto, testimony and other evidence in support of the allegations of the complaint, and the proposal for settlement, which by agreement of the parties was amended to give effect to a change in the corporate name of one of the respondents and to correct an error as to the State of incorporation of another of the corporate respondents; 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. The States of incorporation and locations of an office or principal place of business of the following-named corporate respondents are, respectively, as follows:

123

Findings

Name of corporation	State of incorporation	Office or principal place of business
American Iron & Steel Institute.....	New York.....	350 5th Ave., New York, N. Y.
United States Steel Corp.....	New Jersey.....	71 Broadway, New York, N. Y.
The American Steel & Wire Co. of New Jersey.....	do.....	Rockefeller Bldg., Cleveland, Ohio.
United States Steel Co. (designated in the complaint as Carnegie-Illinois Steel Corp., but which corporate name was changed on Dec. 30, 1950, to that of United States Steel Co.).....	do.....	Carnegie Bldg., Pittsburgh, Pa.
Columbia Steel Co.....	Delaware.....	Russ Bldg., San Francisco, Calif.
Geneva Steel Co.....	do.....	Geneva, Utah.
National Tube Co.....	New Jersey.....	Frick Bldg., Pittsburgh, Pa.
Tennessee Coal, Iron & Railroad Co.....	Alabama.....	Brown-Marx Bldg., Birmingham, Ala.
Bethlehem Steel Corp.....	Delaware.....	Wilmington, Del.
Bethlehem Pacific Coast Steel Corp.....	do.....	21th and Illinois Sts., San Francisco, Calif.
Bethlehem Steel Co.....	Pennsylvania.....	Bethlehem, Pa.
Republic Steel Corp.....	New Jersey.....	Republic Bldg., Cleveland, Ohio.
Truscon Steel Co.....	Michigan.....	Do.
The Youngstown Sheet Tube Co.....	Ohio.....	Stambaugh Bldg., Youngstown, Ohio.
Jones & Laughlin Steel Corp.....	Pennsylvania.....	Jones & Laughlin Bldg., Pittsburgh, Pa.
Armco Steel Corp. (name formerly The American Rolling Mill Co.).....	Ohio.....	703 Curtis St., Middletown, Ohio.
Sheffield Steel Corp. of Ohio.....	do.....	Sheffield Station, Kansas City, Mo.
National Steel Corp.....	Delaware.....	Grant Bldg., Pittsburgh, Pa.
Weirton Steel Co.....	West Virginia.....	Weirton, W. Va.
Great Lakes Steel Corp.....	Delaware.....	Detroit, Mich.
Inland Steel Co.....	do.....	38 South Dearborn St., Chicago, Ill.
Inland Steel Products Co. (name formerly Milcor Steel Co.).....	do.....	38th and Burnham Sts., Milwaukee, Wis.
Wheeling Steel Corp.....	do.....	Wheeling, W. Va.
The Colorado Fuel & Iron Corp.....	Colorado.....	Continental Oil Bldg., Denver, Colo.
Claymont Steel Corp. (name formerly Worth Steel Co.).....	Delaware.....	Claymont, Del.
Crucible Steel Co. of America.....	New Jersey.....	New York, N. Y.
Pittsburgh Steel Co.....	Pennsylvania.....	Pittsburgh, Pa.
Sharon Steel Corp.....	do.....	Sharon, Pa.
Alan Wood Steel Corp.....	do.....	Conshohocken, Pa.
Acme Steel Co.....	Illinois.....	2840 Archer Ave., Chicago, Ill.
Allegheny Ludlum Steel Corp.....	Pennsylvania.....	Brackenridge, Pa.
American Chain & Cable Co., Inc.....	New York.....	230 Park Ave., New York, N. Y.
Atlantic Steel Co.....	Delaware.....	Fulton County, Ga.
The Babcock & Wilcox Tube Co.....	Pennsylvania.....	Beaver Falls, Pa.
Bliss & Laughlin, Inc.....	Delaware.....	Harvey, Ill.
Continental Copper & Steel Industries, Inc. (name formerly Continental-United Industries Co., Inc.).....	do.....	345 Madison Ave., New York, N. Y.
Buffalo Eclipse Corp. (name formerly Buffalo Bolt Co.).....	New York.....	North Tonawanda, N. Y.
A. M. Byers Co.....	Pennsylvania.....	Clark Bldg., Pittsburgh, Pa.
The Carpenter Steel Co.....	New Jersey.....	101 West Bern St., Reading, Pa.
Central Iron & Steel Co.....	Pennsylvania.....	Harrisburg, Pa.
Columbia Steel & Shafing Co.....	do.....	East Carnegie, Pa.
Columbia Tool Steel Co.....	Illinois.....	Lincoln Highway and State St., Chicago Heights, Ill.
Compressed Steel Shafing Co.....	Massachusetts.....	1587 Hyde Park Ave., Readville, Mass.
Connors Steel Co.....	Delaware.....	Birmingham, Ala.
Continental Steel Corp.....	Indiana.....	Kokomo, Ind.
Copperweld Steel Co.....	Pennsylvania.....	Warren, Ohio.
The Cayahoga Steel & Wire Co.....	Ohio.....	Longwood Ave., Maple Heights, Cleveland, Ohio.
Detroit Steel Corp.....	Michigan.....	1025 South Oakwood Ave., Detroit, Mich.
Henry Disston & Sons, Inc.....	Pennsylvania.....	Tacony, Philadelphia, Pa.
Edgewater Steel Co.....	do.....	Borough of Oakmont, Allegheny County, Pa.
Firth Sterling Steel & Carbide Corp.....	do.....	McKeesport, Pa.
Follansbee Steel Corp.....	Delaware.....	3d and Liberty Aves., Pittsburgh, Pa.
Fretz-Moon Tube Co.....	Pennsylvania.....	Borough of East Butler, Pa.
Granite City Steel Co.....	Delaware.....	20th and Madison Aves., Granite City, Ill.
Griffin Manufacturing Co.....	Pennsylvania.....	Cherry and Union Sts., Erie, Pa.
Newport Steel Corp. (name formerly International Detrola Corp.).....	Indiana.....	Beard Ave. at Chatfield, Detroit, Mich.
Joslyn Manufacturing & Supply Co.....	Illinois.....	20 North Wacker Dr., Chicago, Ill.
Judson Steel Corp.....	California.....	4200 Eastshore Highway, Emeryville, Calif.
Keystone Drawn Steel Co.....	Pennsylvania.....	Spring City, Pa.
Keystone Steel & Wire Co.....	Illinois.....	Peoria, Ill.
Laclede Steel Co.....	Missouri.....	Arcade Building, St. Louis, Mo.
Latrobe Electric Steel Co.....	Pennsylvania.....	Latrobe, Pa.
Lukens Steel Co.....	do.....	Coatesville, Pa.

Findings

48 F. T. C.

Name of corporation	State of incorporation	Office or principal place of business
Mahoning Valley Steel Co.....	Ohio.....	Niles, Ohio.
The Medart Co.....	Missouri.....	100 Potomac St., St. Louis, Mo.
Mercer Tube & Manufacturing Co.....	Delaware.....	200 Clark Ave., Sharon, Pa.
The Midvale Co.....	do.....	4320 Wissahickon Ave., Nicetown, Philadelphia, Pa.
Moltrup Steel Products Co.....	Pennsylvania.....	Beaver Falls, Pa.
National-Standard Co.....	Michigan.....	Niles, Mich.
The National Supply Co.....	Pennsylvania.....	330 Grant St., Pittsburgh, Pa.
Northwestern Steel & Wire Co.....	Illinois.....	Sterling, Ill.
Pacific States Steel Corp.....	California.....	Niles, Calif.
Pittsburgh Tool Steel Wire Co.....	Pennsylvania.....	Monaca, Pa.
Pittsburgh Tube Co.....	Delaware.....	323 4th Ave., Pittsburgh, Pa.
The Pollak Steel Co.....	Ohio.....	820 Temple Bar Bldg., Cincinnati, Ohio.
Reeves Steel & Manufacturing Co.....	do.....	Dover, Ohio.
John A. Roebling's Sons Co.....	New Jersey.....	640 South Broad St., Trenton, N. J.
Rotary Electric Steel Co.....	Delaware.....	21400 Mound Rd., Warren Township, Mich.
The Standard Tube Co.....	Michigan.....	14600 Woodward Ave., Highland Park, Mich.
Superior Steel Corp.....	Virginia.....	Pittsburgh, Pa.
Sweet's Steel Co.....	Pennsylvania.....	Williamsport, Pa.
The Thomas Steel Co.....	Ohio.....	Warren, Ohio.
The Timken Roller Bearing Co.....	do.....	1835 Deuber Ave., SW., Canton, Ohio.
Universal-Cyclops Steel Corp.....	Pennsylvania.....	Bridgeville, Pa.
Vanadium-Alloys Steel Co.....	do.....	Latrobe, Pa.
Anchor Drawn Steel Co.....	do.....	Do.
Vulcan-Crucible Steel Co.....	do.....	Alquippa, Pa.
The Western Automatic Machine Screw Co.....	Connecticut.....	900 Foster Ave., Elyria, Ohio.
Wheatland Tube Co.....	Pennsylvania.....	Philadelphia, Pa.
Wisconsin Steel Co.....	Illinois.....	180 North Michigan Ave., Chicago, Ill.
Wyckoff Steel Co.....	Pennsylvania.....	Pittsburgh, Pa.

The above-listed corporations are hereinafter referred to as the respondents.

The Commission has dismissed this proceeding as to the respondent The Phoenix Iron Co., a Pennsylvania corporation with its offices and principal place of business at 121 Bridge Street, Phoenixville, Pa., which, on September 30, 1947, sold all its steel producing facilities and withdrew permanently from the business of producing and selling steel products.

The Commission has also dismissed this proceeding as to respondent E. S. Liquidating Co. (formerly Empire Steel Corp.), an Ohio corporation with its offices and principal place of business in Mansfield, Ohio, which is in the process of dissolution.

The record does not show that the following-named respondent companies have participated in the practices hereinafter found, and they are not included hereinafter in the term, respondents:

Name of corporation	State of incorporation	Office or principal place of business
Agaloy Tubing Co., Inc.....	New Jersey.....	Wheel St., Springfield, Ohio.
American Bridge Co.....	do.....	Frick Bldg., Pittsburgh, Pa.
Atlantic Wire Co.....	Connecticut.....	1 Church St., Branford, Conn.
Bundy Tubing Co.....	Michigan.....	Hern at Springfield, Detroit 13, Mich.
Chicago Steel & Wire Co.....	Illinois.....	10257 Torrence Ave., Chicago, Ill.
Eastern Stainless Steel Corp.....	Maryland.....	Baltimore, Md.
Harrisburg Steel Corp.....	Pennsylvania.....	Harrisburg, Pa.
Virginia Steel Co.....	New Jersey.....	Roanoke, Va.
Washington Steel Corp.....	Pennsylvania.....	Washington, Pa.

PAR. 2. With the exception of the American Iron & Steel Institute, the respondents, or one or more of their respective subsidiaries named in paragraph 1, are engaged in the production, sale, and distribution of one or more of the steel products listed below, and, in the course of the sale and distribution thereof, each of them competes with others of said respondents, except to the extent that competition may have been restrained, lessened or destroyed by the acts, practices, methods, policies, and other matters hereinafter described, and each of them in the regular course and conduct of its business sells and delivers one or more of such steel products or causes them to be sold and delivered or transports them or causes them to be transported from the State in which such steel products are produced to purchasers thereof at locations outside the State in which such steel products are produced and each of them regularly has maintained and now maintains a constant course of trade and commerce in one or more steel products in and among various States of the United States and is engaged in interstate commerce within the meaning and intent of section 5 of the Federal Trade Commission Act.

The following steel products (not including stainless steel products) are involved in this proceeding:

Alloy steel:	High-strength low alloy—Continued
Ingots.	Cold-rolled strip.
Billets, blooms, slabs.	Bars and small shapes.
Bar shapes.	Plates.
Hot-rolled strip.	Standard structural shapes.
Cold-rolled strip.	Wide flange beams.
Hot-rolled bars.	Pipe and tubing:
Cold-finished bars.	Pipe, including oil country.
Plates.	Seamless mechanical tubing.
Standard structural shapes.	Seamless pressure tubing.
Seamless mechanical tubing.	Mechanical electric-weld tubing.
Seamless pressure tubing.	Plates, structural, carbon:
Bars, carbon:	Plates.
Hot-rolled and small shapes.	Floor plates.
Reinforcing (new billet).	Standard structural shapes.
Reinforcing (rail steel).	Wide flange beams.
Cold-finished.	Sheet piling.
Merchant (rail steel).	Bearing piles.
Clad steel:	Rails and railroad accessories:
Nickel, inconel, monel—carbon	Light (new billet).
plates.	Light (rail steel).
High-strength low alloy:	Track spikes.
Hot-rolled sheets.	Semifinished, carbon:
Cold-rolled sheets.	Ingots—forging.
Galvanized sheets.	Billets, blooms, slabs—rerolling
Hot-rolled strip.	quality.

Findings

48 F. T. C.

Semifinished, carbon—Continued	Strip carbon:
Billets, blooms, slabs — forging quality.	Hot-rolled.
Skelp.	Cold-rolled.
Tube rounds.	Electrical, coils.
Wire rods.	Tin, terne, and black plate.
	Tool steel.
Sheets, carbon:	Wire and related products:
Hot-rolled, 18 gauge and heavier.	Manufacturers bright, low carbon.
Hot-rolled annealed, 19 gauge and lighter.	Spring, high carbon.
Cold-rolled.	Nails and staples.
Galvanized.	Merchant quality wire.
Enameling.	Barbed wire.
Long ternes.	Woven fence.
Electrical.	Bale ties.
	Fence posts.
	Flat wire.

The term "steel products" as hereinafter used shall be deemed to mean some or all of such steel products.

PAR. 3. Each respondent, through its direct membership or through the membership of a wholly owned subsidiary or its parent corporation, or a wholly owned subsidiary of its parent corporation, as of July 1, 1947, actively participated in or supported, in cooperation with other respondents, the respondent Institute and its plants, programs, and activities.

The steel industry is one of the basic industries of the Nation. At the time that the amended complaint was filed, the producer respondents in the aggregate produced and sold more than 85 percent of the steel products that were produced and sold in the United States. Such producer respondents include substantially all of the corporate members of the respondent Institute which own, control or operate steel producing facilities in the United States. Steel products which they produce and sell are regularly used in the production of automobiles, agricultural implements, tools and machinery, hardware, plumbing supplies, metal cans and containers, railroad equipment, homes, buildings, public buildings, bridges, dams, and other products and things, and are of great importance to the public generally. The Federal, State, and municipal governments of the Nation purchase large quantities of steel products annually.

PAR. 4. Respondents, from the close of NRA in May 1935 (or, if organized thereafter, from the respective dates of their organization), to the issuance of the amended complaint in this matter on November 13, 1947, in connection with the interstate sale of steel products, have engaged in the acts and practices as set out in the following paragraphs, paragraph 5 through paragraph 21. In making the following findings, the Commission recognizes that some of the respondents may

not have engaged in all the separate acts, practices, methods, and policies hereinafter described.

PAR. 5. Steel products are, and for many years have been, manufactured and sold in many thousands of different combinations of size, gauge, chemical composition, finish, quality and other characteristics. The respondent Institute, some of the producer respondents, and also various public and private agencies—among them the National Bureau of Standards, the Army Bureau of Ordnance, the Society of Automotive Engineers, the American Society for Testing Materials, and the American Society for Metals—have for many years studied the various qualities, grades, and uses of steel and steel products and have classified and described and published information concerning the various steel products and their nature and characteristics. In large part, the information so published consists of analytical statements of matters which have been developed and established over the years through usage, custom and practice among steel producers and users. Technical committees of the respondent Institute have also developed and published information concerning many new steels which has been made available to the consuming public.

PAR. 6. Steel products are commonly classified into product groups related to the size and shape of the product, such as bars, structural shapes, plates, and sheets. Product groups are generally subdivided between carbon steel products and alloy steel products. Each steel product group has a common name which is generally understood and used not only by steel producers, but also by steel consumers. Similarly, there are common names and commonly accepted standards for all significant variations in steel product classifications. The names and standards thus used by steel producers and steel consumers have been developed, improved and made more precise and useful by technical committees of the respondent Institute and by other public and private agencies such as those named or referred to above in paragraph 5. In selling their respective steel products, steel producers, including the producer respondents, have long made use of such common names and standards.

PAR. 7. Generally speaking, the announced price of any particular steel product is made up of two principal elements. The first is the "base price" or "price base," which is the announced price of a defined classification of products. The other element consists of the "extras" and "deductions" announced as additions to or deductions from the base price in respect of certain variations of the steel product.

PAR. 8. Respondents, through committees of respondent Institute and otherwise, defined and described the limits of steel product groups.

Findings

48 F. T. C.

The respondents used and followed those definitions and descriptions in the pricing of the products sold by them, respectively.

PAR. 9. Respondents, through committees of respondent Institute, defined and described the ranges of steel products within product groups. The respondents used and followed those definitions and descriptions in determining what products would be sold by them, respectively, at base prices without any extra charge or deduction.

PAR. 10. Respondents, through committees of respondent Institute, classified ranges of products, quantities, and services. The respondent used and followed such classification in their respective price announcements as the definitions and descriptions of products and services for which extra charges or deductions would be made.

PAR. 11. The "base prices" and the "extras" and "deductions" announced by a respondent as applicable to any particular product at any particular place and time (as distinguished from the prices at which steel products were actually sold) were nearly always the same as those announced as applicable to steel products of the same classification at the same time and place by other respondents.

PAR. 12. Prior to 1940, respondents jointly compiled with respect to various steel products average industry-wide costs of performing the operations necessary to produce products not within the range of products sold at base prices, the costs of performing services other than those included in the production and handling of products sold at base prices, and averaged industry-wide costs of producing and handling steel products in quantities different from those sold at base prices. The actual costs of performing these different functions varied from mill to mill depending upon the efficiency of the mill and varied from time to time depending upon the size of the particular product run and other cost factors.

PAR. 13. The "extras" or "deductions" factors as announced by respondents were nearly always the same during any given period of time for any service, characteristic or quantity. Whenever the afore-said averaged industry-wide cost factors relating to different services or differences in material, necessary to produce different services, quantities or characteristics, were compiled, they have been used by respondents as a basis for determining and announcing their extra charges to be added to or deductions to be made from their "base" or "base prices."

PAR. 14. Each respondent in its announcements of base prices has specified, not only an amount in terms of dollars and cents for a specified steel product, but has also specified that such amount was applicable to such product at a specified geographical point. Such geographical point or points were commonly referred to and used as

"basing points." Each respondent did not necessarily announce prices at each of the points, but each did announce prices at or announce a willingness to equalize its prices with prices announced at certain of these points. Furthermore, in numerous instances, some respondents did not in their price announcements specify that their "base" or "base prices" had application at one or more geographical points at which they produced for sale and from which they shipped steel products.

PAR. 15. Respondents quoted their prices of steel products on a basis of what they would cost the purchasers thereof at delivery points. These delivered quotations were, with exceptions, calculated by adding to the base price plus extras or minus deductions a freight rate factor to the place of delivery from the basing point nearest freightwise to the place of delivery.

PAR. 16. Respondents, through the respondent Institute, collected and compiled lists of freight rate factors, which included freight rate factors from certain of the basing points to many of the consuming points for steel products. These lists of freight rate factors were printed in the form of books, designated freight rate books, which were sold to the respondents and others by the respondent Institute for use in calculating the amount to be added to the base price plus extras or minus deductions to determine the delivered quotation. The freight rate tariffs published by the common carriers are complex. Due to these complexities, including alternate routes, switching charges, etc., experts in the field will often arrive at different rates for the same shipment. Respondents, by the use of these books, could quote, and generally did quote, identical amounts for the delivery cost factor of their delivered quotations.

PAR. 17. Beginning during the period of the NRA Steel Code and continuing until the time of the complaint herein respondent sellers have imposed a charge equal to 35 percent of the applicable all rail freight rate to the railroad freight station nearest to the point of use of purchasers desiring to use truck facilities for the transportation of steel products when delivery was taken at the plant.

PAR. 18. Beginning during the period of the NRA Steel Code and continuing until the time of the complaint herein, producer respondents have used arbitrary identical switching charges on purchases of steel products for delivery at basing points. These charges were made in lieu of actual switching charges and in some instances were more than, and in other instances less than, the actual switching charges. In most cases, such actual switching charges were practically impossible to determine in advance.

Findings

48 F. T. C.

PAR. 19. Respondents, through the traffic committee of the respondent Institute, attempted to restrict the extension by the Interstate Commerce Commission of the fabrication in transit privileges available to purchasers of steel products.

PAR. 20. Producer respondents which bid for governmental business in many instances have made identical delivered quotations for steel products to governmental agencies, State and Federal. These identical quotations have been made in sealed bids submitted to State and Federal agencies, each bidder representing, expressly or impliedly, that its sealed bid was made on the basis of independent action without knowledge of the prices, terms, and conditions of sale which other bidders would submit, except knowledge of the previous prices and terms, methods and practices of selling of other potential bidders. Such identity has prevailed in the submission of bids, with respect to any given delivery point, although the place of production of the steel products, proposed for delivery to such point, varied widely among the respondent bidders. Use of the acts, practices, methods, and policies hereinbefore found and described promoted and otherwise contributed to such identity. The calculation of these quotations involved the use of identical base prices, extra charges, terms and conditions of sale, basing points, and delivery charges.

PAR. 21. On June 6, 1935, the members of the Iron & Steel Industry adopted a formal resolution pursuant to the terms of which they ratified a similar resolution adopted by the board of directors of respondent Institute on June 3, 1935, to the effect that each of said members declared its intention of maintaining as stated therein "the standards of fair competition" which had been described in the NRA Steel Code. The standards of fair competition thus referred to provided for and included the practices which are hereinbefore described in paragraphs 5 through 20.

The resolution of June 3, 1935, referred to above is quoted as follows:

Whereas the Chairman of the National Industrial Recovery Board has issued a statement with regard to the decision of the United States Supreme Court in the Schechter Poultry Corp. case in which he expressed the hope "that all employers heretofore operating under approved codes and all their employees will cooperate in maintaining those standards of fair competition in commercial and labor relations which have been written into the codes with practically universal sanction, and which represent a united effort to eliminate dishonest, fraudulent trade practices and unfair competition in overworking and under paying labor";

Resolved, That it is hereby declared to be the sentiment of the board of directors of the American Iron & Steel Institute that the individual members of the Iron & Steel Industry, acting voluntarily, during the present uncertainty, maintain the present rates of pay and maximum hours of labor and the standards of fair competition which are set forth in the Steel Code, and that the members of the Industry continue to protect the employees' rights of collective bargaining;

The resolution of June 6, 1935, referred to above is quoted as follows:

Resolved, That the members of the Iron & Steel Industry in general meeting assembled this sixth day of June 1935, hereby unanimously ratify the resolution of the board of directors of American Iron & Steel Institute, adopted June 3, 1935, and each of us hereby declares that the company which he represents is in favor of supporting the position taken by such resolution and that it is the intention of such company, acting individually and voluntarily, in so far as it may do so, during the present uncertainty to maintain the present rates of pay and maximum hours of labor and the standards of fair competition which are described in the Steel Code, and that such company will continue to protect the employees' rights of collective bargaining.

At said meeting held on June 6, 1935, among those present were officers of the respondent Institute and an officer or representative of each of the following of its members:

Alan Wood Steel Co.
Armco Steel Corp.
Atlantic Steel Co.
Bethlehem Steel Co.
A. M. Byers Co.
Columbia Steel & Shafting Co.
Edgewater Steel Co.
Firth Sterling Steel & Carbide Corp.
Granite City Steel Co.
Inland Steel Co.
Jones & Laughlin Steel Corp.
Keystone Steel & Wire Co.
Laclede Steel Co.
The Midvale Co.
Moltrup Steel Products Co.
National Steel Corp.
Pittsburgh Tube Co.
Republic Steel Corp.
The Timken Roller Bearing Co.
United States Steel Corp.
Vulcan-Crucible Steel Co.
Wheeling Steel Corp.
Wyckoff Steel Co.
The Youngstown Sheet & Tube Co.

In addition to those named above, there were also present at said meeting an officer or representative of each of the following respondents which were not members of the respondent Institute on June 6, 1935:

Order

48 F. T. C.

The American Steel & Wire Co. of New Jersey.
Bethlehem Steel Corp.
United States Steel Co. (designated in the complaint as Carnegie-Illinois Steel Corp., but which corporate name was changed on December 30, 1950, to that of United States Steel Co.).
Columbia Steel Co.
Great Lakes Steel Co.
Lukens Steel Co.
Mahoning Valley Steel Co.
National Tube Co.
Northwestern Steel & Wire Co.
Sheffield Steel Corp. of Ohio.
Tennessee Coal, Iron & Railroad Co.
Truscon Steel Co.
Weirton Steel Co.

PAR. 22. The acts and practices hereinbefore described and found, taken together under the circumstances stated, have tended to lessen competition, are oppressive to the public interest and unfair within the intent and meaning of the Federal Trade Commission Act.

CONCLUSION

The acts and practices hereinbefore described and found, if not checked, would unduly suppress competition. Therefore, the public interest and the provisions of the Federal Trade Commission Act require that the respondents should be restrained as provided in the annexed order.

ORDER TO CEASE AND DESIST ¹

This proceeding having been heard by the Federal Trade Commission upon the amended complaint of the Commission, the answers

¹ The order is published as modified through the deletion of respondent Inland Steel Products Co. (name formerly Milcor Steel Co.) by order dated September 5, 1951, as follows:

This matter having come on to be heard by the Commission upon the joint motion of counsel supporting the complaint and counsel representing all the respondents, that the order to cease and desist issued herein on August 10, 1951, be modified by striking therefrom Inland Steel Products Co. (name formerly Milcor Steel Co.), a corporation, as a respondent against which said order was directed; and

The Commission having duly considered said motion and the record herein and it appearing that the evidence taken in this proceeding shows that Inland Steel Products Co. (name formerly Milcor Steel Co.) has not engaged in the sale of the products involved in this proceeding and by virtue of that fact has not participated in the practices found and described in the findings as to the facts entered in this proceeding but through inadvertence said company was named as a party against which the order to cease and desist entered herein was directed;

It is ordered, That the order to cease and desist heretofore entered in this proceeding be, and it hereby is, modified by striking therefrom Inland Steel Products Co. (name formerly Milcor Steel Co.), a corporation, as a respondent against which said order was directed.

It is further ordered, That the complaint herein be, and it hereby is, dismissed as to Inland Steel Products Co. (formerly Milcor Steel Co.), a corporation.

thereto of the respondents, and upon testimony and other evidence to support the allegations of said complaint taken before an examiner of the Commission theretofore duly designated; and, the Commission having made its findings as to the facts and its conclusion and being of the opinion that it is in the public interest that it issue its order under the Federal Trade Commission Act, the Commission hereby does so, as follows:

I. *It is ordered*, That respondents American Iron & Steel Institute, a membership corporation organized under the laws of the State of New York, and its directors, its officers, and United States Steel Corp., a corporation; The American Steel & Wire Co. of New Jersey, a corporation; United States Steel Co. (designated in the complaint as Carnegie-Illinois Steel Corp., but which corporate name was changed on December 30, 1950, to that of United States Steel Co.), a corporation; Columbia Steel Co., a corporation; Geneva Steel Co., a corporation; National Tube Co., a corporation; Tennessee Coal, Iron & Railroad Co., a corporation; Bethlehem Steel Corp., a corporation; Bethlehem Pacific Coast Steel Corp., a corporation; Bethlehem Steel Co., a corporation; Republic Steel Corp., a corporation; Truscon Steel Co., a corporation; The Youngstown Sheet & Tube Co., a corporation; Jones & Laughlin Steel Corp., a corporation; Armco Steel Corp., (name formerly The American Rolling Mill Co.), a corporation; Sheffield Steel Corp. of Ohio, a corporation; National Steel Corp., a corporation; Weirton Steel Co., a corporation; Great Lakes Steel Corp., a corporation; Inland Steel Co., a corporation; Wheeling Steel Corp., a corporation; The Colorado Fuel & Iron Corp., a corporation; Claymont Steel Corp. (name formerly Worth Steel Co.), a corporation; Crucible Steel Co. of America, a corporation; Pittsburgh Steel Co., a corporation; Sharon Steel Corp., a corporation; Alan Wood Steel Co., a corporation; Acme Steel Co., a corporation; Allegheny Ludlum Steel Corp., a corporation; American Chain & Cable Co., Inc., a corporation; Atlantic Steel Co., a corporation; The Babcock & Wilcox Tube Co., a corporation; Bliss & Laughlin, Inc., a corporation; Continental Cooper & Steel Industries, Inc. (name formerly Continental-United Industries Co., Inc.), a corporation; Buffalo Eclipse Corp. (name formerly Buffalo Bolt Co.), a corporation; A. M. Byers Co., a corporation; The Carpenter Steel Co., a corporation; Central Iron & Steel Co., a corporation; Columbia Steel & Shafting Co., a corporation; Columbia Tool Steel Co., a corporation; Compressed Steel Shafting Co., a corporation; Connors Steel Co., a corporation; Continental Steel Corp., a corporation; Copperweld Steel Co., a corporation; The

Cuyahoga Steel & Wire Co., a corporation; Detroit Steel Corp., a corporation; Henry Disston & Sons, Inc., a corporation; Edgewater Steel Co., a corporation; Firth Sterling Steel & Carbide Corp., a corporation; Follansbee Steel Corp., a corporation; Fretz-Moon Tube Co., Inc., a corporation; Granite City Steel Co., a corporation; Griffin Manufacturing Co., a corporation; Newport Steel Corp. (name formerly International Detrola Corp.), a corporation; Joslyn Manufacturing & Supply Co., a corporation; Judson Steel Corp., a corporation; Keystone Drawn Steel Co., a corporation; Keystone Steel & Wire Co., a corporation; Laclede Steel Co., a corporation; Latrobe Electric Steel Co., a corporation; Lukens Steel Co., a corporation; Mahoning Valley Steel Co., a corporation; The Medart Co., a corporation; Mercer Tube & Manufacturing Co., a corporation; The Midvale Co., a corporation; Moltrup Steel Products Co., a corporation; National-Standard Co., a corporation; The National Supply Co., a corporation; Northwestern Steel & Wire Co., a corporation; Pacific States Steel Corp., a corporation; Pittsburgh Tool Steel Wire Co., a corporation; Pittsburgh Tube Co., a corporation; The Pollak Steel Co., a corporation; Reeves Steel & Manufacturing Co., a corporation; John A. Roebling's Sons Co., a corporation; Rotary Electric Steel Co., a corporation; The Standard Tube Co., a corporation; Superior Steel Corp., a corporation; Sweet's Steel Co., a corporation; The Thomas Steel Co., a corporation; The Timken Roller Bearing Co., a corporation; Universal-Cyclops Steel Corp., a corporation; Vanadium-Alloys Steel Co., a corporation; Anchor Drawn Steel Co., a corporation; Vulcan-Crucible Steel Co., a corporation; The Western Automatic Machine Screw Co., a corporation; Wheatland Tube Co., a corporation; Wisconsin Steel Co., a corporation; and Wyckoff Steel Co., a corporation; and their respective officers, agents, representatives, and employees, in, or in connection with, the offering for sale, sale and distribution in interstate commerce of the steel products involved in this proceeding (hereinafter called steel products) do forthwith cease and desist from entering into any planned common course of action, understanding, or agreement between any two or more of said respondents, or between any one or more of said respondents and others not parties hereto, and from cooperating in, carrying out or continuing any such planned common course of action, understanding or agreement, to do or perform any of the following things:

(1) Adopting, establishing, fixing, or maintaining prices or any element thereof at which steel products shall be quoted or sold, including but not limited to base prices, the extras which shall be added to, or the deductions which shall be made from, any base price for any

specified characteristic, or loading charge or delivery charge or terms of discount, credit, or other conditions of sale.

(2) Collecting, compiling, circulating, or exchanging between or among respondents, or any of them, a list or lists of base prices or of prices by any other designation, or extra charges thereto or deductions therefrom for any specified characteristic or quantity of steel products or services connected therewith used or to be used in computing prices or price quotations of steel products; or using, directly or indirectly, as a factor in computing price quotations or in making, quoting, or charging prices any such list or lists so collected, compiled, circulated, or exchanged.

(3) Collecting, compiling, circulating, or exchanging between or among respondents, or any of them, a list or lists of freight rate factors, transportation charges or other charges relating to transportation or loading or other services connected therewith, used or to be used in computing prices or price quotations of steel products, or using, directly or indirectly, as a factor in computing price quotations any such list or lists so collected, compiled, circulated, or exchanged.

(4) Formulating, devising, adopting, establishing, fixing, or maintaining methods or practices of quoting and selling steel products to railroads or other particular classes of customers.

(5) Quoting or selling steel products at prices calculated or determined pursuant to, or in accordance with, any system or formula which produces identical price quotations or prices or delivered costs, or which establishes a fixed relationship among price quotations or prices or delivered costs, or which prevents purchasers from securing any advantage in price in dealing with one or more of the respondents as against any of the other respondents.

(6) Failing to quote or to sell and deliver any steel products f. o. b. at the plant of manufacture thereof.

(7) Causing to be done any of the things described in the preceding subparagraphs (1) through (6) through action of respondent American Iron & Steel Institute or any subdivision or committee of said Institute or any individual, or other corporation or organization.

II. *It is further ordered*, That each of the respondents do forthwith cease and desist from acting, individually or otherwise, so as knowingly to contribute to the maintenance or operation of any planned common course of action, understanding or agreement between and among any two or more of the respondents or between any one or more of them and others not parties hereto through the

Order

48 F. T. C.

commission of any of the acts, practices or things prohibited by subparagraphs (1) through (6) of paragraph I of this order.

III. *Provided, however*, That, in interpreting and construing the foregoing provisions of this order, it is understood that:

(1) The Federal Trade Commission is not considering evidence of uniformity of prices or any element thereof of two or more sellers at any destination or destinations alone and without more as showing a violation of law.

(2) The Federal Trade Commission construes the phrase "planned common course of action" and the word "continuing" contained in this order as interpreted by the Supreme Court in *F. T. C. v. Cement Institute*, 333 U. S. 683, at page 728, and by the Court in *American Chain & Cable Co. v. F. T. C.* (C. A. 4th 1944), 139 F. (2d) 622.

(3) The Federal Trade Commission is not acting to prohibit or interfere with delivered pricing or freight absorption as such when innocently and independently pursued, regularly or otherwise, with the result of promoting competition.

(4) The findings and the conclusion which the Federal Trade Commission has made in this case have been expressly set forth in the Findings as to the Facts and Conclusion that precede this order and are complete.

(5) Nothing contained in this order or the understandings in connection herewith shall be construed to affect (a) the duty, authority, or power of the Federal Trade Commission under the provision of section 5 (b) of the Federal Trade Commission Act to reopen this proceeding and alter, modify, or set aside in whole or in part any provision of this order whenever in the opinion of the Federal Trade Commission conditions of fact or of law have so changed as to require such action or if the public interest shall so require, nor to prevent representatives of either the Federal Trade Commission or of the respondents or any of them from moving to so alter, modify or set aside in whole or in part any provision of this order; or (b) any such right as the respondents, or any of them, may have under the law to question or contest any such action by the Commission in so reopening this proceeding or in so altering, modifying or setting aside this order, either before the Commission or upon review or otherwise in any competent court.

IV. *It is further ordered*, That the respondents shall, within 60 days after 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.

Complaint

IN THE MATTER OF

PUROFIED DOWN PRODUCTS CORP., ET AL.

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

Docket 5820. Complaint, Oct. 23, 1950—Decision, Aug. 14, 1951

There is a preference on the part of the purchasing public for pillows containing new feathers as distinguished from those containing used feathers or a combination of new and used, and it is its understanding and belief, in buying feather pillows, that the feathers are new and unused unless the labeling states otherwise.

Where a corporation, and its five officers, engaged in the interstate sale and distribution of pillows—

- (a) Inaccurately and misleadingly labeled their pillows in that the true proportions of a product labeled "50% Grey Duck Down, 50% Grey Duck Feathers," were 27 and 73 percent; and in that pillows labeled respectively "Grey Duck Down" and "White Goose Down" contained only 64 and 65 percent duck down and were not, as represented, composed entirely of said substances;
- (b) Sold pillows containing substantial amounts of used or second-hand feathers without disclosing the fact that they were used rather than new;

With tendency and capacity to mislead and deceive a substantial portion of the purchasing public with respect to their products and thereby induce its purchase thereof:

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice of the public, and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. William L. Pack*, trial examiner.

Mr. Russell T. Porter for the Commission.

Mr. Harry Heller, of Brooklyn, N. Y., for respondents.

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 Purofied Down Products Corp., a corporation, and Louis Puro, Sam Puro, Jack Puro, Joe Puro, and Arthur Puro, individually and as officers of said corporation, hereinafter referred to as respondents, have violated the provisions of 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 Purofied Down Products Corp. is a corporation organized and doing business under the laws of the State of New York, with its office and principal place of business at 1027 Met-