

# MAINE STATE LEGISLATURE

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SEVENTY-SIXTH LEGISLATURE

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SENATE

NO. 479

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*In Senate, March 13, 1913.*

*On motion by Senator Morey, laid on the table for printing together with accompanying Bill, and 1000 extra copies ordered printed.*

*W. E. LAWRY, Secretary.*

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STATE OF MAINE

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IN THE YEAR OF OUR LORD ONE THOUSAND NINE  
HUNDRED AND THIRTEEN.

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The Joint Special Committee appointed under and by virtue of an order introduced in the Senate, January 8th, 1913, to investigate the cause of the high price of coal at the present time and during the past year in this State, hereby report that the committee has attended to its duties, that it has summoned before it many witnesses from different parts of the State for the purpose of ascertaining so far as possible all the facts bearing on the question under consideration and hereby submit the following report and bill accompany.

The reasons and explanations given for the high prices prevailing for coal in this State during the past year invariably relate back to the unusually severe winter of 1911 and 1912,

and the suspension of mining operations by reason of the labor strike at the mines during the months of April, May and a part of June, 1912. The matter resolving itself finally into the question of whether any unfair advantage has been taken of the conditions that have existed in the coal trade during the past year in increasing the price of coal to the consumer, and if so, by whom it has been done and to what extent there is a remedy for the people of this State to prevent a future occurrence.

From testimony given before the Committee and from reports of investigation made by the Secretary of Commerce and Labor, it appears that practically all of the anthracite coal mined in the United States is mined within a comparatively small area in the State of Pennsylvania; that approximately 75% of the total output is directly owned or controlled by seven or eight railroad companies which own the railroads leading to the coal mines, and that the balance of the output is mined by so-called independent companies, but which up to December, 1912, had a transportation and selling arrangement with the railroad companies by which they received 65% of the price for coal at tide water prices.

It also appears that the increased cost of procuring coal by reason of the advance in the wages to the laborers in the mines as the result of the strike represents an average increase of only nine cents per ton; that the so-called regular or railroad companies, however, increased the cost of coal at the mines of approximately on an average of twenty-five cents a ton; that the cost of mining coal of all the different sizes will average

approximately \$2 a ton; that the actual shortage in the coal mined during the year 1912 was only slightly in excess of three million tons in the total output of approximately eighty million tons; and that the supply of coal for the past month or more is probably equal to the demand and can now be obtained at tide water at any point in this State at a price of \$5.75 alongside.

In connection with the alleged shortage of coal and its bearing as a factor or cause of the high price of coal to the consumer, it is well to bear in mind that the actual shortage during 1912 was equivalent to only one-half of a normal month's shipments of anthracite coal and that considerable variation in yearly shipments of anthracite coal is not at all unusual, and if there was no special feature in connection with such variation to arouse public interest very little attention is paid to them, and no increase in price to the consumer ordinarily results. For example, the shipments in 1909 were smaller by four months' product than those of 1907 but there was no excitement or any apprehension on the part of the public in 1909 because of this shortage, nor was any advantage taken of it by the middlemen or retailers in advancing the price to the consumer.

From these facts it would seem as though somewhere along the line from the mine to the consumer someone has been exploiting the public and, taking advantage of the conditions that existed at the mines in the spring of 1912 and of the public apprehension of a coal shortage, has unnecessarily enhanced the price to the consumer. It appears also that some considerable amount of coal, and alleged to be that mined by the so-called

independent companies, has found its way into the hands of brokers or speculators who have taken advantage of the market conditions and have charged a considerable increase from the price obtained in previous years. What percentage of the total output has been handled in this way, it is impossible to say, but the reports of the Commissioner of Labor would seem to indicate that it was not so large an amount as those interested in the coal trade would have the public understand.

It is probably impossible to fix the responsibility for the increase to the consumer absolutely and determine how much of it belongs to the transportation companies, how much to the brokers and middlemen and how much to the retailers, but it would appear that all had shared in it and as bearing upon the situation here in the State of Maine, your Committee submits the following facts.

As has been indicated before, there have been in the wholesale market during the past year, so far as the prices here are concerned, two classes of anthracite coal, namely, (a) coal from the mines owned by the railroads, known as "company coal" and which for years has been put on the market at circular prices so called and from which no variance is made to the retailer; and (b) coal from mines owned by the independent operators as they are termed and which although in the past was sold under an agreement with the regular companies, in the past year has been put on the market through brokers at whatever price the needs of the public would compel them to pay and has been known as speculative or "premium coal."

The company coal according to the circular prices of 1912 was increased only 25 cents a ton over previous years, although since no discount was given for the months of April and May, the first coal in the summer of 1912 cost the retailer in Maine 45 cents more a ton than coal delivered in April, 1911, and 35 cents more a ton than coal delivered in May, 1911.

The price for the so-called premium coal varied according to the needs of the purchaser, ranging all the way from 50 cents to \$2 a ton above the circular prices, and the price to the retailer was in some instances also increased by the fact of his being obliged to charter schooners for transportation at increased rates over the barge rates of the regular companies.

The committee find and report that in Biddeford, Bath, Richmond, Gardiner, Hallowell, Augusta, Rockland, Eastport and Bar Harbor, except in two instances, the dealers in coal had no difficulty in obtaining a full supply of company coal, that is, coal that cost them alongside but 25 cents a ton more than last year. This applies to the April price, but the dealers were unable to obtain the April price of coal and as the regular companies, so called, advance their prices 10 cents a month per ton, it makes the cheapest price at which the dealers obtain their coal 45 cents a ton more this year than last.

We find that the price of coal in Biddeford, except by one concern, was sold at not more than \$7.25 per ton for stove and egg, delivered to the consumer, and at this price, the testimony showed that the concern so selling it was making 45 cents a ton profit, and this same dealer was selling coal at \$7 per ton

at the time of this investigation and at that figure estimated his profit of from 40 to 50 cents a ton, and this was done by the York Manufacturing Company. This company had no difficulty in procuring company coal for its consumers.

The price at Bath was \$7.25 in the summer and \$7.75 in the winter, and the price at Richmond was \$7 in the summer and \$7.75 in the winter. At these prices the dealers have estimated their net profits in those places at from 25 cents to 50 cents a ton and have had all the coal that they needed or wanted, and in fact one concern in Bath has been wholesaling its coal to Lewiston and Wilton and other places, but for the coal wholesaled into the territory of Lewiston and Wilton the dealer charged \$8.50 a ton f. o. b. cars at Bath, making his wholesale price 75 per ton cents than his retail price.

The price for which coal has been sold in Gardiner has been \$7.75 for cash within thirty days, and at that figure the dealers have made a net profit of 57 cents a ton and have also sold coal to go into other towns.

At Hallowell and Augusta prices have been \$7.50 in the summer and \$8 in the winter, and except in one instance the dealers have had no difficulty in getting their coal of the regular companies. The selling price to consumer landed in his cellar has not exceeded \$8, and at that figure the dealers have made from 40 cents to 50 cents a ton net profit.

The price in Rockland has been \$7.50 in the summer, \$8 in the fall and \$8.50 in the winter, and the dealers have had no difficulty in securing their coal of the regular companies and

at that figure claim to have made a net profit at \$8 a ton of 50 cents a ton and at \$8.50 of 95 cents a ton, and no reason for charging the extra 50 cents a ton appears except for the general condition of the market, and the coal was purchased at a price for which they could afford to sell at \$8 and make 50 cents a ton.

At Camden an interesting example was furnished. A dealer sold his coal at retail at \$7 in the summer of 1911, and \$7.50 in the winter of 1911, paying himself a salary of \$1,500 a year and 12% upon his investment. In the year 1912, with his coal costing him 45 cents a ton more, he sold it from 50 cents to \$1 a ton higher than in 1911 and testified that his total expenses of taking the coal from the vessel to the consumer, which included all expenses, salary and office, amounted to \$1.75 per ton, and at those figures, adding to the \$5.85 a ton which he paid for his coal, makes \$7.60, and when he was selling for \$8.50 it left him a profit of 90 cents a ton outside of all running expenses, and this dealer had no trouble in getting company coal.

At Bar Harbor coal is retailed by the Clark Coal Company for \$7.25 a ton, and the testimony showed that price obtained into the winter and there was no difficulty in procuring coal there.

At Eastport a curious situation appears. Up to the first of August dealers were selling coal for \$7 a ton. After that there was some difficulty in obtaining coal. The dealers, some of them, received consignments from Bangor and paid for the



coal f. o. b. cars different prices and finally paid for one cargo of schooner coal f. o. b. alongside \$9.85 per ton. That was premium coal, so called, and the schooner rates were as high as \$2 per ton, and the last four cargoes purchased cost in New York \$6.75 for three cargoes and \$7 for one cargo, with \$2 for freight on three and \$1.50 on one, and yet an advertisement was inserted in the paper notifying the public that if any person not in the coal business should offer coal for \$10 per ton, their price should be \$9.50, and if for \$9.50, theirs would be \$9, and so on down to \$6.50 per ton, the idea being that their price would be 50 cents less purchased from them than it would be if purchased from anyone not in the coal business.

At Bangor the price for coal for \$7, \$7.50, \$7.75 and \$8.25 in 1911, and the dealers at Bangor testified that at prices between \$6.50 and \$7, they made 8% on the capital invested net after paying expense of salary and all expenses connected with the business. This year their coal cost them on an average of 45 cents a ton more. All the dealers up to the time of the hearings had no difficulty in obtaining company coal. Thus it appears that coal costing but 45 cents per ton more had been selling at an increase of from 50 cents to \$1.25 per ton. The highest price reached in Bangor was \$8.25 and the dealers have had coal to ship out into the surrounding towns and up to the time of the hearings had not been obliged to purchase any premium coal.

In Waterville the prices of coal were up to October from \$7.50 and \$7.75 a ton to the consumer. Since October 1st, the

prices were \$8, \$8.50 and \$8.75 and the coal was bought by the dealer selling the most at company prices. He bought no speculative or premium coal. In the ordinary transaction of their business in 1911 and year preceding, the coal business was profitable, and when asked why coal was increased up to \$8.50 and \$8.75 when they were getting their coal the same as last year, plus 45 cents extra, the dealer testified in answer to the following question:

“Question. For instance, this year your charge over and above the cost runs from \$1.25 to \$1.75. How would that compare with the prices of 1911?”

A. Well, it is more; it is larger.

Q. This year is larger?

A. Yes, sir. We felt obliged to do that because we couldn't get any coal except this speculative coal and that cost \$9 and more delivered at our place and we were very low.

Q. But you didn't get any of that coal, did you?

A. No, sir; I never bought any of it.”

This dealer bought coal by way of Bangor, it coming there by barge and by rail to Waterville. Another dealer in Waterville purchased coal from Portland. This same dealer testified in the year 1911, he was making a profit of 50 cents on the coal over and above all expenses. The inference being that with the charge largely increased over what he was selling for last year when his coal cost him but 45 cents a ton extra that price was made this year not from lack of coal but from the condition of the market.

Now the second and remaining dealer in Waterville purchased coal in Portland and the price in April to him was \$7.50 per ton f. o. b. and \$1 additional for freight, making the coal stand him at Waterville \$8.50, and that was for stove and egg and \$8.75 per ton for nut at Waterville. Later on in the summer, he bought coal for \$6.15 a ton in Portland, making it \$7.15 in Waterville. In November he paid for his coal in Portland \$8.50 f. o. b., costing him \$9.50 at Waterville. It will thus be noticed that there was a difference in the cost of coal to the Waterville dealers. In November and December that coming by way of Portland cost \$9.50 f. o. b. Waterville, and that coming to Bangor and thence by rail to Waterville cost the dealer in the month of December \$5.75 for egg and stove and \$6 for nut f. o. b. alongside at Bangor, to which should be added \$1.21 for freight to Waterville and discharged in the bins of the dealer at Waterville, making the cost of coal to one \$6.96 and \$7.21 as against \$9.50 f. o. b. cars Waterville to the other dealer.

At Readfield one witness testified that the dealer charged her \$27.44 for two tons and two bags of coal, including the hauling, and when asked what it was at the car, she said that the price at the cars was \$11.50, and that there were people in the neighborhood who bought from the same car and paid only \$7.50 and upon her statement there was a difference of \$4.50 per ton out of the same car to people in the same vicinity. This dealer bought his coal at Portland and paid in the month of November, 1912, \$8.75, and the freight would be \$1 per ton to Readfield, making \$9.75.

Representative Peacock purchased coal at \$11.50 per ton delivered at his house at Readfield, the first of January, 1913. The price at the station was \$10.25 and within a year he had tried to see if he could buy coal at a more reasonable figure. He corresponded with a Boston firm and they would not sell it to him unless he bought it through a Portland concern, and he wrote to the dealer in Portland referred to by the Boston dealer, and was informed that if he was a coal dealer they would ship him coal, otherwise they would not.

Attention is drawn to this instance to show that not only was it impossible for him to get a car load into the State without buying it through the Portland concern, but he could not buy of the Portland dealers because there was a local coal dealer at Readfield.

In Winthrop in the summer of 1912, the superintendent of schools bought coal for the school at \$6.86 a ton and in the fall he bought some more of a Winthrop dealer for 50 cents advance, making it \$7.36 per ton.

Another dealer sold coal at Winthrop during the summer for \$7.50 and in the fall at \$8.50, and he got \$10 in the winter. This dealer testified in addition, that he belonged to the Coal Dealers Association and that the object of the association, among other things, was for all members to keep their own territory, not to sell outside of it, and that he understood that the association was organized for the purpose of having each coal dealer stay in his own territory and not sell outside. In answer to the following question he stated: "Question. Wasn't the

understanding of the Coal Dealers Association that each man should be protected in his own territory? A. That is so understood that they should be protected."

In Winthrop the testimony shows that James Pinkham attempted to purchase two cars of coal in Portland, sent his check for the purchase price and was informed that he could not have coal unless purchased through the local dealers, and it is interesting to note that a dealer in town who could have had no information of Mr. Pinkham's communication with the Portland dealer unless furnished by the Portland dealer, came to him and said that he understood that he was in the market for some coal and finally traded with Mr. Pinkham.

Mr. Leroy T. Carleton, a man well known throughout the State of Maine, testified that he went to Portland to buy two car loads of coal of the wholesale dealers, but that they refused to sell him any coal without the consent of the local coal dealers in that place.

Coal cost the Rumford dealers at Portland f. o. b. cars in June, \$6.15 a ton, and the freight from Portland to Rumford was \$1, making coal stand him at \$7.15 f. o. b. at Rumford. The price for which it was sold to the customer in single ton lots was \$8.60 per ton in June, 1912, and was advanced 10 cents per month so that by the first of October the selling price was \$9 per ton and the highest price paid for coal up to October 1st, was \$6.60 per ton f. o. b. at Portland. The October price in Portland was \$7.50 and in November and December the same price f. o. b. per ton, which would make coal cost up

to the first of January at the highest \$8.50 per ton and the selling price at that time was \$10 per ton.

In Freeport a dealer paid for his coal in Portland \$6.15, the June price. In August, \$6.25; September, \$6.66; October, \$7.50; and part of November and December, \$8.50, that being the highest price he had to pay. The price of coal has dropped \$1.50 per ton in Portland the month of February to the dealer. His price to the retailer was \$8 for June, July and August, taking 4% off for cash, making the cash price \$7.68, and in October \$8, without discount; November \$7.85 flat and in December \$10. He has been in the business for fifteen years and says that until this investigation he never supposed that it cost him more than \$1 a ton to deliver coal from the car to the consumer but he has now made up his mind after all these years that it cost him 40 cents additional and so he now estimates the cost of delivery from car to consumer at \$1.40 per ton. And in response to a question as to why he made this increase of 40 cents per ton, "Who suggested it to you? (meaning the increase of 40 cents per ton extra from car to consumer); you might as well tell," he answered, "I cannot remember."

In this place one dealer paid for his coal in Portland in August \$7 f. o. b. Portland. The freight from Portland to Yarmouth is 30 cents, making the coal cost him \$7.30 in Yarmouth. In October the retail price for coal was \$9.50 a ton at the yard and \$10 delivered. It cost for all expenses in connection with the business \$1.20 a ton after the coal got to Yarmouth from Portland. In this \$1.20 was included 50 cents

profit, allowing 70 cents for handling the coal and in addition to this amount of \$1.20 usually charged by him above the cost price. He this year charged \$1.70, that is, taking advantage of the situation, by charging an additional 50 cents over the profit charged by him in ordinary years. The 50 cents extra charged over the 35 cents a ton net usually realized would make a profit of 85 cents a ton on coal in Yarmouth this year. This question was put to him and answered as follows: Q. As I understand it in ordinary years when you were charging this \$1.20 you were making from 30 cents to 35 cents? A. Yes. Q. With that additional 50 cents you would be making 85 cents per ton? A. Yes, sir, at present time. Q. Do you consider 85 cents net a fair profit? A. Why, yes, sir; it is certainly not over a fair profit on what is invested.

Mr. Greely, the coal dealer in Yarmouth, purchased coal for about the same price as his competitors and sold it for about the same price to the consumers. He testified that in the fall coal was delivered by a Portland firm to two different persons in Yarmouth, small quantities, ten or fifteen tons each, and that he wrote to Mr. Larrabee of Bath, the secretary of the Coal Dealers Association, complaining because dealers in Portland sold to persons in Yarmouth other than through the regular dealers, and he testified as follows:

Q. Now when you took this matter up (meaning the fact that one Portland dealer had shipped coal into his territory without his consent) about this car of coal, as I understand it, you made your complaint to Mr. Larrabee of Bath?

A. I did, yes, sir.

Q. Is he the secretary of the association?

A. I think so.

Q. You belong to the Coal Dealers Association?

A. Yes, sir.

Q. And you understand that to be one of the rules of the association, that they don't sell in another's territory?

A. I think they don't as a general thing; although they do and they don't.

Q. Did you make complaint to Mr. Larrabee about any cars?

A. I think I wrote him about a car. I think that was the one.

Q. What result or information did you get about it?

A. I got a letter stating that it was a mistake; sold through mistake and that it would not occur again.

Q. Did you get a letter from Mr. Larrabee that it would not occur again?

A. Yes, sir; that it would not occur again.

Q. How long have you been a member of this association?

A. I think ever since it was organized. I can't remember, but I think so.

Q. And it was organized for the purpose of giving men different territories to operate in, wasn't it?

A. On certain conditions.

Q. But this was your object in going into it, so that you could operate in an exclusive territory—that was what was held out to you?



A. I think so.

Thus it will be seen from the testimony of Mr. Greely that the by-laws of the Coal Dealers Association gave to its members protection in the different territories; practically an exclusive right to sell, and upon his making complaint to the secretary of the association, a letter was received from him that the selling was made by mistake and it should not occur again.

Senator Hastings started in business selling coal under the firm name of Hastings & Smith at Auburn. They were refused by Portland dealers to buy coal because they were not dealers with a sufficient storage capacity. He stated:

Q. Were there any times when you were trying to arrange to buy coal in Portland that you had to consult dealers in Lewiston and Auburn before you could obtain it?

A. When we first began, when this partnership was first formed, I bought the real estate in Auburn, which I own today. It had a wood shed, but never had had any coal pocket, and the man that preceded me had been in the habit of buying his coal of the other dealers. People who had pockets or sheds were considered coal dealers, and wood and coal dealers that had nothing but a yard weren't considered coal dealers, and when we first began our business we had difficulty in buying coal, in fact we couldn't at times.

Q. For what reason?

A. For that reason; that we weren't, in the sense of the interpretation of the people in Portland, coal dealers.

Q. That is a provision that is contained in the by-laws of their association?

A. I presume so; I don't know.

Q. So that was the reason why you couldn't get coal?

A. I was advised that I could get coal of Wood or Wilson.  
(These men being local coal dealers in Lewiston.)

This testimony of Senator Hastings shows that six or seven years ago coal would not be sold by the dealers in Portland to persons in Lewiston unless they were recognized coal dealers.

#### LEWISTON.

In the year 1912, John N. Wood Company bought its coal from the regular companies at the regular prices, which were as follows: For stove and egg, \$5.45 in Portland, and for nut \$5.70, and the freight from Portland to Lewiston was 75 cents and 20 cents for discharging, thus making the price at Lewiston, delivered in their coal pockets, \$6.40 for stove and egg and \$6.60 for nut. Q. So that your coal stood you Lewiston f. o. b. \$6.40 and \$6.65? A. Yes, sir.

And later on in the fall they bought their coal for \$5.75 for stove and egg and \$6 for nut at Portland, and they were not obliged to buy premium coal. This coal was sold in July to September for \$8.50 and \$8.75 per ton respectively, and in September was advanced to \$9 for stove and egg and \$9.25 for nut. So that on the stove and egg they would make a gross profit of \$2.60 a ton and on the nut \$2.65 and have estimated their net profit about \$1.50 per ton. They have had sufficient company coal and have had to buy no premium coal whatever. Other dealers in Lewiston were compelled later in the fall to buy some premium coal and sold it at \$10 and \$10.50, which

price continued down to the hearing. The testimony shows that Portland dealers would not ship coal into Lewiston for persons other than those in the coal business, and it is worthy of mention that the coal dealers, although the price has dropped \$1.50 a ton and so stated in the hearing, continued the high price of coal at \$10 and \$10.25 to the citizens of Lewiston and Auburn who cannot purchase coal except through the local dealers. In other words, it appears that they will not sell people of Lewiston and Auburn coal at the reduced price of \$1.50 per ton until the coal which was purchased at the high price is first exhausted at those figures. On the other hand, when the price of coal advanced they did not sell the coal at the original price but took advantage of the raise of the marketable price and required their customers to pay the increase. While the evidence shows as previously stated, that if a dealer should ship coal from another city wholesale into Lewiston, it would not be done under the price of \$8.50 f. o. b. cars at Bath, which added to the freight when it got to Lewiston would make it necessary to sell at the price charged by the other local dealers, and a member of the Bath firm that wholesaled into Lewiston is also a member of the firm that declared that he would not ship coal into Lewiston except to those engaged in the coal business.

## II.

There is a Coal Dealers Association in the State of Maine, and it has existed since 1902 when their first by-laws were published, and they had another set of by-laws published in 1906.

Section 1 provided that "The title of this organization shall

be the 'Maine State Coal Dealers Association.'”

“Section 2. The object of this association shall be the better acquaintance and social intercourse of its members, mutual protection, and the general improvement and elevation of the coal trade in Maine.”

The by-laws provide as to membership:

“Article II, Section 1. Any firm, individual or corporation, owning or leasing and operating a coal yard, having a set of scales, keeping an office during regular business hours, with a competent person in charge to attend to the wants of customers at all times, and who has storing capacity for fifty or more tons of coal, and is REGULARLY and CONTINUOUSLY engaged in the sale of coal at retail in the State of Maine, shall be eligible to membership in this association.”

By Section 2 it is provided: “A person buying car loads, and delivering direct from the same, shall not be considered a dealer within the meaning of this article, with the exception of those towns where there is only one dealer, and where the circumstances do not warrant the maintaining of storage capacity.”

The by-laws further provide that the different members of the association shall be protected as to shipments into their territories. In other words, so that there can be no competition.

Article IV provides: “Members shall be entitled to the protection of this association at only such places where they operate yards as they shall desire to have placed on the membership lists, and for which they shall pay annual dues for each place so protected.”

In case there is infringement by one dealer of this rule, that is, by selling into the territory of another, this method is provided for lodging complaint:

“Article III. Section 2. All complaints to be handled by this association must be filed with the secretary within SIXTY DAYS, after receipt of shipment at point of destination, and no complaint from any member will be considered when made on account of sales or shipment made within THIRTY days after the date of said member’s certificate of membership.”

Section 4 of the same article provides: “This association is formed for the mutual protection of its members and to respect the rights of other members in their territory, and the members will confine their business strictly to their own individual territory.”

“Section 5. It shall be contrary to the spirit of this Association for any of its members to make or cause to be made, shipments into the legitimate territory of other members of the Association, without an understanding with such members, and members who shall offend shall be subject to the same conditions as shipments made by wholesale members.”

“Section 6. It shall be the duty of the secretary to at once notify the party or parties against whom complaint has been made. If the transaction was made by or through a jobber, mine agent, or other person, the principal for whom they act or the shipper from whom they received the coal, shall also be notified.”

Article IX provides: “As reciprocity is in direct line with

the principles of this association, we agree in all purchases of coal, to give the preference to the members of this association, prices being equal, as we expect to be protected by them in our territory.”

The executive board has the power to remove any member of the association in case he violates the provisions with respect to the selling of coal in the territory of another.

“Section 6. It shall be the duty of the executive board to hear all complaints made by any member of this association, when duly reported to them by the secretary, and after giving such complaints careful consideration, to use every effort to settle the controversy to the mutual satisfaction of all concerned. To this end they shall have the power to request an explanation of both parties concerned, and failing to adjust the matter satisfactorily, they shall report the matter through the president to the association, with their advice as to the merits of the case, and its disposition.

“They shall have the power, by a two-thirds vote, to remove or suspend any official for any just cause, and appoint a member of the association to fill the vacancy.”

Section 12 shows the hold that the shippers have upon the wholesale dealers in the different parts of the State that belong to this association.

“Section 12. Any member of this association who shall habitually fail to meet his obligations with the wholesale dealers and shall be reported by any dealer to the secretary of this association, shall be cited to appear before the executive board, and

should he fail to exonerate himself from the charges preferred, to th satisfaction of the executive board, he shall no longer be considered a member of this association and a participant in its benefits. When a member is dropped from this association for non-payments of debts, the shippers who are members of this association shall be notified monthly by the secretary.”

That there was grave doubt in the minds of this association that they could combine in the legal restraint of trade is evidenced in Section 14, which provides:

“Section 14. That the executive board of the Maine State Coal Dealers Association of Maine be instructed and they are hereby authorized to change or amend the constitution and by-laws of said association, whenever they have reason to believe that they conflict with the laws of the State of Maine.”

As evidencing that the by-laws were in use by this association, the case is again cited of Mr. Greely of Yarmouth, who this winter complained to the secretary of the association, Mr. Larrabee, that a car load of coal had been shipped into his territory and afterwards was notified in writing by the secretary that it was a mistake and would not occur again. The firm that sent the coal was one of the large wholesale firms in Portland. It also appears from the testimony, as stated heretofore, that the wholesale concerns in Portland would not send coal into the territory where this local Coal Dealers Association exists, and the hardship is witnessed by the citizens of Lewiston and Auburn. With a population of 45,000 they were unable to get coal except through local dealers, and although there has

been a drop in the price of \$1.50 per ton at Portland, the situation in these cities did not respond to the market conditions and hence the people were unable to get coal at the fair market price.

In Portland the wholesale dealers got their coal alongside at \$5.45 for stove and egg with 25 cents extra for chestnut of the regular companies, but claimed that they were unable to get from that source enough coal to supply their customers. Later in the fall, they had to buy premium coal, so called, paying from \$6.50 to \$7.65 alongside, and the selling price of coal was \$7.75 in September and \$8.50 in the fall and winter months.

It is admitted on the part of some of the wholesale dealers that they will not ship car loads of anthracite coal or any lots unless the person to whom it is shipped is a coal dealer having a place of business and capacity for storage.

Portland wholesale dealers seem practically to have been alone in not being able to get a sufficient supply of coal.

The committee has not evidence before it to justify a finding as a matter of fact that the large dealers outside of the State mining an abundance of company coal saw fit to place a large amount of their coal products into the hands of brokers to be sold as premium coal although a suspicion exists that that is exactly what was done.

In summing up it is proven that a combination of dealers of anthracite coal exists in this State, that they belong to the coal dealers association, that their rules provide that coal shall not be shipped into other territory without arrangement made



with them, that the large wholesale dealers in Portland observe this rule and that by reason of the combination formed in certain localities in the State people are obliged to pay more than a fair market price for coal, that with the market dropping away \$1.50 per ton, the market price in those places did not respond for the reason that the dealers wished to get rid of the coal at that price before they followed the market price.

Your committee would further respectfully submit that the facts hereinbefore set forth and which appear more fully in the stenographic report of the evidence taken at the several hearings and which accompany this report, warrant the conclusion that not only the mine owners and middlemen or brokers, but also the retailers, have been sharers in a greater or less degree in this increased cost of coal to the consumer. No doubt the retailers share has varied with local conditions but agreements and understandings, gentlemanly or otherwise, apparently have existed which have prevented the consumer from getting the immediate benefit of the favorable conditions as they appeared, while almost invariably he has been made to suffer for the unfavorable ones with a little added on to allay his dealer's apprehensions for the future. In the opinion of your committee the rules of trade governing the dealing in groceries or other staple but necessary products cannot be parallelly applied to the coal trade. Coal is a necessity as water and light are necessities. From the restricted area in which it is mined, the controllers of that territory have a monopoly of the source of supply. Combinations, agreements and trade restrictions and the taking of

advantage of the necessities of the people to increase prices are, therefore, reprehensible in handling this necessity where they might not be in handling some other article of commerce, for which a substitute, in some measure at least, can be obtained, or the supply of which comes from a wide area.

The result of this investigation has forcibly brought to the attention of your committee that the statutes of this State prohibiting combinations and agreements in restraints of trade are very limited in their scope, and to end of providing adequate legislation to prevent all future agreements and combination of every kind in the nature of monopolies or in restraint of trade, your committee presents herewith the accompanying bill, entitled: "An Act to protect trade and commerce against unlawful restraints and monopolies."

Respectfully submitted,

MOREY,

*For the Committee.*