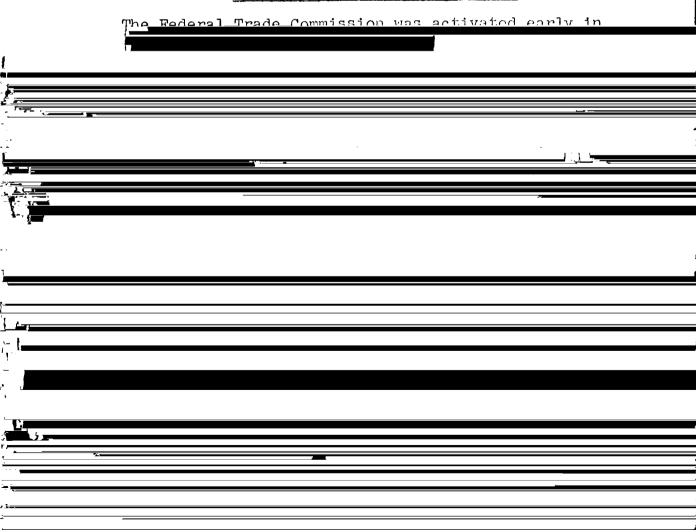
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We thought that we might best serve this Committee at this stage of its inquiry by reviewing the materials in our newsprint industry files (which I might add date back to 1916) and the published materials, then briefly summarizing the background information that we found.

First Commission Investigation.



	The Federal Trade Commission investigation led to	
	Justice Department proceedings against 45 newsprint	
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Second Commission Investigation.

In 1929-1930, another investigation of the newsprint industry was made pursuant to a Senate resolution. This investigation disclosed no one company with a sufficient portion of the business to constitute a monopoly. No discriminations against small newspapers were found. International Paper Co. was recognized as the price leader although it had only about 20% of the newsprint sales in the United States.

The 1930 investigation report also stated that the Newsprint Institute of Canada would violate United States antitrust laws if it existed in the United States, but that the United States had no jurisdiction over Canadian organizations.

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This report mentions the Federal Trade Commission's

Third Commission Investigation.

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cons	ent decree of <u>United States</u>	v. George A. Mea	ad. et al.,	
(D.C	. N.Y., 1917), against newsp	cint manufacture	ers. The	
Fede	ral Trade Commission report,	submitted to the	ne Department	
af I	netian on Rahminmer 13 1030	showed that he	1020. only	

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American Paper & Pulp Association. American Paper & Pulp

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against The Blotting Paper Manufacturers Association, et al., Docket 6107, and Paper Shipping Sack Manufacturers Association, et al., Docket 6476.

On January 13, 1954, the staff recommended that the Commission close the file against American Paper & Pulp Association and its members as a result of the disposition of the investigations of the member associations. The reorganization in 1948, only five United States corporations remained in the Bureau, but both United States and Canadian manufacturers continued to furnish statistics to the Bureau. The staff of the Commission on May 17, 1951,

aded that the investigation of the Newennint Convice

Bureau be closed due to lack of evidence of collusion or conspiracy with respect to prices. This recommendation was based upon examination of the files of the Newsprint Service Bureau and two of the five manufacturers who are still members of the Bureau. The file was closed by the Commission on September 20, 1951.

During the same period of time when the Commission's investigations of newspaper manufacturers were being made, an investigation of paper wholesalers was also being made. This resulted in an order against <u>National Paper Trade</u> <u>Association of the United States, Inc., et al., Docket</u> 5592, affirmed by the Second Circuit Court of Appeals on January 9, 1957. <u>1</u>/ Here the Commission found a price fixing conspiracy involving 22 regional trade associations and a large number of distributors of fine and wrapping paper.

Justice Department Investigations.

	The history of Commission investigations in the	
	newsprint field illustrates close cooperation between the	
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After conferences with the State Department and the Canadian Government, the subpoenas were withdrawn with respect to documents physically located in Canada.

In 1947, the Province of Ontario passed a statute making it a criminal offense for any records to be taken

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result of the Department of Justice proceedings.

Mr. Drew of the Ontario Legislature stated:

"If the Attorney-General of the United States does in fact believe that there has been of a combination in machine of normal

Congressional investigations.

In addition to the Department of Justice and Federal Trade Commission investigations, a number of Congressional committees have studied the newsprint problem in recent years.

Both the 1917 and the 1930 reports of the Federal Trade Commission on the newsprint industry were made at the request of the United States Senate.

In 1920 the Senate Committee on Manufactures held hearings on the newsprint paper industry. In the same year,

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	Problems of American Small Business made two interim reports on newsprint supply and distribution (in 1947 and 1948), and in 1949 issued a final report. This study was concerned	
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This is not an exhaustive list of Congressional investigations, but it serves to indicate Congressional concern with the industry.

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Newsprint Pricing.

We have further examined our files and other available materials for pricing practices in the newsprint industry. The following is our best available information as to prevailing prices in the industry from 1860 to 1056

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1935 1936 1937 1938 1939 1940 1941 1942 1943 1944 1943	40.00 41.00 42.50 50.00 50.00 50.00 50.00 50.00 54.66 58.00	1946 1947 1948 1949 1950 1951	72.57 88.50 97.70 100.00 100.92 111.00	
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Also. I would like to summarize what we have found

with respect to the newsprint industry's pricing methods.

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In 1928, International Paper Company had established zone pricing east of the Mississippi. Many other mills prior to the NRA period absorbed full freight to the destination or had absorbed freight at least up to a fixed amount.

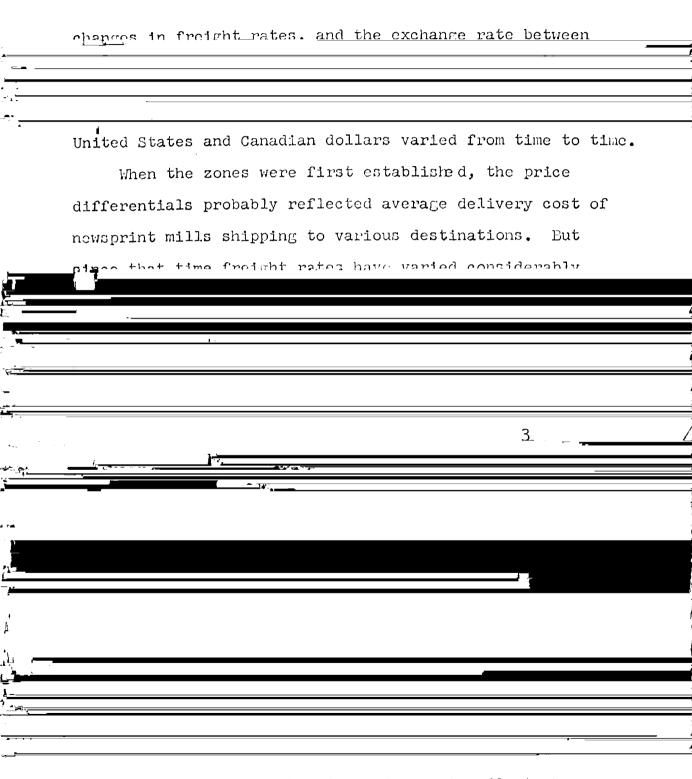
On June 16, 1933, the National Industrial Recovery Act was passed, and immediately, the newsprint manufacturers

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\$1.00 per ton port allowance. Port prices were the same at all ports designated, no matter where they were located, but not all seaports were designated as "ports" for pricing purposes.

Now was the base price determined? The base price, or zone 4 price, was \$1.00 more than the delivered price at New York City, or the "port price." The New York price apparently was composed of the price of newsprint f.o.b. Three Rivers, Quebec, plus the rail carload freight from Three Rivers to New York. The f.o.b. price at Three Rivers

in <u>Prices and Price Indexes</u>. The delivered price to any United States zone from a shipping point in Canada or the United States apparently was computed on the basis of the Three Rivers price plus rail freight to New York plus or



existing zone system, therefore, does not reflect changes in transportation costs except to the extent that rate Conclusion.

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of concern to domestic newspaper and magazine publishers:

(1) high prices; and (2) lack of adequate domestic supply.
What can we at the Commission suggest?
You may wish to consider the possibility of a Congressional

True of the orighteen reason complete filed by the Redevel

Trade Commission since the 1950 antimerger amendment have been in the paper industry. These are Crown Zellerbach, Karo Scott Paper, and International Paper Company.

At this time the Commission is considering additional information brought to its attention concerning newsprint

zone pricing to determine if further investigation or other ----

action is warranted with respect to such practices.

In conclusion I wish again to assure you that the

Commission stands ready to cooperate with the Congress in