

The Commonwealth of Massachusetts

REPORT

OF THE

SPECIAL COMMITTEE

RELATIVE TO

TANK WAGON PRICES OF
GASOLINE AND FUEL OIL

JANUARY 30, 1961

The Commonwealth of Massachusetts

MEMBERSHIP OF THE COMMITTEE

Appointed by the President of the Senate

Senator RICHARD R. CAPLES, Boston, *Senate Chairman*

Senator JOSEPH F. GIBNEY of Webster

Appointed by the Speaker of the House

Rep. WILLIAM J. KINGSTON of Springfield, *House Chairman*

Rep. JOHN J. LAWLESS of Worcester

Rep. DAVID J. O'CONNOR of Roxbury

Rep. WILLIAM F. KEENAN of Dorchester

Rep. JAMES R. LAWTON of Brockton

Rep. WALLACE B. CRAWFORD of Pittsfield

The Commonwealth of Massachusetts

ORDER REVIVING AND CONTINUING THE COMMITTEE

Ordered. That the joint special committee established by an order adopted by the Senate on July 23, 1956, and by the House of Representatives on July 25, 1956, and revived and continued by an order passed in the Senate on February 27, 1957, and in the House on March 20, 1957, and still further revived and continued by an Order passed in the House on April 30, 1958 and in the Senate on May 21, 1958, to investigate the increase in tank-wagon price of gasoline and of fuel oil by certain oil companies is hereby still further revived and continued.

Said Committee shall, in making its investigation, inquire especially into the effect such increase in price will have upon the consumer, whether such increase to be reflected in the price paid by consumers and whether the said increase is justified under present economic conditions.

Said Committee shall be provided with quarters in the State House, or elsewhere, may hold public hearings, may travel within and without the Commonwealth, shall have the power to summon witnesses and to require the production of books, records and papers, and the giving of testimony under oath, and may expend for expert, technical, legal, clerical and other services and expenses the unexpended balance in item 0110-66 of section 2 of chapter 688 of the acts of 1956, and any additional sums as may be appropriated therefor.

Said committee shall report from time to time to the General Court, the results of its investigation, and its recommendations, if any, together with drafts of legislation necessary to carry said recommendations into effect by filing the same with the Clerk of the Senate, final report to be made not later than the last Tuesday in January, 1961.

*Adopted in the Senate, February 12, 1959
and in the House February 16, 1959.*

The Government of the State of New York

OFFICE OF THE COMMISSIONER OF EDUCATION

ALBANY, N. Y., 1911.

THE COMMISSIONER OF EDUCATION HAS THE HONOR TO ACKNOWLEDGE THE RECEIPT OF YOUR REPORT OF THE PROGRESS OF THE STATE OF NEW YORK IN THE MATTER OF THE EDUCATION OF THE DEAF AND BLIND FOR THE YEAR 1910.

YOUR REPORT IS FULLY AND COMPLETELY SATISFACTORY AND IS BEING KEPT ON FILE IN THE OFFICE OF THE COMMISSIONER OF EDUCATION FOR REFERENCE.

Yours very truly,
J. B. HOGAN,
Commissioner of Education.

RECEIVED
JAN 10 1911

The Commonwealth of Massachusetts

FOURTH REPORT OF THE SPECIAL JOINT COMMITTEE RELATIVE TO TANK WAGON PRICE OF GASOLINE AND FUEL OIL

January 31, 1961

To the Honorable Senate and House of Representatives:

The Special Committee created by a Joint Order adopted in the Senate on July 23, 1956 and in the House on July 25, 1956, and most recently revived and continued by a Joint Order passed in the House on April 30, 1958 and in the Senate on May 21, 1958, which was directed by the General Court to investigate and study the increase in tank wagon prices of gasoline and/or fuel oil effected by the oil companies doing business in the Commonwealth, herewith submits its fourth report.

The Special Committee Relative to Tank Wagon Prices on Gasoline and Fuel Oil has been in existence for the past four and a half years.

Originally created on July 25, 1956, to look into the reasons for differentials in the price of gasoline in the various sections of the Commonwealth, the Committee has been revived and continued on three separate occasions — in 1957, 1958 and 1959.

The Committee has attempted since its creation to conduct its business in a methodical, thorough and unspectacular fashion, keeping always in mind the reason for its existence and dedicating itself to the purpose of helping ameliorate some of the complaint-provoking conditions in petroleum marketing which contributed to its creation.

The proof, it is often said, is in the pudding. Applied to the work of the Committee over the aforementioned four-and-a-half year period, the statement should connote a job deserving reasonable commendation. The present condition of the gasoline market in the Commonwealth is a vast improvement over that which existed prior to the Committee's establishment. We believe that the Committee can justly claim some credit for that improvement.

Credit, of course, belongs, too, to the many segments of the petroleum industry — principal supplying companies, independent marketers and service station proprietors — for their genuine spirit of cooperation in supplying factual information and suggestions to the Committee in an effort to cure some of the marketing ills which have prevailed. It is generally agreed that the present gasoline market in Massachusetts, considered in the light of the highly competitive nature of the industry, is relatively stable.

It is significant, too, that this stability has come about, not through artificial legislative restraints or undesirable regulatory enactments, but through a sincere spirit on the parts of both the Committee and the industry to sit down at the conference table, exchange thoughts, pinpoint problems and strive for solutions.

This mutual understanding and the results thereof have, no question, been of benefit to the consuming public. History is the clearest proof of the contribution of a free economy to a high standard of living, and of the fact that competition in a free market is the best insurance against high prices.

In view of the relative stability which now prevails in gasoline marketing in Massachusetts, we make no recommendations for any legislative enactment in that field at this time.

The Committee is hopeful that the good work done over the years in promoting this stable marketing situation will continue in the years ahead to the ultimate benefit of all concerned — the general public, the supplying companies and the retail dealer. The economic health of all three is essentially tied in to the economic well-being of the whole community.

FUEL OIL

During the past two years the Committee has turned its attention from gasoline to fuel oil. Unfortunately, the unusual length of the 1960 session of the General Court did not allow the Committee to make as complete a study of the fuel oil market in the Commonwealth as it had intended.

As in its study of gasoline prices, the Committee conducted public hearings on the subject of fuel oil prices, to which hearings representatives of supplying companies and independent fuel oil jobbers were invited, to outline their pricing structures. Much helpful

information was gathered by the Committee at such hearings. The Committee is appreciative of the willing cooperation of the industry in its dissemination of facts and figures on fuel oil prices and markets. This information, the Committee is sure, will be of great value to it in its final disposition of this subject.

The Committee has also enjoyed the opportunity to make a guided tour of the Esso Refinery installations at Everett and to witness first-hand the operation of this immense establishment — the only one of its kind in the Commonwealth.

Otherwise, however, the Committee has not had sufficient time to digest thoroughly this whole subject, to ascertain whether marketing changes might be suggested or to determine whether in fact any serious deficiencies exist.

For that reason the Committee is recommending a further continuance of its work until the last Wednesday of January, 1962, and an order is attached embodying that recommendation. [See Appendix A.]

A few things, however, are obvious from even this incomplete study of fuel oil prices. One is that the import quotas on residual fuel oil established in 1959 by the national administration in Washington have had a serious adverse effect on fuel oil marketing not only in Massachusetts but in the whole New England area. The Committee feels that the action of the national administration has hit the northeastern section of the country with greatest impact, and that from a long-range viewpoint a continuation of the present policy as regards limitations on imports of residual fuel oil will cause severe economic hardship in this area in future years. Already one increase in fuel oil prices, an increase which ultimately reflects itself in the cost to the consumer, has taken place. A continuation of the present trend to cut quotas even further can be expected to result in further price increases in the future.

The Committee therefore recommends that the General Court, in the interest of fair treatment to Massachusetts consumers of fuel oil, memorialize the Congress of the United States to use its prestige in bringing about an end of this highly discriminatory administrative policy.

There is an attempt underway in Washington also to convince Congress of the advisability of establishing a policy promoting the

end-use control of the various fuels. Although it is true that a periodic study of the complete domestic fuel situation is proper and in the public interest, the Committee seriously questions the economic wisdom of tampering with the competitive process which in the normal operation of supply and demand provides for the consumer the fuel he desires at the best price available. Any interference with this natural and free economic process can lead only to higher prices to the consuming public.

The Committee therefore further recommends that included in the aforementioned resolution on import quotas be a provision that, in its consideration of a policy regarding the various fuels, Congress vehemently oppose any proposition advocating the end-use control of those fuels.

A resolution including the Committee's thinking on both of the foregoing subjects is attached. [See Appendix B.]

SENATOR RICHARD R. CAPLES, Boston
REP. JOHN J. LAWLESS, Worcester
REP. WALLACE B. CRAWFORD, Pittsfield
REP. WILLIAM F. KEENAN, Boston
REP. JAMES R. LAWTON, Brockton
REP. DAVID J. O'CONNOR, Boston

[APPENDIX A]

PROPOSED
ORDER REVIVING AND CONTINUING THE COMMITTEE

Ordered, That the joint special committee established by an order adopted by the Senate on July 23, 1956, and by the House of Representatives on July 25, 1956, and most recently revived and continued under an order adopted by the Senate on February 12, 1959 and by the House on Feb. 16, 1959, to investigate the increase in tank-wagon price of gasoline and of fuel oil by certain oil companies is hereby further revived and continued. Said committee shall, in making its investigation, inquire especially into the effect such increase in price will have upon the consumer, whether such increase to be reflected in the price paid by consumers and whether the said increase is justified under present economic conditions.

Said committee shall be provided with quarters in the State House, or elsewhere, may hold public hearings, may travel within and without the commonwealth, shall have the power to summon witnesses and to require the production of books, records and papers, and the giving of testimony under oath, and may expend for expert, technical, legal, clerical and other services and expenses the unexpended balance in item 0110-66 of section 2 of chapter 688 of the acts of 1956, and any additional sums as may be appropriated therefor.

Said committee may report from time to time to the General Court, the results of its investigation, and its recommendations, if any, together with drafts of legislation necessary to carry said recommendations into effect by filing the same with the Clerk of the Senate, and shall file its final report not later than the last Wednesday in January, 1962.

APPENDIX B

RESOLUTION MEMORIALIZING CONGRESS ON THE QUESTIONS OF FEDERAL QUOTAS ON IMPORTS OF RESIDUAL FUEL OIL AND END-USE CONTROL OF THE VARIOUS FUELS SERVING THE COMMONWEALTH

Whereas, the current federal quotas on the imports of residual fuel oil discriminate greatly against the New England area, including the Commonwealth of Massachusetts; and

Whereas, such restriction on fuel oil imports poses an economic hardship on both the consumers of fuel oil in the Commonwealth of Massachusetts and on the industrial community; and

Whereas, such restriction has already been responsible for higher fuel oil costs in the New England area; and

Whereas, a continuation of the current trend to limit fuel oil imports further augurs even higher fuel oil prices in the future; and

Whereas, any study of the various fuels used in Massachusetts markets which has as its objective the promotion of the end-use control of such fuels would be contrary to the basic economic law of supply and demand and not in consonance with the operation of a free competitive economy, thereby causing higher prices to consumers of such fuels;

Therefore, Be It Resolved, that the Massachusetts General Court does hereby request the members of the United States Congress from the Commonwealth of Massachusetts to use their prestige and influence to terminate said quotas on the imports of residual fuel oil; and

Be It Further Resolved that the Massachusetts General Court does hereby request the Massachusetts Congressional delegation to make known its voice against any attempt to promote the end-use control of the various fuels used in the Commonwealth; and

Be It Further Resolved that copies of the foregoing resolution be forwarded to each member of the United States Congress serving from Massachusetts.

The Committee on the Judiciary

REPORT

The committee on the Judiciary, to which was referred the bill (S. No. 1000) for the relief of the estate of the late John D. Rockefeller, do hereby report the same with amendments, and recommend that the bill be passed with amendments.

Very respectfully,
J. H. [Name]

Chairman of the Committee

U. S. Senate

Washington, D. C.

November 10, 1910

U. S. Senate

Washington, D. C.

November 10, 1910

APPENDIX

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