

REPORT OF THE PRESIDENT
TO THE EXECUTIVE COMMITTEE

April 28, 1953

INTRODUCTION

Our future and that of all American industry depends today on a very large IF. IF the war clouds which have been threatening the Far East and Europe for years with an all-out conflict are now changing their complexion. IF the so-called "peace talks" in Korea hold a true promise for an armistice. This big IF affects our futures as individuals as well as our business.

Russia knows our great productive strength and that the end that eliminated the reigns of Hitler's and Mussolini's political gangsters will surely be Khrushchev's fate should he force us and our allies into a shooting war. With this, and our undisputed superiority in the atomic energy field, President Eisenhower has potent support for his intent to preserve an honorable peace. I am convinced there will be no world conflict this year.

One-third of 1953 has passed and I am sure you feel as I do -- this is another year of growth and expansion for business in general and for the paint, varnish and lacquer industry in particular. I am certain by intensified efforts we will establish new sales records again this year.

The following resume of Association activities is submitted for your information:

GENERAL

MEETINGS: Since the last Executive Committee meeting, in addition to conferences in Washington, I have attended:

Putty and Caulking Compound Steering Committee, Washington, D. C.
Officials -- Painting and Decorating Contractors of America, Washington, D. C.
Advertising Subcommittee of Industry Promotion Advisory Committee,
Washington, D. C.
Annual Convention -- New York Council, PDCA, New York, N. Y.
NPA Chemical Division Officials, Washington, D. C.
NAM Officials, Washington, D. C.
Minn.-St. Paul Paint, Varnish & Lacquer Association, Minneapolis, Minn.
Minnesota Senate Committee on Agriculture, St. Paul, Minn.
Officials -- Minnesota Retail Hardware Dealers Association, Minneapolis, Minn.
Painting and Decorating Contractors of America Convention, Chicago, Ill.
OPS Officials, Washington, D. C.
Detroit Paint, Varnish and Lacquer Association, Detroit, Mich.
Dallas-Houston Paint and Varnish Production Clubs and Southwestern Zone
Association, Houston, Texas

INDUSTRY SALES: Sales for 1952 were \$1,354,361,000, the sixth consecutive year they exceeded the billion dollar mark. Trade sales were \$846,884,000, 2.4 percent over 1951. Industrial Product Finishes were \$507,477,000, 4.2 percent under 1951. We are headed for a record year, with January and February 1953 each topping \$100 million. Total sales for first two months of 1953 were \$212,950,000, a decline of 3 percent from the previous year. Trade sales accounted for \$126,872,000, a decline of 6.9 percent. Industrial Product Finishes sales were \$86,078,000, an increase of 3 percent over 1952.

1953 CONVENTION: Announcement of our 65th annual convention at the Chalfonte-Haddon Hall, Atlantic City, New Jersey, October 26-28, was released to the industry.

MEMBERSHIP: For the quarter ending March 31, 1953, twelve new memberships and eight resignations were received -- a net gain of four manufacturing and wholesale members.

EMERGENCY SERVICE

While controls are virtually ended, we still maintain close contacts with government agencies. 229 Emergency Service Bulletins covering 615 subjects have been issued to date.

CONTROLLED MATERIALS PLAN: NPA's CMP will be terminated June 30. If Congress authorizes the Defense Materials System, effective July 1, only Defense Department and Atomic Energy Commission orders will receive priority ratings. Manufacturers will need no authorization to purchase steel, copper and aluminum for civilian consumption.

RAW MATERIALS: The raw material picture is bright. NPA will continue to help obtain paraphenylphenol resins for food container linings. Revocation of M-81, April 6, removed restrictions on use of tungsten and molybdenum in pigments. NPA emphasizes cobalt will be scarcer, due to military requirements.

Flaxseed and Linseed Oil -- The Department of Agriculture's first estimate of the 1953 crop indicates 4,142,000 acres will be planted this year. Flaxseed production is estimated at 36,300,000 bushels as compared with 31,002,000 bushels in 1952. This would produce enough linseed oil to meet normal requirements with no severe drain on government stocks, which remain at approximately 500 million pounds.

Soybean Oil -- An increase of 1.4 percent over 1952 acreage of soybeans is indicated. No estimate as yet of the acreage to be harvested for beans. However, if previous ratios hold, production of beans and oil will approximate the highest on record.

Castor Oil -- Castor oil is no longer under quota restrictions. The Department of Agriculture's planting program is 125 thousand acres this year, about the same as last.

Tung Oil -- The 1952 domestic crop is estimated to yield 40 million pounds of oil. Stocks were less than 9 million pounds, October 31, 1952, and March 1 were 21 million pounds (about five months' supply at current rate of consumption). Tung growers were successful in limiting available supply by the Department of Agriculture action on April 7 limiting imports through June 30 to two million pounds plus quantities in transit prior to April 8. I advised the Secretary of Agriculture that our industry strongly opposes any limitations on the importation of tung oil and that there is no statistical basis for any such limitation. However, the order was issued based upon the Solicitor's opinion that such action is mandatory because tung oil has been placed under CCC purchase and loan agreement. Everything possible will be done to protect our normal supply requirements.

STEEL DRUMS AND PAILS: Allotments of steel for drums will meet all needs. Only restriction is 60-day inventory limitation on new drums. This may expire June 30, 1953.

TIN CANS: All emergency restrictions removed on February 6.

PRICE CONTROL: All price controls ended March 17. During the period our industry was under OPS control, we were never required to file our prices as the result of a series of extensions of the filing date which we secured. Nevertheless, we received all the benefits afforded every industry through operation of the price stabilization law. This was due directly to the untiring efforts of our OPS Industry Advisory Committee and the association staff, together with the careful attention given our problems by OPS officials.

WAGE AND SALARY CONTROLS: The President abolished all wage and salary controls in February.

GOVERNMENT PROCUREMENT: Monthly procurement just under \$4 billion and has been for last nine months. Deliveries — \$2-2/3 billion per month. These figures will be reduced if peace in Korea. However, the reduction will be gradual as only about \$5 billion per year is due to Korea.

TECHNICAL

SCIENTIFIC SECTION: Principal activity now is "Water - The Hidden Menace to Homes." Home builders in the six Association zones cooperated in experimental tests to eliminate excess moisture from homes. Builders in Seattle, South Bend and Knoxville also corrected cause of excess moisture in homes constructed during past few years. One Knoxville builder is now constructing homes with a molded concrete block, the exterior of which looks like wood siding and is painted, instead of southern yellow pine because paint would not adhere.

The experimental homes in Southport, Indiana, are inspected regularly. No blistering or peeling of the paint noted. Two winters after completion of experimental work, we can report success. A circular covering these experiments will be issued shortly. The eight houses having so-called "Breather Paint" on the exterior were also inspected. These paints were applied in the fall of 1949. No definite conclusions can yet be drawn.

In February, together with members of the New Orleans Paint, Varnish and Lacquer Association, we conferred with officials of the Southern Pine Association. The effect of green lumber siding upon the durability of exterior paint was discussed. A new SPA publication on this problem was reviewed. Also considered were several research projects aimed at making southern pine more usable as siding.

Laboratory work continues on evaluation of moisture permeability of exterior paints. This program includes determination of the contribution of typical raw materials to the moisture permeability of the finished product. Detailed formulations will not be covered but basic information developed will be useful to paint formulators. The work to develop basic information on the contribution of ventilation of the walled interior to the removal of excess moisture from that area, to eliminate condensation in the sheathing or siding, continues.

A method for determining adhesion of exterior paint to various woods is in progress.

The Condensation Control Committee appointed by the Building Research Advisory Board has held one meeting. Four subcommittees on which our Association is represented were appointed. No. 1 Evaluate the prior art; No. 2 Methods of determining moisture permeability; No. 3 Explore present research in this field and determine additional research required; No. 4 Publicity Committee, to publicize results of the other three committees.

We continue to inspect structures where unsatisfactory paint jobs are evident and offer suggestions for the correction of excess moisture conditions. Evidence obtained is used in the preparation of technical and non-technical articles.

Revision of Circular 723, "Construction Defects" will shortly be ready and will be limited to the effect of water entering the building through defects in the structure.

Three circulars were prepared and reviewed by the Scientific Section Committee. One covers painting metal sash glazing materials. Another, the causes of some premature bad interior paint jobs due to excess moisture. The third covers a new method of determining the percent of titanium dioxide in titanium pigments. Proposed chapters of the Painting Manual of the Structural Steel Painting Council were reviewed. Some chapters refer to paint specifications and the Council proposed a separate division of the manual devoted exclusively to the many paint specifications for protection of steel, which was opposed by us.

The set of slides on mildew, including the script explaining each slide, is available.

The method of determining fire retardant qualities in paints is very important and under investigation. Much of this information was disclosed at a symposium in Los Angeles, arranged and moderated by a member of our staff.

STATISTICAL AND GOVERNMENT REPORTS DIVISION: The schedule of the Bureau of the Census covering 1953 operations of our industry for the 1954 Census of Manufactures was mailed to Class A members on March 17. This will permit manufacturers to adjust their records, if necessary. The data will be more consistent with the Census Bureau monthly reports of trade and industrial sales. More detailed information is required than the 1947 Census but, when summarized, will present a truer picture of our operations.

The 1952 Supplement to the Association's 1950 Statistical Handbook was published in April, including all data available up to March 1, 1953.

Monthly summary reports of the Credits and Collections Survey have been simplified. This should add many new contributors. This activity merits your full cooperation.

LEGISLATION

Federal -- Congressional proposals affecting our industry relate to -- bills authorizing Federal study and research of air pollution and smog; amending the Economic Poisons Act to require more stringent regulations; revising the Food and Drug Act with respect to the chemicals in food and cosmetics and their containers; and creating Federal safety standards. All are receiving our attention.

We gave special attention to the bills proposing continuation of economic controls, particularly fats and oils import controls, which are omitted from the bill now before the Senate. We continue our efforts so that no mandatory requirements are enacted.

Congressional consideration of Section 22 of the Agriculture Adjustment Act, which grants discretionary authority on import controls, should occur in June, since Agriculture Secretary Benson has requested amendment of this Section to protect import control programs authorized under the Defense Production Act, which expires June 30.

State -- 44 State Legislatures have convened; 18 have already adjourned. Formula and warning labeling bills were killed in New York. A labeling bill in Minnesota

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(based on the Model Bill approved by the Executive Committee) has received Senate approval and is pending in the House. A labeling bill in California on our objection was removed from the calendar. Restrictions on paint spraying were killed in California and Nevada. Air pollution control bills were killed in New York but are pending in California, Connecticut, New Jersey, and Wisconsin. Local associations are opposing license bills for painting and decorating contractors in Michigan and Texas.

Municipal -- The City of New York proposes amending its sanitary code to require warning labels on paints containing lead. The New York Association will oppose the amendment.

Virginia Paint and Economic Poisons Laws -- Discussions are continuing with Virginia officials regarding mildewcide paints.

Navy Paint Production -- The Secretary of the Navy, after reviewing an industry survey committee report recommending discontinuance, is considering stopping all paint manufacture, except fire retardant, shipbottom anti-fouling and hot plastic paint production. The Association request to the House Committee on Government Operations for investigation of Navy paint production will result in hearings before the House Intergovernmental Relations Subcommittee (Mrs. Cecil Harden, Rep. of Indiana, Chairman) about May 15. The Association will appear.

Unfair Competition -- Floor Waxes: Testimony presented at FTC hearing, April 16, on proposed trade practice rules for the floor wax and polish industry is being studied by the Commission. The proposed rules exempt paint, varnishes and lacquers. At the hearing, we requested revision of the term "Industry Products" to make certain that shellac varnishes are included in the exemption, and restated our position that there is no need for these rules.

Labeling -- An up-to-date compendium of all labeling laws and regulations will be issued about May 15.

Tariff -- The U. S. Tariff Commission has scheduled a hearing in Washington, May 7, to determine whether imports of tung nuts, tung oil, flaxseed, or linseed oil will materially affect any Department of Agriculture program. We will appear at the hearing in opposition to further limitation on imports of tung oil.

The Tariff Commission refused to impose quotas or raise the duty on imported chalk whitening. We testified against import restrictions at the hearing.

Twenty-two bills have been introduced in the House to ban the import of residual fuel oil and other petroleum products. Since 75 percent of all imported petroleum comes from Venezuela, the enactment of such legislation would undoubtedly result in the exclusion of the U. S. products, including paint, varnish and lacquer by that nation. The Association presently takes no position on this matter, as it does not directly affect products of our industry. The views of the Tariff Committee have been requested.

The Philippine Government has not yet requested our Congress to amend the Tydings Act to ban imports of certain U. S. goods, including paint products. We will oppose such action. Due to the dollar shortage in that country, import controls have been imposed. Quotas have been established for paint, varnish and lacquer. The State Department advises they have no jurisdiction, but suggest U. S. manufacturers request Philippine customers to urge their government to abolish these quotas. We continue our contacts with the Philippine Embassy and the State and Commerce Departments.

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DIVISION ACTIVITIES

INDUSTRIAL PRODUCT FINISHES DIVISION: First local seminar on March 24 at Cleveland Association. Local seminars held in April in Boston. Lacquer and Steering Committees meet at Atlantic City, May 27-29. National seminars, May 28 -- same place.

Association staff members will supervise and assist in all seminars.

TRADE SALES DIVISION: Cleveland Association held a local management seminar on March 25. Our staff members supervised and assisted. Local trade sales seminars are not feasible and will be discontinued. We are developing a program of activities for caulking compound manufacturers.

Sales of Paint Power books continue at good rate in the sixth year of Paint Power Sales Training -- 26,319 books printed, 25,460 distributed.

INDUSTRY RELATIONS: We are working closely with the building industry, paint manufacturers, dealers, painting contractors, savings and loan companies, lumber companies and others on the moisture condensation educational program.

Film -- In three months, have filled 140 requests. Films shown 527 times to 25,000 people. Paint manufacturers have been largest users, but have also received requests from painting and decorating contractors, home builders, paint salesmen and farm agencies. The film is also part of Paint Power Courses.

Publicity -- Special articles prepared for specific industries. Twenty stories written for State home builders publications, and for painting contractors and lumber dealers' magazines. Articles will appear in two publications covering a membership of 6,000 savings and loan companies. Booklets on moisture sent to each building and loan company.

Exhibits -- Have been displayed at National Association of Home Builders' convention, and Home Shows and State Fairs in Texas, and Philadelphia, Baltimore, Des Moines, Toledo, Cincinnati, Washington, and Harrisburg. Also Massachusetts PDCA Council meeting and annual convention of Painting and Decorating Contractors. Attendance at these affairs more than 3 1/2 million.

Booklets -- 400,000 copies of "How to Win Your War Against Water" and 110,000 copies of "How to Rescue Your Home From the Menace of Moisture" have been distributed.

CLEAN UP - PAINT UP - FIX UP: In March, winners in eight population groups and the National Cleanest Town Contest Winner were selected by the judges. The Trigg Memorial Award, the Grand National prize, was awarded to Houston, Texas. Population winners were: Philadelphia; Houston; San Antonio; Hammond, Indiana; Highland Park, Illinois; Bluefield, West Virginia; Hartsville, South Carolina; and Richlands, Virginia. The growing interest in Clean Up Campaigns is proven by the record number of 54 entries received.

Intensified cooperation with the Junior Chambers of Commerce have added to the Clean Up - Paint Up - Fix Up roster more than 100 towns and cities which had not previously conducted campaigns. Local Jaycees in one hundred more communities have evidenced interest in promoting campaigns.

Cooperation with American Association of Nurserymen in the "Plant Up" aspects of the program has produced excellent results in increased orders for display materials and newspaper mats.

Recent additions to the Clean Up - Paint Up - Fix Up roster are: Seattle, Spokane, Dallas, Milwaukee, Kansas City, Birmingham, and New York City.

TRAFFIC: Traffic Committee members appeared before the ICC Hearing Examiner in Chicago, March 6, opposing continuation of the \$1.50 surcharge in Central States Territory. Decision of ICC is expected in June.

On March 19, we requested the Railroad Uniform Classification Board to reduce the LCL classification on paint products in small metal cans from Class 60 to Class 55. A similar proposal on several pigments was withdrawn, since all pigments were not on the docket. Decision expected within 60 days. If Rails approve our request, we will ask Trucks for similar action.

Have filed petition with ICC requesting suspension and investigation of the 15 percent over-all increase in rates adopted by the Southern Motor Carrier Rate Conference, effective April 15.