COAL COMPANY STORE PRICES QUESTIONED: A CASE STUDY OF THE UNION SUPPLY COMPANY, 1905-1906

BY JOHN A. ENMAN

THE AMERICAN coal company store has been praised and damned since its inception about 1840 in the anthracite fields of northeastern Pennsylvania. In folklore and treatises on labor history, the store has been described as a tool by which greedy profiteers milked their employees of wages hard-earned through dangerous and arduous labor. How accurate is this description with regard to prices charged by coal company stores?

Recently evidence was found to indicate that not all coal company store prices were excessive. This evidence appears in an account book for a company store, thought to have been located at Buffington, five miles from Uniontown, Fayette County, Pennsylvania. The book records chiefly purchases of meat and some other produce for the period October 1, 1905, through February 15, 1906. Other books were maintained for groceries, dry goods, and other departments of the store, but none of these has as yet been discovered. Thus, only a part of what an individual worker bought at the store is known in detail and that for only eighteen weeks. But, so far as is known, this is the first time that actual accounts of company store sales and prices, rather than second-hand reports of the same, have been available for study.

This account book is significant because it is from a unit of the Union Supply Company which served the coal and coke plants of the H. C. Frick Coke Company and later of the United States

*The author is Professor of Geography at Bloomsburg State College.
2 The account book is in the Division of Archives, Pennsylvania Historical and Museum Commission (PHMC) and is the gift of John Carp, Sr., of Penncraft, Pennsylvania.
Steel Company. Incorporated in 1898, the Union Supply Company grew to a maximum of 116 retail outlets in 1951, the largest company chain store in western Pennsylvania. Preservation of the account book was random; there was no foretelling which, if any, of the thousands of such books would escape destruction. As a typical account book, the prices recorded may well represent the pricing policy, not just the prices, of the company and its other units. There seems no doubt of the book's authenticity; the meticulous fashion of its record keeping is consistent with the overall precision of record keeping in H. C. Frick organizations.

This account book maintained an individual daily record of purchases made by 186 employees trading at the meat department. Each worker had a separate account identified by name, house number, and work tag number. Purchases were recorded by the number of units purchased, the kind of item, and the total cost of the units purchased. A purchase of five pounds of pork and four pounds of beef was noted as 5 Pork 55, 4 Beef 48. For every purchase it is possible to derive the unit price. In the examples above the unit price, pounds in these instances, were eleven and twelve cents, respectively. Prices shown in Table I were thus determined.

A comparison of prices was made between the company store and independent stores in public towns. Company store prices are from the account book and those of the independents are from contemporary newspapers. Unlike current newspapers which carry pages of food advertisements, those of southwestern Pennsylvania carried few such advertisements in 1905-1906. Only a newspaper in Pittsburgh and another in Washington, Pennsylvania, published retail food store advertisements and special retail market reports. Such advertisements were nonexistent in Uniontown newspapers. The 1900 census cites a population of 7,344 for Uniontown and 7,670 for Washington. For these two


4 Lack of coal company records has been the bane of the historian. Most such records were destroyed when their utility was past.

towns south of Pittsburgh with comparable populations and which serviced surrounding agricultural and coal mining areas, one may presume similar retail food prices at independent stores and allow Washington prices to serve as surrogates for Union-town prices.

Table I lists those items sold by the Buffington store for which contemporary independent store prices were available.

TABLE I

<table>
<thead>
<tr>
<th>Item</th>
<th>Buffington</th>
<th>Washington</th>
<th>Pittsburgh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bacon</td>
<td>.15 -.20 lb.</td>
<td>.15 lb.</td>
<td>.11 -.14 lb.</td>
</tr>
<tr>
<td>Beef</td>
<td>.09 -.12 lb.</td>
<td></td>
<td>.125 -.15 lb. (steak)</td>
</tr>
<tr>
<td>Chops</td>
<td>.13 lb.</td>
<td></td>
<td>.125 -.14 lb.</td>
</tr>
<tr>
<td>Frankforts</td>
<td>.12 lb.</td>
<td></td>
<td>.10 lb.</td>
</tr>
<tr>
<td>Ham</td>
<td>.14 -.17 lb.</td>
<td>.14 -.25 lb.</td>
<td>.085 -.12 lb.</td>
</tr>
<tr>
<td>Lard</td>
<td>.10 -.125 lb.</td>
<td></td>
<td>.08 -.11 lb.</td>
</tr>
<tr>
<td>Pork</td>
<td>.08 -.16 lb.</td>
<td></td>
<td>.095 -.14 lb.</td>
</tr>
<tr>
<td>Pudding (meat)</td>
<td>.10 lb.</td>
<td></td>
<td>.085 lb.</td>
</tr>
<tr>
<td>Sausage (pork)</td>
<td>.12 lb.</td>
<td></td>
<td>.11 lb.</td>
</tr>
<tr>
<td>Fish</td>
<td>.10 -.125 lb.</td>
<td></td>
<td>.085 -.255 lb.</td>
</tr>
<tr>
<td>Mackerel</td>
<td>.10 each</td>
<td>.11 lb.</td>
<td>.10 each</td>
</tr>
<tr>
<td>Celery</td>
<td>.05 bunch</td>
<td>.05 bunch</td>
<td></td>
</tr>
<tr>
<td>Pickles</td>
<td>.10 dozen</td>
<td></td>
<td>.07 dozen</td>
</tr>
<tr>
<td>Chicken</td>
<td>.18 -.25 lb.</td>
<td>.20 -.25 lb.</td>
<td></td>
</tr>
<tr>
<td>Butter</td>
<td>.30 -.34 lb.</td>
<td>.28 -.35 lb.</td>
<td>.23 -.25 lb.</td>
</tr>
<tr>
<td>Cheese</td>
<td>.10 lb</td>
<td>.18 -.35 lb.</td>
<td>.15 lb.</td>
</tr>
<tr>
<td>Schmierkase</td>
<td>.18 lb</td>
<td>.10 lb.</td>
<td></td>
</tr>
<tr>
<td>Sauerkraut</td>
<td>.03 lb</td>
<td>.05 lb.</td>
<td></td>
</tr>
</tbody>
</table>

Washington prices are for single retail stores; Pittsburgh prices are chiefly for the twelve-store Butler chain. Prices for Buffington and Washington are comparable; Pittsburgh prices are gen-

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* Meat Department Account Book, (presumably used at Buffington, Fayette County, Pennsylvania) Union Supply Company, October 1, 1905, through February 15, 1906, PHMC.

7 Retail market prices as given in various issues of The Washington Observer, October 1, 1905, through February 15, 1906.

8 Retail store advertisements, chiefly the Butler chain, and retail market prices as given in various issues of The Pittsburgh Press, October 1, 1905, through February 15, 1906.
eraly lower. With Buffington as part of the largest chain store in western Pennsylvania, why are not its prices lower than Pittsburgh or Washington? The answer appears to be that Buffington's prices were not governed by the cost to the Union Supply Company, plus a standard markup, but by competition with local stores.

Competitive pricing for goods sold at his company stores was an early Frick policy. At his "Valley Store," which was operating in 1880 at his small coal and coke complex near Scottdale, Westmoreland County, prices charged varied only a penny or two more or less than those of an independent Scottdale competitor and of other individual retailers in Connellsville and Uniontown. Buffington prices appear to have been set by competition, for they, like those of the "Valley Store," vary a little up and down from those of the independent retailers. The nearest competitors of Buffington were the small retailers located in the surrounding agricultural hamlets and villages and in nearby Uniontown, all of which predated the company town. Rural merchants, especially, had small clienteles, bought in smaller quantities, and undoubtedly charged higher unit prices than Pittsburgh chain stores where a 1900 population of 451,512 presumably provided for sharper competition.

The Union Supply Company, more so than Frick's "Valley Store," could have undersold any of its competitors but does not appear to have done so. Undoubtedly, it obtained "the lowest prices offered by the trade," "took advantage of discounts," and was "able to reap a comfortable profit" for its stockholders. Had it charged the same percentage markup as its local and Pittsburgh competitors, its prices should have been lower, and it could have fulfilled what some regard as a social obligation to its

* Johnson cites a sworn statement by a Frick rival in western Pennsylvania, the Federal Supply Company, a subsidiary of the Pittsburgh Coal Company, which indicates that company store prices on 13 miscellaneous items were as low or lower than independent store prices in the same area. The "Valley Store" served a company town population of about 500 so the success of the store operation may have depended upon the trade of outsiders. Johnson, "Analysis of Industrial Stores," 89, 205.


11 "Company Store System of the Coke Region" (Special Historical and Statistical Number), The Weekly Courier, Connellsville, May, 1914, 66. From its beginning in 1879 this newspaper was the trade journal of the coke industry.
employees—selling goods at the lowest possible prices while still making a profit. Why didn't it?

The Union Supply Company was established as a legally separate entity from the mining and coking operations. Although the separation was apparently fictitious, the store system, apart from the manufacturing end, was entitled to a profit under a capitalist philosophy. High profits were apparently made by charging what the local competition charged, not by excessively high prices. Had company prices been lower than that of the competition, serious damage could have been done to the local retailing economy. Since no unit could buy as cheaply as the Union Supply Company, none could retail goods at a lower price. Had the company charged the lowest prices possible, its numerous outlets could have monopolized the retail trade of the area, including that of Uniontown. Even today small retailers find some standard brand goods being sold at discount houses cheaper than they can purchase them from their wholesalers. With rock-bottom store prices (profits made by small markup times large volume) sales seemingly would have greatly increased with some goods being resold outside the company town at prices which local retailers could not have met.

The precedent for this had already been set with the supplying of workers with coal. Originally, each worker received free at his house all the coal he wanted for grates and stoves. Companies ceased the practice when workers peddled much of the coal outside the company towns. \(^1\) By charging competitive prices, the company store made possible the survival of small retailers and still reaped handsome profits.

What of the charge that prices were excessively high? Johnson cites a company store in the Pittsburgh area about 1880 where prices were commonly ten to sixty percent higher on comparable items than those charged by a neighboring independent store.\(^2\) This store was located at a mine which operated infrequently. It was common practice at such mines to charge high store prices to offset or recoup plant losses. At inefficient mines where this was done, workers really subsidized buyers of coal.

\(^1\) From numerous interviews conducted in the Connellsville coke region and the Klondike, 1956 through 1969. Thereafter coal was purchased by the worker.

Frick mines and coke plants, such as Buffington, were usually efficiently operated and paid their way without having to siphon store profits. High store prices apparently were not required at Buffington to keep operations solvent.

In 1905 the Union Supply Company stores may have drawn part of their trade from outside the company town. By this date communities of the Uniontown area, Buffington among them, were interconnected by electric trolley service with access to larger centers, including Pittsburgh. Workers could travel beyond the company towns, and outsiders could journey to them. Uniontown newspapers of the day frequently displayed large Union Supply Company advertisements offering clothing, furniture, and other household goods for sale. This seems to indicate that anyone could buy at a company store, especially at those coal and coke operations which surrounded Uniontown. Prices and/or quality must have been competitive unless one construes the placing of such advertisements as a ruse by which the company hoped to deceive the public regarding prices charged workers at its stores.

Excessively high prices would have curtailed purchases by workers whose wages were fixed by the Frick scale. Curbed purchasing by workers could have meant fewer goods sold by each company store, resulting in fewer goods ordered by the Union Supply Company. Smaller orders placed by the company with manufacturers and suppliers could have resulted in higher unit prices and a reduced margin of profit. High store prices did not guarantee the highest profits, and uncompetitive prices might have discouraged outsiders from trading at the company store.

Neither excessively low nor high prices guaranteed high profits to company store stockholders. The company may have made its largest profits by pegging prices at local retail levels. But who set local retail prices? It seems probable that town and country independent storekeepers actually determined retail prices. Operat-

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24 Price alone is an insufficient measure. There is no comparison possible regarding the quality of foodstuffs or other goods sold by company stores and independent stores. However, most retired miners interviewed judged that, in retrospect, the quality of Union Supply Company merchandise had been high. Presumably some independent retailers were not above selling inferior goods at inflated prices.

25 A copy of the Frick wage scale from February 10, 1894, to November 10, 1917, is in the archives, PHMC.
ing without regard for nearby company stores but with respect to their wholesale cost plus a reasonable markup, the local retailers set prices. The small storekeeper undoubtedly had a narrower range within which to set his prices so as to successfully compete with fellow independents than did the company store. By charging local retail prices, the company store discouraged workers from wanting to do all their trading elsewhere, and a more varied inventory than that carried by local independents simultaneously may have lured some outsiders as customers. For two known years, 1880 and 1905, Frick store prices were competitive on known items. It seems likely that they were competitive in the years in between and to 1958 when the last Union Supply Company outlet, in Uniontown, closed. Local independents, in determining their own prices, established those of the nearby company store.

One can assume that local retail prices are a measure of Union Supply Company store prices. In more urbanized areas, such as Pittsburgh, company store prices were lower than at Buffington because competitors' prices, especially those of the Butler chain, were lower than public retail stores in Washington and comparable communities. If an account for an urban Union Supply Company store is discovered, its prices should reflect those of its competitors.

How much was a Buffington worker penalized by paying Washington prices instead of Pittsburgh prices at the company store? The account of one worker, a quantity buyer, was studied in detail. Over the eighteen-week period this worker bought 1,082 pounds of pork. In quantities of twenty-five pounds or more he paid a lower price at Buffington than he would have at published Pittsburgh prices. Over the four and one-half month interval he saved $2.80 on pork purchases by patronizing the company store where discounts were allowed on quantity purchasing. This saving was the equivalent of about two days' wages at the lowest paying job and one day's wages at the highest paying job in 1905. On other items, as shown in Table I, this worker

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16 Account of Littanic Wilmish, Buffington account book, 177 ff, PHMC.
17 Some company store prices were reduced by as much as fifty percent if items were bought in large quantities. Many items arrived at the individual company store in railroad freight car lots. Interview, John Carp, Sr., 1967.
18 Frick wage scale, March 1, 1905, to March 1, 1907, PHMC.
could have saved about $5 over the eighteen weeks had some items been purchased entirely in Pittsburgh. They equalled two to four days’ wages at contemporary wage scales.

Purchasing in Pittsburgh would have been inconvenient. It was at least an eighty-mile trip by train, more by trolley, and a time-consuming journey. Additionally, there were costly transportation rates and difficulties in carrying large quantities of meat. The average weekly consumption of pork alone at this worker’s household was sixty pounds. Inadequate household refrigeration made the daily purchase of such perishables as meat a necessity. Despite Pittsburgh prices, company store buying was more convenient and, all aspects considered, no more expensive than Pittsburgh purchasing. For the worker considered here, company store purchases averaged twelve cents per week more than the same purchases made at Pittsburgh; but the transportation cost and the nuisance of traveling negated higher costs.

Despite what appear to be advantages, or better perhaps, minimal disadvantages of company store buying, there were company practices which suggest that worker loyalty to the store was involuntary. At Buffington scrip was one means of assuring company purchasing, and its use there is indicated by the settlement of debts every two weeks as recorded in the account book. This scrip was not the “greenback” variety used by Frick, but a nontransferable card, issued in denominations of one dollar through five dollars, on which were printed and later punched consecutive values from one cent through five dollars. Scrip was actually transferable. But when used in local independent stores, it was normally heavily discounted which, in effect, raised independent store prices.

A second means of encouraging workers to trade at the company store was the threat of unemployment if a portion of wages earned was not spent there. The author has not discovered any written policy, but an unwritten one could have been effective. In West Virginia a decade later the expected percentage of individual wages spent at some company stores varied between forty and sixty. During times of labor shortage workers were free of such restrictions.

How much freedom Buffington workers had in 1905-1906 to

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19 Coal Age, VIII, (November 27, 1915), 895.
buy other than at the company store can not be determined from the account book. The worker, whose record was used above, appears to have spent nearly all his available wages in the meat department alone. Since about twenty-five percent of his biweekly wages were paid in cash, part of his income presumably could have been spent without penalty elsewhere. Accounts of other workers indicate that at minimum and maximum wages the percentages of their wages spent at the meat department were from ten to fifteen percent. There is presently no way of determining how much was spent at other company store departments, or in light of possible compulsory buying, if their employment continued beyond February 15, 1906. For this period, all that can be reasonably inferred is that workers spent variable percentages of their wages at the meat department of the Buffington Company store.

Over twenty years ago Ole Johnson, in the first real analysis of the industrial store, concluded that some coal company stores charged about the same prices on similar items as neighboring independent stores. His findings seem to have been largely ignored. More recent popular and academic literature still reflect the notion that company stores were primarily created to help enslave workers. If store prices remained relatively low and a company paid decent wages, then this assumption needs revision. Perhaps the age and kind of information Johnson used was unconvincing, depending as it did upon secondhand reports and testimony. What may have been needed was corroboration of Johnson's conclusions.

The recently discovered account book for one of the stores of the Union Supply Company, the giant of industrial chain stores, indicates that Johnson's conclusions were correct. What appears more probable than the isolated derivation of company store prices is that the establishment of prices was initiated by the small independent retailer, with the Union Supply Company modeling its prices after those of local competitors. The Union Supply Company could have done this, secure in the knowledge that such locally set prices would be well above cost and produce high profits. And, importantly, local retailers in turn could rely upon the company to charge competitive prices.

Critics of company store pricing decry a lack of social con-
sciousness on the part of store operators. Where price gouging
occurred such criticism is valid. Where pricing was competitive,
so that the worker was charged what he would have paid trading
at independent stores, the charge is invalid.