

This PDF is a selection from an out-of-print volume from the National Bureau of Economic Research

Volume Title: Minimum Price Fixing in the Bituminous Coal Industry

Volume Author/Editor: Waldo E. Fisher and Charles M. James

Volume Publisher: Princeton University Press

Volume ISBN: 0-87014-191-0

Volume URL: <http://www.nber.org/books/fish55-1>

Publication Date: 1955

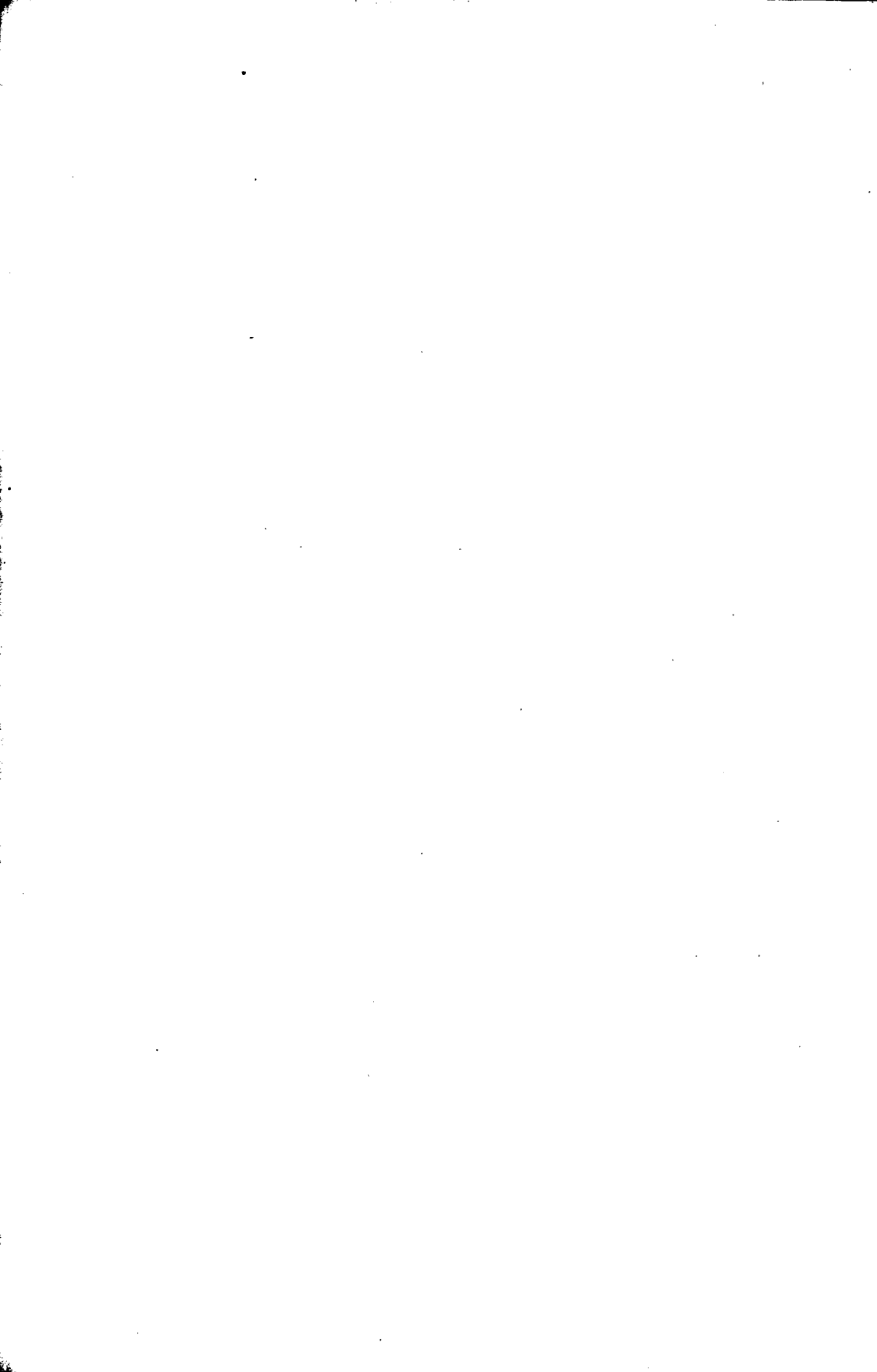
Chapter Title: Appendix A: Maximum Prices for Bituminous Coal in World War II

Chapter Author: Waldo E. Fisher, Charles M. James

Chapter URL: <http://www.nber.org/chapters/c2891>

Chapter pages in book: (p. 455 - 478)

APPENDICES



APPENDIX A

MAXIMUM PRICES FOR BITUMINOUS COAL IN WORLD WAR II

THE sharp rise in demand for goods and services during World War II threatened to send prices in general, but especially the prices of basic commodities, to levels that would add materially to the cost of financing the war and subject consumers to considerable hardship. To deal with this problem, the Price Stabilization Division of the Advisory Commission on National Defense and later the Office of Price Administration were established.

For the first half-year of effective minimum prices the actual per ton realizations of the bituminous coal industry were very slightly above those "realizations" estimated on the assumption that the quantities of coal sold were sold at the established minima. On April 1, 1941, the coal miners went on strike, and the threat of high prices led the Price Stabilization Division to conclude that steps should be taken to hold coal prices in line with prices generally. Two days later, the Price Stabilization Division, acting on information supplied by the Bituminous Coal Division, issued an order setting a temporary ceiling on coal prices.¹ No bituminous coal was to be sold by producers, distributors, retailers, or other sellers at prices greater than those prevailing on March 28, 1941, except in special cases for which increases could be justified. The order was revoked on May 1st, after the emergency had ceased.²

During April 1941, the seventh month after the establishment of minimum prices, actual realization, notwithstanding maximum price ceilings, rose more rapidly than minimum price realization. Reference to Table A-1 will disclose that the spread between these two sets of prices had risen to seven cents instead of one or two cents, the spread prevailing during the preceding six months. The following month showed a spread of 18 cents. These substantial increases in the price of coal caused the Consumers' Counsel to point out that the establishment of maximum prices might be necessary for the protection of coal consumers. A study of Table A-1 will show that the increase in the spread between the two series was much more moderate in subsequent months. From July 1941 to

¹ It should be noted that the Bituminous Coal Division was not an agency of the Price Stabilization Division. It retained its autonomy during the life of the Coal Act. As will be pointed out later, it assisted the Office of Price Administration in establishing and enforcing maximum prices.

² *Annual Report of the Secretary of the Interior, Fiscal Year Ended June 30, 1941*, pp. 179-80. Also *New York Times*, May 2, 1941, p. 44.

APPENDIX A

TABLE A-1

Estimated Minimum Price Realization and Actual Invoice Realization
in the Bituminous Coal Industry, October 1940-December 1942
(dollars per net ton, f.o.b. mine)

	Realization		
	Estimated at Minimum Price	Actual Price	Excess of Actual Price
1940			
October	2.03	2.05	.02
November	2.03	2.05	.02
December	2.03	2.04	.01
1941			
January	2.05	2.07	.02
February	2.03	2.05	.02
March	2.00	2.01	.01
April	1.88	1.95	.07
May	1.96	2.14	.18
June	1.98	2.18	.20
July	2.00	2.24	.24
August	2.01	2.28	.27
September	2.04	2.32	.28
October	2.01	2.30	.29
November	2.02	2.29	.27
December	2.02	2.30	.28
1942			
January	2.04	2.31	.27
February	2.02	2.30	.28
March	2.03	2.29	.26
April	1.98	2.31	.33
May	2.00	2.36	.36
June	2.01	2.36	.35
July	2.01	2.38	.37
August	2.02	2.37	.35
September	2.04	2.39	.35
October	2.18	2.41	.23
November	2.20	2.42	.22
December	2.22	2.45	.23

Source: An official compilation published in *Extension of Bituminous Coal Act of 1937*, Hearings on H.R. 356, H.R. 1454, and H.R. 2296, U.S. House Committee on Ways and Means, 78th Cong., 1st sess., June-July 1943, p. 20. The price data include rail or river mines and other mines over 50 tons average daily capacity, but exclude coal used at the mine.

March 1942 the spread fluctuated between 24 and 29 cents a ton.

1. DOCKET NO. A-983

On July 1, 1941, the Consumers' Counsel called upon the Coal Division to exercise the authority conferred upon it in the Act and establish maximum prices for bituminous coal.³ The petition in-

³ The Bituminous Coal Act of 1937, 50 U.S. Stat. at L. (1937), 72. Sec. 4-IIc. (The complete text of the Act is given in Appendix G.)

MAXIMUM PRICES IN WORLD WAR II

cluded suggestions bearing upon the level of maximum prices which were expressed as amounts to be added to the minimum prices then in effect. These increases, said by the Counsel to approximate 10 per cent of the realization at minimum prices in each district, were as follows:⁴

Districts 9 and 22	\$.15
Districts 1, 2, 3, 4, 6, 7, 8, 10, 11, 15 and 19	.20
Districts 13, 17 and 20	.25
Districts 12, 16 and 18	.30
Districts 14 and 23	.35
District 5	.40

Acting upon this petition the Coal Division set up Docket No. A-983 and announced the opening of hearings on September 9, 1941 in Washington. Each district board and approved marketing agency was ordered to propose maximum prices and submit them to the Coal Division, with supporting data, by September 6, 1941. The proposals were to be such as to yield a reasonable return, in the aggregate, above the weighted total cost of the district, as required by the Act.⁵

On September 5 the Consumers' Counsel filed an amendment to its original petition. The amounts to be added to the minimum prices previously suggested now raised coal prices "approximately 20 per cent above the present established costs in effect within each of the districts." The new increases, replacing the old, ranged from 23 cents in District 11 to 87 cents in District 18.⁶ Substantial increases were presumably necessary, since "in the aggregate the maximum prices" had to "yield a reasonable return above the weighted average total cost of the district," and no maximum price for any mine could yield less than "a fair return on the fair value of the property." The bases and methods used by the Consumers' Counsel were not available to the authors.

⁴ The petition was published, in part, in the *Federal Register*, September 12, 1941, pp. 4688-89.

⁵ *Ibid.*, August 15, 1941, p. 4084; August 23, 1941, pp. 4344-45; and September 4, 1941, p. 4577.

⁶ The proposed increases, by districts, in dollars, were:

Dist. 1	.68	Dist. 8	.35	Dist. 16	.32
Dist. 2	.61	Dist. 9	.31	Dist. 17	.64
Dist. 3	.35	Dist. 10	.30	Dist. 18	.87
Dist. 4	.32	Dist. 11	.23	Dist. 19	.42
Dist. 5	.61	Dist. 12	.57	Dist. 20	.50
Dist. 6	.40	Dist. 13	.46	Dist. 22	.29
Dist. 7	.44	Dist. 14	.68	Dist. 23	.61
		Dist. 15	.41		

APPENDIX A

The hearings in Docket No. A-983 were recessed on September 25, and shortly thereafter on October 3, the Director of the Coal Division, H. A. Gray, issued a memorandum opinion and order which in part said:

"It is clear from the record that Consumers' Counsel has failed to establish either (1) that 'abuses' exist or (2) that prices being charged for bituminous coal are 'excessive and oppressive of consumers.' Although the record does show that in many instances the prices of bituminous coal have increased both before and after April 1, 1941, it fails to demonstrate that these increases are not justified in the light of the many attendant circumstances.

"Nonetheless, the record does contain evidence tending to show that the trend of prices has been upward, that there may be a shortage of transportation facilities for the movement of coal in some localities and that there may be a shortage of certain kinds and sizes of bituminous coal due to the sudden expansion of demand. Even though the particular charges of the petition have not been sustained, a showing has been made sufficient to render it advisable at this time to continue the proceeding in order that the objective of the Act be realized.

"As several of the parties have claimed, the record is almost completely barren of any testimony supporting Consumers' Counsel proposed schedule of maximum prices as conforming to the standards of the Act or as being fair and equitable. That, however, is no reason for dismissing the proceeding at this time. On the contrary, it supplies a reason for going ahead and obtaining the data from which an intelligent conclusion can be drawn as to what would be a proper schedule of prices to establish if such is to be done."⁷

2. ESTABLISHMENT OF MAXIMUM PRICES, 1942

The signing of the Emergency Price Control Act of 1942 on January 30 gave additional authority to the Government to place maximum prices upon coal. The Administration now had to decide whether the Coal Division or the Office of Price Administration should establish maximum prices.

It was agreed, after an exchange of letters in March 1942, that the maximum prices on soft coal would be set by the OPA, but that the experience gained by the Coal Division in setting minimum prices and in studying maximum prices in Docket No. A-983 would be utilized. In order to carry on its duties as advisor to the OPA, the Coal Division was empowered to conduct hearings and confer-

⁷ *Federal Register*, October 8, 1941, pp. 5122-24.

MAXIMUM PRICES IN WORLD WAR II

ences and to handle correspondence. Moreover, after maximum prices had been established, the Coal Division was assigned the task of detecting and investigating alleged violations of the prices. Here the experience of the Coal Division in enforcing minimum prices was of value. The Coal Division also made recommendations to the OPA on requests for relief from the maxima when relief was justified. Such relief took the form of amendments, or exceptions, to the maximum price regulations of the OPA.⁸

a. *Maximum Price Regulation No. 120.* Taking the view that bituminous coal prices were "threatening to rise to an extent and in a manner inconsistent with the purposes of the Emergency Price Control Act of 1942," the Price Administrator, Leon Henderson, issued Maximum Price Regulation No. 120 on April 28, 1942.⁹ The maximum prices established by this Regulation were to apply, on and after May 18, 1942, to all bituminous coal delivered for sale from mines or preparation plants by producers or distributors.¹⁰

Provisions were made for statistical reporting to the OPA and for the making of petitions for amendments, adjustments, or exceptions. "Adjustable pricing" was dealt with, evasions were warned against, and enforcement procedures were described. It was agreed that where the maximum price shown in Regulation No. 120 happened to be less than the minimum prices established by the Coal Division, the latter should prevail and become the maximum.

The construction of the maximum price schedules was done in March and April by personnel of the Coal Division. Consideration was given to the discussions that had been recorded in Docket No. A-983. Cost data for November and December 1941 were carefully analyzed and various "bulk line" cost computations were made during the development of maximum price schedules. Tonnages and invoice price data were utilized and, as we shall see, proved to be very helpful.

b. *Development of maximum prices.* The construction of these maximum price schedules involved (1) computing the actual prices that had prevailed in the selected base period, (2) adjusting these prices in the light of prevailing circumstances, and (3) making separate provision for different types of coal movement where conditions required such action.

⁸ *Annual Report of the Secretary of the Interior, Fiscal Year Ended June 1942*, pp. 105-7.

⁹ *Federal Register*, April 30, 1942, pp. 3168-78.

¹⁰ Another regulation, No. 122, applying to sales of solid fuels by other persons, was issued on the same day.

APPENDIX A

1) *Computation of prices for base period.* The base period used was the month of October 1941. Detailed data were not available for a shorter time.¹¹ The basic data were the October tonnages and invoice prices that had been reported to the Coal Divisions by all producers of bituminous coal whose mines had daily capacities of 50 tons or more. These reports also covered all producers who shipped by rail or water, regardless of the daily capacity of the mines.¹² The October 1941 prices were computed for each District from the invoice price and tonnage data. In addition, similar computations were made, within each district, for each "classification-size group unit." These units, which had been established by the Coal Division, represented "groupings of different coals which are priced the same in the Division's minimum price schedules because they were determined to have the same market value and consumer acceptability, even though they might originate in different mines and might differ slightly in actual size and in analytical and physical properties. Because of the identity in market value among the component coals of a 'classification-size group unit,' they tend to be actively competitive. These units were, therefore, deemed to afford an appropriate and reasonable basis for the calculation of weighted average prices which would reflect the prevailing October prices for the various kinds and sizes of coal, in a fair and equitable manner, while giving effect to variations in the prevailing October prices for coals of different character and market acceptability."¹³

2) *Adjustments in prices compiled for base period.* The prices computed for the month of October 1941 had to be adjusted in various ways. In some districts, allowance had to be made for seasonal patterns, which impaired the representativeness of the October data.¹⁴ Adjustments had to be made for increases in the costs

¹¹ The text of Regulation No. 120 gives an erroneous impression of the period that was used. "The Price Administrator has ascertained and given due consideration to the prices of bituminous coal prevailing between October 1 and October 15, 1941, and has made adjustments for such relevant factors as he has determined and deemed to be of general applicability." (*Federal Register*, April 30, 1942, p. 3168.)

¹² "Statement of Considerations Involved in the Issuance of Maximum Price Regulation No. 120, Office of Price Administration," mimeographed copy published by the National Coal Association, note 10.

¹³ *Ibid.*, pp. 7 and 8.

¹⁴ "In Districts 14 and 16 adjustments were effected in recognition of the highly seasonal nature of the movement of coal from those districts. In these districts where many mines do not operate at all for six months of the year, producers depend for their realization almost exclusively on their sales of domestic coals, which in October historically fall considerably short of the later seasonal peak." (*Ibid.*, p. 9.)

of operation which had occurred after October 1941. For example, labor costs had increased in District 13 as a result of a decision of the National Mediation Board, and peculiar conditions which increased labor costs necessitated special consideration in District 12 (Iowa).

Moreover, in examining closely the October 1941 prices of a great number of "classification-size group units," the price fixers found some movements of coal and some prices that were unusual. In these cases it was necessary to discover whether an unusual relationship between a given unit and other units indicated a new trend, or whether it reflected a temporary disturbance of some sort. If a new trend was discovered, the prices were accepted without adjustment.¹⁵ If, on the other hand, it was found that the unusual relationship could be explained only by the influence of exceptional conditions prevailing in October 1941, the price fixers made appropriate modifications before determining the prices to be included in the maximum price schedules.¹⁶ In some cases the unusual unit represented an isolated sale or two in October, and here adjustments were made to reduce the influence of such prices upon the schedules. Similarly, some sales of coal represented the disposal of unavoidable resultants of the production of standard sizes, and here again the influence of these prices was minimized.¹⁷

3) *Impact of types of coal movement on maximum prices.* It was necessary for the price-fixing agency to study the separate types of coal movement. The prices prevailing in October 1941 for all-rail shipments of coal in each district were considered first. When other movements of coal—tidewater, river, and by-product—in the same districts showed similar October prices, general maximum price schedules were constructed by computing weighted average prices for the movements involved, unless some special considerations made this sort of combined schedule impracticable.

Certain movements of coal exhibited prevailing price relation-

¹⁵ "This was the case, for example, in connection with the small domestic stoker sizes, particularly among the better quality coals, which often showed a higher realization, compared with other domestic size coals, than they had generally been supposed to command in the past." (*Ibid.*, p. 8.)

¹⁶ "The prevailing October differentials between mine run and screening sizes were sometimes adjusted to avoid the possibility of forcing producers to crush mine run coal in order to avoid an unduly low mine run price prevailing in October, or to protect consumers of slack from being forced to accept mine run coal, which they would have to crush, in consequence of an inordinate disparity prevailing between mine run and slack prices in October 1941." (*Loc.cit.*)

¹⁷ *Loc.cit.*

ships that indicated a need for special schedules. Lake cargo shipments of bituminous coal, for example, required maximum prices lower than those established for all-rail shipments. This was "based upon the seasonal character of transportation on the Great Lakes, which are not navigable during the winter months. This seasonal factor requires Great Lakes dock operators to take delivery during the open navigation season and store the coal pending the peak selling period during the burning season. Because lake coal has customarily moved during the off season and has thus afforded the mines an opportunity to realize the economies flowing from a balanced year-round production and because of the expenses, including degradation, incidental to the storage of the coals on the docks, an important consideration relative to competition with rail-shipped coals, it has historically moved at lower prices than rail-shipped coals, particularly in the domestic sizes."¹⁸

"Railroad fuel" was also given separate treatment in the establishment of maximum prices. There is a close interrelationship between coal production and rail transportation: it is said to be to the advantage of the producers to sell a substantial tonnage of railroad fuel at a relatively low price in order to increase the rate of mine operation throughout the year; conversely the economic well-being of the owners of these coal mines is advantageous to the railroads.

The movement of coal by truck is essentially different from other movements, being confined to destinations close to the mines and in large measure to coal for household use. Separate maximum price schedules were established for truck coals.

Several districts, especially No. 1 and No. 13, produce and sell a special purpose coal that is used in blacksmithing. Inasmuch as these "smithing coals" (which require careful selection and preparation) have normally commanded prices higher than coals for general use, special maximum prices were established for them.

c. *Description of maximum prices in Ohio, May 1942.* The Appendices to Regulation No. 120 give the schedules of maximum prices for each of the 22 districts established under the Coal Act of 1937. Because a description of maximum prices for all districts is not feasible, our discussion will be limited to a consideration of the maximum prices for coal produced in Ohio.

The first schedule of maximum prices to be considered may be called the "general" schedule because it applied to all movements of soft coal for which no other provision was made. It will be no-

¹⁸ *Ibid.*, p. 9.

MAXIMUM PRICES IN WORLD WAR II

ticed that this schedule, reproduced here as Table A-2, makes no mention of market areas. Maximum prices, f.o.b. mines, were uniform from market area to market area. Moreover, there is here no mention (by reference to particular mines) of different grades of coal.¹⁹ In most other respects, however, this table resembles the minimum price tabulations: the same size groups and geographical subdivisions of the district are found in both schedules. The fact that such a framework was already in existence before maximum price fixing was undertaken undoubtedly made the latter work easier than it would otherwise have been.

Special maximum prices were provided for coal produced in Ohio and shipped (a) on the Great Lakes, (b) by truck, and (c) for use as railroad fuel. The prices prescribed for lake shipments are set forth in Table A-3.

The maximum prices applicable to coal shipped from Ohio mines by truck or wagon to all destinations and for all uses were to be computed by the addition of specified amounts to the minimum prices f.o.b. mine. The amounts that became effective in May 1942 were \$.45 for size groups 1 through 5, \$.30 for size group 6, and \$.25 for size groups 7 and 8.²⁰

Maximum prices for railroad fuel produced in Ohio were not to be more than \$.25 a ton above the applicable minimum prices.²¹

All coals shipped from the mines of Ohio were assigned maximum prices under one or another of the foregoing schedules and provisions. It should be understood, of course, that different maximum prices prevailed in other districts, and that the special price schedules established for Ohio were not necessarily applicable elsewhere. Certain other districts, confronted with problems not found in Ohio, required special price schedules of their own.²²

¹⁹ Those maximum price schedules for truck shipments and railroad fuel that were arrived at by adding particular amounts to the minimum price schedules do, of course, reflect the grade differences of the latter.

²⁰ *Federal Register*, April 30, 1942, p. 3171.

²¹ *Loc.cit.*

²² For example, in setting maximum prices in District 5 a distinction was made between raw and washed coal. Smelting coals were priced separately in Districts 1, 2, 13, and 15. High-volatile cannel coal produced in District 8 was assigned special maximum prices, according to size. (See *Federal Register*, April 30, 1942, pp. 3170, 3173, and 3176; May 26, 1942, p. 3901; and July 29, 1942, p. 5827.) Coals shipped on the Kanawha and Ohio Rivers from mines in District 8, in barges owned or controlled by the producer or distributor, were granted special consideration. (*Ibid.*, July 3, 1942, p. 5059; and September 1, 1942, p. 6896.) Certain coals of District 14 when sold for metallurgical purposes were given special maximum prices. (*Ibid.*, July 22, 1942, p. 5607; and September 29, 1942, p. 7670). Special provi-

TABLE A-2
 General Maximum Prices for Bituminous Coal from Ohio, Effective May 18, 1942
 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Size Group ^a											
	1	2	3	4	5	6	7	8	9	10	11	12
Hocking	3.15	3.10	2.70	2.70	2.65	2.35	2.15	2.05	2.35	2.05		2.35
Jackson	3.15	3.10	2.70	2.70	2.65	2.35	2.05	2.05	2.35	2.05		2.35
Pomeroy and Crooksville	3.00	2.90	2.50	2.50	2.45	2.35	2.05	2.05	2.10	1.70		2.10
Leetonia and Middle	2.95	2.90	2.65	2.60	2.50	2.40	2.10	2.00	2.40	1.95		2.40
Ohio-Middle	2.75	2.70	2.50	2.50	2.25	2.25	2.25	2.15	2.25	1.90		2.25
Ohio No. 8 and Cambridge	2.75	2.70	2.40	2.40	2.30	2.20	1.95	1.85	2.20	1.70	1.65 ^b	2.20

^a See Appendix B.

^b Ohio No. 8 only.

Source: *Federal Register*, April 30, 1942, p. 3171; revision, May 9, 1942, p. 3447. Does not include prices for coal intended for certain specified uses, or coal moving by certain methods of transportation. Special maximum prices were established for these excluded categories.

MAXIMUM PRICES IN WORLD WAR II

TABLE A-3
 Maximum Prices for Ohio Coal (Excluding Railroad, Vessel, and Bunker Fuel) Shipped via Great Lakes
 to All Destinations, Effective May 18, 1942
 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Size Group											
	1	2	3	4	5	6	7	8	9	10	12	
Hocking and Jackson	2.80	2.80	2.60	2.60	2.55	2.25	1.90	1.80	2.25	1.95 ^a	2.25	
Pomeroy and Crooksville	2.55	2.55	2.40	2.40	2.35	2.25	1.90	1.80	2.25	1.60 ^b	2.00	
Leetonia and Middle	2.50	2.50	2.45	2.45	2.35	2.25	2.05	1.95	2.25	1.75	2.25	
Ohio-Middle	2.40	2.40	2.35	2.35	2.15	2.15	2.05	1.95	2.15	1.80	2.15	
Ohio No. 8 and Cambridge	2.35	2.35	2.30	2.30	2.20	2.10	1.90	1.80	2.10	1.60	2.10	

^a Jackson only.

^b Crooksville only.

Source: *Federal Register*, April 30, 1942, p. 3171.

APPENDIX A

3. ANALYSIS OF MAXIMUM PRICES IN OHIO

The pattern of maximum prices established for bituminous coal by Regulation No. 120 was less intricate than that of minimum prices, but it is still too complex to discuss at length in the space allotted for the discussion of maximum prices. This presentation, therefore, will be confined to a few comparisons between certain maximum and minimum price schedules. Table A-4 has been prepared in order to show the relationships between the maximum and minimum prices in two Ohio cities, Cleveland and Zanesville. The prices shown were effective from May 18, 1942, when the maxima were inaugurated, to October 1, 1942 when the new minima (Docket No. 21) were established.

It will be noticed that the spreads between maximum and minimum prices in Table A-4 are far from uniform. The variations possibly are the result of the method of maximum price fixing that was employed: that of basing the maxima upon the prices that had prevailed in a given period (October 1941). There is no reason to suppose that the increasing demand for coal was so distributed that the maxima arrived at would be at equal distances above the estab-

TABLE A-4
Maximum and Minimum Prices for Ohio $\frac{3}{4}$ " \times 0" Slack Shipped All-Rail to Cleveland and Zanesville, Ohio, May 18-October 1, 1942

Freight- Origin District	Maximum Price ^a All Destinations	At Cleveland		At Zanesville	
		Minimum Price	Spread	Minimum Price	Spread
Hocking	2.05	1.65 ^b	.40	1.50 ^b	.55
Jackson	2.05	1.65 ^c	.40	1.65 ^c	.40
Pomeroy	2.05	1.65 ^b	.40		
Crooksville	2.05	1.65 ^b	.40	1.50 ^b	.55
Middle	2.00	1.85 ^{c,d}	.15 ^e	1.65 ^c	.35
Ohio-Middle	2.15	1.85 ^{b,d}	.30 ^e		
Ohio No. 8	1.85	1.65 ^c	.20	1.65 ^c	.20
Cambridge	1.85	1.65 ^c	.20	1.45 ^c	.40

^a No grades indicated.

^b Grade O, assumed.

^c Grade O.

^d This is .05 lower at Cleveland than for Market Area 13 generally.

^e This is .05 higher at Cleveland than for Market Area 13 generally.

Source: Maximum prices from Table A-2, size group 8. Minimum prices from Chapter VIII, Charts 10 and 11.

sions were made for bunker coal, and such coal when sold *directly* at tide-water and on the Great Lakes (and connecting tributary waters) was exempted from maximum prices. (*Ibid.*, July 29, 1942, p. 5835; and December 15, 1942, p. 10470.)

MAXIMUM PRICES IN WORLD WAR II

lished minima. Perhaps it was the recognition of this fact that led to the decision to establish maximum prices under the Emergency Price Control Act of 1942 instead of the Coal Act of 1937. The 1937 Act required "a uniform increase above the minimum prices in effect within the district at the time, . . ." (Sec. 4-IIc.)

A comparison of the maximum and minimum prices of coal from Ohio shipped as cargo on Lake Erie and Lake Ontario is presented in Table A-5. With the exception of lake cargo coal from the Ohio-Middle mines the spread between the two limits is uniform.

TABLE A-5

Maximum and Minimum Prices for Ohio $\frac{3}{4}$ " \times 0" Slack (Excluding Railroad, Vessel, and Bunker Fuel) Shipped as Lake Cargo to All Destinations, May 18-August 14, 1942
(dollars per net ton, f.o.b. mine)

<i>Freight-Origin District</i>	<i>Maximum Price^a</i>	<i>Minimum Price</i>	<i>Spread</i>
Hocking	1.80	1.53 ^b	.27
Jackson	1.80	1.53 ^c	.27
Pomeroy and Crooksville	1.80	1.53 ^b	.27
Leetonia	1.95	1.68 ^b	.27
Middle	1.95	1.68 ^c	.27
Ohio-Middle	1.95	1.53 ^b	.42
Ohio No. 8 and Cambridge	1.80	1.53 ^c	.27

^a No grades indicated.

^b Grade O, assumed.

^c Grade O.

Source: Maximum prices from Table A-3, size group 8. Minimum prices from Chapter VIII, Chart 13.

The comparisons made in the preceding tables have been for a single size of coal, $\frac{3}{4}$ " \times 0" slack, which is included in size group 8. The variety of spreads between maximum and minimum prices for other size groups is shown on Table A-6. Wide variation in prices will be observed, the greatest spread being \$.95 and the smallest \$.05.

4. AMENDMENTS TO MAXIMUM PRICE REGULATION NO. 120 FOR OHIO

A study of Table A-7 will enable the reader more easily to trace the modifications in the structure of maximum prices that occurred in Ohio between 1942 and 1946. The column headings of this table refer to the schedules and provisions which were set forth in the preceding section.

APPENDIX A

TABLE A-6

Spreads between Maximum and Minimum Prices for Ohio All-Rail Coal Shipped to Market Areas 7, 8, 9, and 13, by Size Group and Freight-Origin District, May 18-October 1, 1942 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Size Group									
	1	2	3	4	5	6	7	8	9	12
Hocking	.90	.95	.60	.65	.70	.40	.50	.40	.45	.45
Jackson	.90	.95	.60	.65	.70	.40	.30	.40	.45	.45
Pomeroy	.65	.65	.40	.45	.50	.40	.30	.40	.20	.20
Crooksville	.75	.75	.40	.45	.50	.40	.30	.40	.20	.20
Leetonia and Middle	.30	.35	.30	.30	.30	.20	.10	.10	.25	.25
Ohio-Middle	.10	.15	.15	.20	.05	.05	.25	.25	.10	.10
Ohio No. 8 and Cambridge	.35	.40	.30	.35	.35	.25	.20	.20	.20	.45

Source: Computed from Table A-2 and a table in the *Federal Register*, August 24, 1940, pp. 3066-67. The latter table was converted for this purpose to coal of grade O throughout.

a. *Adjustments, August 15, 1942.* It will be seen that the only significant change made between May 1942 and February 1943 applied to lake shipments of coal. Reference to Table A-8 will show that new maxima were established in August 1942 for lake coal in size groups 6 through 12. Lake coal of size groups 1 through 5 retained their former maxima. Most of the changes for size groups 6, 9, 10, and 12 represented increases of 10 cents over the earlier maxima. Size groups 7 and 8 had increases ranging from 5 cents to 25 cents.

b. *Adjustments, February 4, 1943.* Early in 1943 extensive changes were made in the maximum prices of Ohio coals. A new general schedule raised the maxima by 15 cents for lump coal and double-screened coal whose top size exceeded 2 inches (size groups 1 through 4). A 20-cent increase was applied to size groups 5 through 12. The maximum price of Jackson coal in size group 7 was increased 30 cents.²³ The special schedule for lake coals (see Table A-3) was eliminated, and coal shipped by lake now carried the maximum prices assigned under the general schedule. Presumably the conditions that originally prevailed had ceased to exist. A 20-cent increase was granted to both truck coal and railroad fuel in Ohio.

c. *Adjustments, November 29, 1943.* In November 1943 all maximum prices for Ohio coals were raised 20 cents a ton. This increase reflected to some extent the new wage agreement between the Secretary of the Interior, who had been directed by the Presi-

²³ *Ibid.*, February 6, 1943, p. 1681.

TABLE A-7
Ohio Maximum Price Schedules and Provisions, 1942-1946
(dollars per net ton, f.o.b. mine)

Effective Dates	Price Schedules and Price Provisions			
	All not elsewhere specified Column 1	Lake Column 2	Truck Column 3	Railroad Fuel Column 4
May 18, 1942 ^a	Schedule as in Table A-2	See Table A-3	See page 465	.25 above the minimum
Aug. 15, 1942 ^b	No change	See Table A-8	No change	No change
Feb. 4, 1943 ^c	See page 470	As in Col. 1	Change in based	Change in based
Nov. 29, 1943 ^e	Increase of .20. See Table A-9	As in Col. 1	Increase of .20	Increase of .20
Mar. 1, 1945 ^f	Schedule as in Table A-10	As in Col. 1	As in Table A-12	As in Col. 1
May 1, 1945 ^g	Increase of .26 for deep mined coal. No increase for strip mined coal.	As in Col. 1	Increase of .26 for deep. No increase for strip	As in Col. 1
June 21, 1946 ^h	Increase of .37 for deep mined coal, .11 for strip	As in Col. 1	Increases: .37, deep; .11, strip	As in Col. 1

^a *Federal Register*, April 30, 1942, p. 3171, and May 9, 1942, p. 3447.

^b *Ibid.*, August 12, 1942, p. 6265.

^c *Ibid.*, February 6, 1943, p. 1681.

^d The spreads between minima and maxima remained unchanged, but the minima were new ones, .20 above the old ones (see *ibid.*, September 3, 1942, p. 6945). The effect was to raise the maxima .20, beginning October 1, 1942.

^e *Ibid.*, December 3, 1943, p. 16281. The schedule published on October 27 introduced no changes for District 4.

^f *Ibid.*, February 27, 1945, p. 2243.

^g *Ibid.*, May 3, 1945, p. 4910.

^h *Ibid.*, June 25, 1946, p. 7041.

TABLE A-8
 Revised Maximum Prices for Ohio Coal Shipped via Great Lakes
 to All Destinations, Effective August 15, 1942
 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Maximum Prices											
	Change from May 1942 Schedule						Size Group					
	6	7	8	9	10	12	6	7	8	9	10	12
Hocking	2.35	2.15	2.05	2.35	2.05	2.35	.10	.25	.25	.10	.00	.10
Jackson	2.35	2.05	2.05	2.35	2.05	2.35	.10	.15	.25	.10	.10	.10
Pomeroy	2.35	2.05	2.05	2.10	1.70	2.10	.10	.15	.25	-.15	.00	.10
Crooksville	2.35	2.05	2.05	2.10	1.70	2.10	.10	.15	.25	-.15	.10	.10
Leetonia	2.40	2.10	2.00	2.40	1.95	2.40	.15	.05	.05	.15	.20	.15
Middle	2.40	2.10	2.00	2.40	1.90	2.40	.15	.05	.05	.15	.20	.15
Ohio-Middle	2.25	2.25	2.15	2.25	1.90	2.25	.10	.20	.20	.10	.10	.10
Ohio No. 8	2.20	1.95	1.85	2.20	1.70	2.20	.10	.05	.05	.10	.10	.10
Cambridge	2.20	1.95	1.85	2.20	1.70	2.20	.10	.05	.05	.10	.10	.10

Source: Federal Register, August 12, 1942, p. 6265.

MAXIMUM PRICES IN WORLD WAR II

dent to take possession of the coal mines on November 1, 1943, and the United Mine Workers of America. The basic scale of mine workers was increased \$1.50 per day. This amount was to compensate the mine workers for 45 minutes' travel time and 15 minutes of work taken from the half-hour lunch period.²⁴ The resulting prices for the general Ohio schedule are shown in Table A-9. For the first 18 months that maximum prices were in effect, the general schedule for Ohio registered cumulative increases of 35 cents a ton for the large sizes of coal and 40 cents for the small, and truck shipments and railroad fuel provisions showed increases of 40 cents a ton.

d. *Adjustments, March 1, 1945.* The November 1943 maximum prices continued in effect until March 1, 1945. The new schedule for coals other than those shipped by truck is reproduced in Table A-10. To show the relationship of the general schedule (Table A-10) to the one that it replaced, a tabulation of differences in cents per ton is presented as Table A-11. The Hocking and Ohio-Middle freight-origin districts were assigned maximum prices which, on the whole, were considerably higher than those granted to other freight-origin districts in Ohio.

Table A-12 shows the schedule of maximum prices for truck shipments of coal. This schedule had become self-contained and was no longer derived from its corresponding minimum price schedule. Because new geographical subdivisions and seam distinctions were employed, size groups were modified, and differential pricing was resorted to for deep-mined and strip-mined coal, a comparison of the data in this table with those of earlier tables has not been attempted.

e. *Adjustments, May 1, 1945.* Two months after the new maxima became effective, a revision was made that raised the maximum prices of deep-mined coal 26 cents a ton. No change was made in the prices of coal mined by strip mines in Ohio.²⁵ The increases in all districts, which were made in varying amounts, reflected the new level of costs arising from the wage agreement of April 11, 1945, between the bituminous coal operators and the United Mine

²⁴ *Monthly Labor Review*, U.S. Bureau of Labor Statistics, December 1943, p. 1115. The increase was arrived at by the "Vinson Formula" (see *New York Times*, November 20, p. 1, and 28, p. 6, 1943).

²⁵ *Federal Register*, May 3, 1945, p. 4910. Strip-mined coal from Districts 10, 12, and 14 and all coal from Districts 16 and 19 also continued to take the old maximum prices. Upward revisions, effective May 1, 1945, ranged from \$.04 for strip coal in District 15 to \$.45 for all coal produced in District 23.

TABLE A-9
 Maximum Prices for Ohio Coal Shipped by All Methods Not under Special Provisions,
 to All Destinations, Effective November 29, 1943
 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Size Group											
	1	2	3	4	5	6	7	8	9	10	11	12
Hocking and Jackson	3.50	3.45	3.05	3.05	3.05	2.75	2.55	2.45	2.75	2.45		2.75
Pomeroy and Crooksville	3.35	3.25	2.85	2.85	2.85	2.75	2.50	2.45	2.50	2.10		2.50
Leetonia and Middle	3.30	3.25	3.00	2.95	2.90	2.80	2.50	2.40	2.80	2.35		2.80
Ohio-Middle	3.10	3.05	2.85	2.85	2.65	2.65	2.65	2.55	2.65	2.30		2.65
Ohio No. 8 and Cambridge	3.10	3.05	2.75	2.75	2.70	2.60	2.35	2.25	2.60	2.10	2.05 ^a	2.60

^a Ohio No. 8 only.

Source: Computed from data in *Federal Register*, December 3, 1943, p. 16281.

MAXIMUM PRICES IN WORLD WAR II

TABLE A-10

Maximum Prices for Ohio Coal Including Railroad Fuel Shipped by All Methods except Truck or Wagon to All Destinations, Effective March 1, 1945 (dollars per net ton, f.o.b. mine)

Subdistrict ^b	Size Group ^a								
	1,2	3,3A	6	7	8	9	10	11	12
Hocking ^c	3.65	3.25	3.05	2.80	2.70	3.05	2.45		3.05
Jackson ^d	3.45	3.15	2.85	2.55	2.45	2.75	2.45		2.85
Pomeroy	3.25	2.95	2.85	2.45	2.45	2.50	2.10		2.60
Crooksville	3.25	2.95	2.85	2.45	2.45	2.50	2.10		2.50
Bergholz and Middle ^e	3.25	3.10	2.90	2.50	2.40	2.80	2.35		2.90
Eastern Ohio and Cambridge ^f	3.05	2.85	2.70	2.35	2.25	2.60	2.10	2.05 ^g	2.70

^a See Appendix B.

^b See Appendix C.

^c Includes several mines in the Jackson freight-origin district.

^d Does not include several mines in the Jackson freight-origin district.

^e These two subdistricts, taken together, correspond to the Leetonia, Middle, and Ohio-Middle freight-origin districts, taken together.

^f These two subdistricts, taken together, correspond to the Ohio No. 8 and Cambridge freight-origin districts.

^g Eastern Ohio only.

Source: *Federal Register*, February 27, 1945, p. 2243.

Workers of America. The OPA estimated the increase in prices that would reflect fully the cost increase to be 21 cents a ton; but it increased the maxima 16 cents a ton (on the average for the entire nation), leaving 5 cents to be absorbed by the operators.²⁶

f. *Adjustments, June 21, 1946.* The following year, on June 21, new revisions raised the maximum prices of all strip-mined coal in Ohio 11 cents a ton, and its deep-mined coal 37 cents a ton. These were the final maximum prices to be established for Ohio coals.²⁷ The increases appear to have been caused by the new wage agreement signed on May 29, 1946, by the Secretary of the Interior, as Coal Mines Administrator, and the president of the United Mine Workers. Under this agreement wages, including overtime, were increased \$1.85 a day.²⁸

g. *Price adjustments in one freight-origin district of Ohio.* To help the reader to visualize the primary relationships discussed in

²⁶ *Coal Age*, May 1945, p. 129.

²⁷ *Federal Register*, June 25, 1946, p. 7041. Unprepared strip-mined coal in Districts 1 and 2 and strip-mined coal in District 13 continued to take the old maxima. Increases ranged from \$.10 a ton for strip-mined coal (size groups 1-8) in District 10 to \$1.47 a ton for deep-mined coal in District 12.

²⁸ *Monthly Labor Review*, August 1946, p. 172.

TABLE A-11
 Changes in Maximum Prices for Ohio Coal, November 29, 1943-March 1, 1945
 (dollars per net ton, f.o.b. mine)

Freight-Origin District	Size Group										
	1	3	4	5	6	12	2	7	8	9	10
Jackson	-.05	+.10	+.10	+.10	+.10	+.10	.00	.00	.00	.00	.00
Pomeroy	-.10	+.10	+.10	+.10	+.10	+.10	.00	.00	.00	.00	.00
Crooksville	-.10	+.10	+.10	+.10	+.10	.00	.00	.00	.00	.00	.00
Leetonia and Middle	-.05	+.10	+.15	+.20	+.10	+.10	.00	.00	.00	.00	.00
Ohio No. 8 and Cambridge	-.05	+.10	+.10	+.15	+.10	+.10	.00	.00	.00	.00	.00
Hocking	+.15	+.20	+.20	+.20	+.30	+.30	+.20	+.25	+.25	+.30	.00
Ohio-Middle	+.15	+.25	+.25	+.45	+.25	+.25	+.20	-.15	-.15	+.15	+.05

Source: Computed from Tables A-9 and A-10. For purposes of analysis, the arrangement of areas and sizes has been modified.

MAXIMUM PRICES IN WORLD WAR II

TABLE A-12
Maximum Prices for Ohio Coal Shipped by Truck or Wagon
to All Destinations, Effective March 1, 1945

Coals produced at any mines in the following subdistricts ^a	Size Group ^b					
	1,2,3	3,4	5,6	7	8	9,12
1 Eastern Ohio; 2 Cambridge; and 3 Bergholz	3.60 ^c	3.20 ^c	2.90 ^c	2.65 ^c	2.55 ^c	2.90 ^c
4 Middle:						
4A: All mines in the #5 seam	3.75	3.55	3.05	3.00	2.60	3.05
All other mines	3.50	3.20	2.90 ^d	2.55	2.45	2.90 ^c
4B: All mines in the #5 seam	3.70	3.30	2.65	2.30	2.20	2.65
All other mines	3.60	3.20	2.65 ^c	2.30	2.20	2.65 ^c
4C: All mines	3.75 ^d	3.35 ^d	3.05	2.70	2.60	3.05
4D: All mines in the #1 seam	4.15	3.75	3.45	3.00	2.90	3.45
All other mines	3.50 ^e	3.20	2.90	2.55	2.45	2.90
4E: All mines	4.40	4.00	3.60	3.15	3.05	3.60
5 Hocking	3.90	3.50	2.90	2.50	2.40	2.90
6 Crooksville	3.60	3.20	2.65	2.30	2.30	2.65
7 Jackson and 8 Pomeroy	3.75	3.35	2.65	2.40	2.30	2.65

^a See Appendix C.

^b See Appendix B.

^c For deep mines only. Coal from strip mines was priced 10 cents lower.

^d Coal from all mines in the #5 seam was priced 10 cents higher.

^e Coal from deep mines in the #5 seam was priced 10 cents higher.

Source: *Federal Register*, February 27, 1945, p. 2243.

this part of the appendix, the writers have prepared Chart A-1. Prices for all-rail coals are shown in the upper half of the chart; prices for truck coals are shown in the lower. It should be realized that these diagrams are limited to coals of a particular size group (in some cases, of a particular grade) produced by deep mines in the No. 8 freight-origin district of Ohio which is approximately coextensive with the Eastern Ohio subdistrict. The chart does not include prices for lake coal and railroad fuel where these differed from the all-rail prices. It will be seen that the all-rail coal started with a maximum price of \$1.85 and ended with a maximum price of \$2.88. Similarly the truck coal maximum rose \$1.03, from \$2.15 to \$3.18.

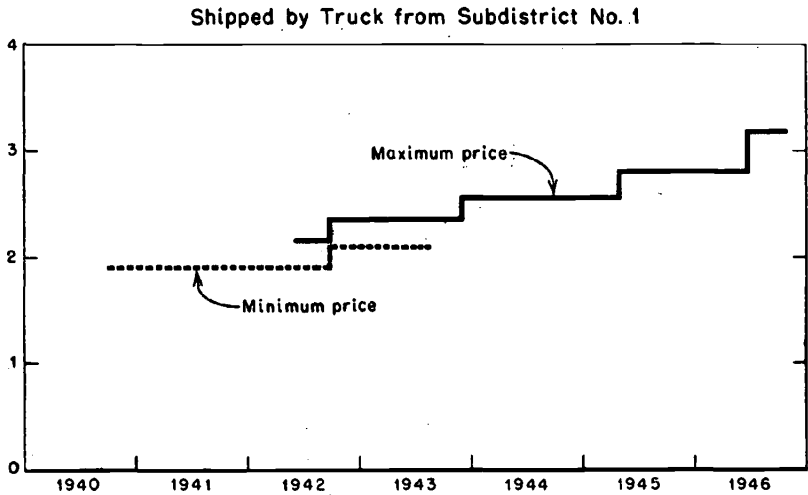
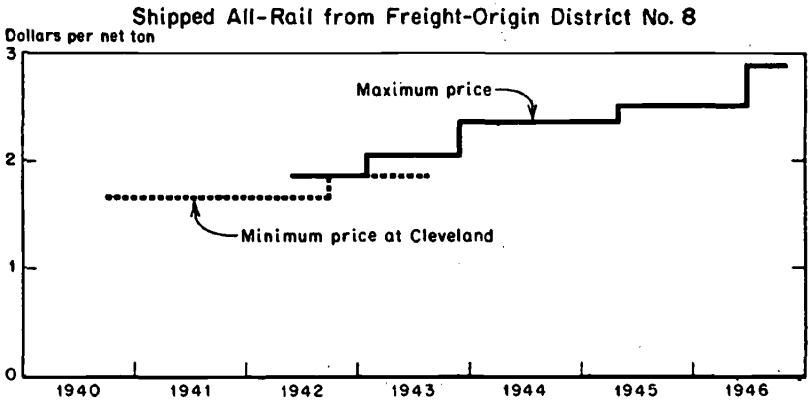
Similar charts might be constructed for all the coals shown in the preceding table. By referring to maximum price schedules and provisions published in the *Federal Register* for the 21 other districts, it would be possible to arrive at a great number of charts of the same kind. But even if this task should be accomplished, the charts would not represent the complete array of maximum prices that were in effect. As in the field of minimum prices, exceptions were made, and temporary or permanent relief was granted to producers and sellers of coal who were able, by the presentation of

APPENDIX A

CHART A-1

Maximum and Minimum Prices for $\frac{3}{4}$ " \times 0" Slack, Grade 0, from Deep Mines, Shipped from Eastern Ohio, 1940-1946

(maximum prices established by the Office of Price Administration, minimum prices by the Bituminous Coal Division)



Source: Tables and text of this appendix.

evidence, to convince the price-fixing authorities that the scheduled prices worked a definite hardship upon them.