

Mr. F. L. Normser-

Please note, and return attached correspondence. We have copy of our letter here.

T. M. Carter

February 23, 1934

Mr. W. A. Janssen, Deputy Administrator,
National Recovery Administration,
Washington, D. C.

Dear Mr. Janssen -

I appreciate your sending me the Harry L. Day correspondence.

I imagine Mr. Day's comments are directed toward market prices for white lead in oil because that is the product with which the general public is apt to associate National Lead Co.

Mr. Day states that price policies have destroyed the market for approximately 50% of the pig lead production. The most serious loss suffered by the pig lead producers has been the diminished use of pig lead for cable covering. A few years ago this was the most important source of demand for pig lead. Today it has dwindled to negligible proportions.

Pig lead used for the production of white lead is also of importance, but the demand for lead for producing white lead has been maintained very much better. For example, whereas in 1929 approximately 16% of the pig lead production was used for making white lead, in 1932 23% was so used. The figures for 1933 will show a somewhat better percentage.

As a matter of fact, the proportion of pig lead used for the production of white lead and lead oxides has held up much better than the proportion required for other purposes, such as lead cables, plumbing supplies, etc.

Without going into an extended argument, I might point out that if one purchases lead in oil at full list price on today's market and pays the full retail price for the linseed oil and drier required to make a gallon of pure lead in oil paint, ready for use, the cost would approximate \$2.18 a gallon. If you add 25¢ a gallon for the cost of mixing, which is fully twice what I consider the average cost to be, you have a total cost of finished product of \$2.43 per gallon.

This product compares with the product of the mixed paint manufacturer, who sells paint ready for use. On today's market, the price of such paints will range from \$3.50 to \$4.00 a gallon. I am speaking of the grade of mixed paints which are comparable to lead in oil in

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quality. You can buy a mixed paint for half this price but it will be of very inferior grade and represents the type of product sold as a cheap paint without representations of much value.

If the cost of lead in oil to the consumer were maintained at a price considerably above the price asked for better grades of mixed paints, there might be some basis for a statement that the high price was retarding consumption, which in turn would mean a lessened use for pig lead. The facts are that lead in oil, expressed in terms of cost per gallon of paint, ready for use, is always on a basis which compares favorably with the cost of ready mixed paints of similar quality and necessarily must be so, because competition between the two products is always keen.

Through the period of depression, it has been our experience that the tonnage of white lead has held up better than the tonnage of other products made from pig lead. White lead is sold on a card price basis which changes infrequently. The other products referred to are almost entirely sold on the day's current price for pig lead, going up or down with the pig lead market. I mention this because a more or less stable price on white lead seems to have little or no effect upon the volume sold. This may be due in part to its paralleling the basis upon which merchandise of similar character, mixed paint in this instance, is also sold. It has been our observation the price of white lead, which varies over a period of years, has a negligible effect upon the volume sold. But as pointed out above, it is always on a basis which must necessarily compare in price with that of competing materials.

We are painfully conscious of the serious decline in the production and sale of lead in oil. A number of theories have been developed in explanation of this decline, but one thing which does seem to have been thoroughly demonstrated is that price is of the least importance. There are other reasons which I will not attempt to go into at this time, which offer a much more logical explanation.

Again thanking you for your courtesy and with my kind regards,

Yours very truly,

President

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