

REPORT OF THE PRESIDENT
TO THE EXECUTIVE COMMITTEE

July 28, 1953

INTRODUCTION

We have completed the first half of 1953 without the business recession forecast by several economists during the last election. In fact even the most persistent economists now admit there is no prospect of one this year.

The Paint, Varnish and Lacquer Industry is still establishing new sales records. The Bureau of the Census reported our April dollar sales at \$131,114,000, greater than any April sales in the history of the industry and the third highest month ever recorded. Our sales for the first four months were 2.4 percent over 1952. While these outstanding accomplishments are the direct result of the energy and aggressiveness that is so noticeable each year, we can still increase our annual sales above the two billion mark. New markets are here and growing.

As long as we continue to attack problems that confront us in this progressive manner, we will maintain our upward trend. The products of this great industry are always in demand. The desire to secure new markets and to recognize new opportunities for their use rests with us.

The ability of our industry to meet every challenge with complete confidence in our future will mean that our 1953 sales figures will surpass all previous records and these in turn will be exceeded each year following.

GENERAL

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

Lumber Manufacturers, Washington, D. C.
Scientific Section Committee, Washington, D. C.
Officials - Painting and Decorating Contractors of America, Washington, D.C.
Simplification Committee, Washington, D. C.
Philadelphia Paint, Varnish and Lacquer Association, Philadelphia, Pa.
Special Subcommittee Putty and Caulking Compound Steering Committee,
Washington, D. C.
Paint Statistics Committee, Washington, D. C.
Cincinnati Paint, Varnish and Lacquer Association, Cincinnati, Ohio
Chicago Paint, Varnish and Lacquer Association, Chicago, Ill.
Industry Promotion Advisory Committee and Subcommittee, Atlantic City, N. J.
Trade Sales Steering Committee, Atlantic City, N. J.
Lacquer Committee, Atlantic City, N. J.
Cincinnati Agreement, Atlantic City, N. J.
Industrial Product Finishes Seminars, Atlantic City, N. J.
Colorado Paint, Varnish and Lacquer Association, Denver, Colorado
Puget Sound Paint, Varnish and Lacquer Association and Tacoma, Washington,
Association Members, Seattle, Washington

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Portland Paint, Varnish and Lacquer Association, Portland, Oregon
Golden Gate Paint, Varnish and Lacquer Association, San Francisco, Calif.
San Diego Paint Club, San Diego, Calif.
Los Angeles Paint, Varnish and Lacquer Association, Los Angeles, Calif.
National Clean Up-Paint Up-Fix Up and Promotion Committees, Washington, D. C.
Subcommittee Industry Promotion Advisory Committee, Washington, D. C.
Awarded Certificates of Civic Merit - 1953 Spring Clean Up-Paint Up-Fix Up
Campaign, New York, N. Y.
Baltimore Paint, Varnish and Lacquer Association, Baltimore, Md.
Contractors, Dealers and Manufacturers on TV Test Campaign, Columbus, Ohio

INDUSTRY SALES: Sales for first five months 1953 total \$594,975,000, an increase of 3.5 percent over 1952 dollar volume of \$575,046,000 for the same period. May sales were \$130,404,000, an increase of 4.4 percent over \$124,912,000 for May 1952. Final revised sales figures for 1952, released by the Bureau of the Census, show dollar volume of \$1,340,759,000. This is a slight increase over the revised 1951 figure of \$1,339,087,000.

CONVENTION: Our Business Program will feature forum meetings of manufacturers of Trade Sales, Industrial Product Finishes, Roof Coatings and Putty and Caulking Compound. Meetings of Entertainment and Hospitality Steering Committees will be held in August to complete their convention program.

MEMBERSHIP: For the quarter ending June 30, 1953, seven new applications have been received -- four Class A, one Class B, and two Class E. During this period, fifteen resignations have been accepted -- eleven Class A, one Class B, one Class D, and two Class E. This results in a net loss of eight manufacturing and wholesale members. Of the fifteen members who resigned, nine were due to discontinuing manufacturing paint, varnish and lacquer products.

EDUCATIONAL BROCHURE: The brochure outlining the advantages and opportunities for young men and women in the Paint, Varnish and Lacquer Industry will be distributed to Class A members and local associations shortly after the new school term opens. Copies will also be furnished to technical guidance teachers and students' counsellors.

NAVY PAINT MANUFACTURE: Association efforts to eliminate Navy paint operations bring significant developments: 1) Announcement on May 26 by the Under Secretary of Navy of curtailment of most of these operations; 2) Directive from the Chief of Bureau of Ships reducing the Navy paint products from 150 to 28 items retained for Navy manufacture; 3) Presentation on June 12 of industry's case before House Intergovernmental Relations Committee by Association and two industry members; 4) Statement by Navy it would use its inventories in its paint operations or procurement -- hence no dumping on market; 5) Association analysis of effect of curtailment, showing substantial Navy retention of products produced by private industry; 6) Testimony of Navy officials before House Intergovernmental Relations attempting to justify retention of 28 items.

GOVERNMENT PROCUREMENT: There has been no drastic change in spending for government accounts. Monthly procurement continues just under \$4 billion. Reduced appropriations and peace in Korea will reduce this figure but the change will be gradual because of the long lead time in deliveries of military equipment.

RAW MATERIALS

The raw material outlook continues bright. The only difficulty experienced recently has been with toluol. A temporary shortage in April was eased by new production. However, requirements for the aviation gasoline program and ordnance have increased and there is the possibility of some further difficulty before additional new production facilities are placed in operations the latter part of the year.

CONTROLLED MATERIALS PLAN: CMP was replaced on July 1 by the Defense Materials System which gives priority to Defense Department and Atomic Energy Commission orders only. Steel, copper and aluminum for civilian goods are not subject to government control.

NPA: Prior to extension of the Defense Production Act for two years from June 30, 1953, the Department of Commerce was authorized to continue its defense activities through the National Production Authority until July 31. During this interim period the NPA staff has been reduced by nearly two-thirds with about 135 employees retained. Announcement is expected soon with respect to operations after July 31.

TUNG OIL: Fats and Oils Import Controls, mandatory in application (Section 104-- Defense Production Act), expired June 30. The Association has not opposed the position of the Secretary of Agriculture regarding use of the discretionary authority in Section 22 of the Agricultural Adjustment Act to control imports of agricultural commodities.

The Association protested against any limitations upon imports of tung oil at the Tariff Commission hearings, May 7-8. The President's proclamation on imports of agricultural commodities did not restrict the import of tung oil. Production of about 40 million pounds from the 1952 domestic crop has been completed. Stocks on hand at the end of April were about 27 million pounds. Consumption has recently been about 4 million pounds per month.

FLAXSEED AND LINSEED OIL: The Department of Agriculture on July 10 estimated the 1953 flax crop as of July 1 at 39,955,000 bushels. The planted acreage is estimated at 4,618,000 acres, a third more than was planted in 1952 and 11 percent more than indicated by farmers' intentions in early March. The crop should produce about 700 million pounds of linseed oil, which should approximate requirements without dipping deeply into the government's reserve stocks.

SOYBEANS: The Department also said that 14,325,000 acres have been planted in soybeans to be harvested as beans. If growers carry out stated intentions and the expected harvest materializes, it will exceed the previous all-time high of 14,075,000 acres harvested in 1952. The first estimate of soybean production will be made as of August 1.

STEEL DRUMS AND PAILS: Drums and pails are now free of all restrictions and limitations. Steel for drums is sufficient to meet all needs.

TECHNICAL

SCIENTIFIC SECTION: The Petroleum Thinner Index, Circular 746, has been completely revised to include new thinners now on the market and to make the tables of greater use to the industry.

The supplements to Pigment Index, Circular 722, have been combined into one booklet. A complete revision is planned for next year.

Supplement to the Driers, Plasticizers and Chemical Specialties Index Circular 737, is now at the printers.

To date, fifteen supplements to Circular 751, "U. S. Government Paint Specifications, have been issued. This circular will be revised next year.

The new circular on "Construction Defects" received careful consideration by the Scientific Section Committee. Their suggestions were very helpful in producing a more useful publication. The part of the old circular referring to types of effects on paint films, such as, checking, cracking, chalking, etc., will be revised and re-issued as a separate circular.

Work on the two houses in Southport, Indiana, has been completed, but will be kept under observation for a few years. A report of this work will be issued soon.

Laboratory work involved in our general study of "Moisture - The Hidden Menace to Homes" revealed some discrepancies among moisture meters. A circular covering this investigation is being prepared.

The study of venting side walls to control moisture therein will be limited to laboratory tests which have been started.

Evaluating moisture vapor transmission of exterior paint films applied to wood has not been successful. Evaluation of the transmission of free films is fairly accurate but when the paint is applied to wood, the tests have not produced the desired accuracy. Work continues on new apparatus to determine the blistering characteristics of paint systems applied to wood.

Apparatus is also being designed to evaluate the adherence of exterior paint to wood and to determine the moisture permeability of coated cellar walls.

We continue to receive complaints about paint jobs and these together with other inquiries as to causes of poor paint jobs are promptly answered. Since our campaign has reached so many people, inquiries come in from practically every part of the country in increasing numbers. It is difficult to determine the exact cause of damage by correspondence or inspecting chips of paint. We are studying the organization of local committees to handle these inquiries, as has been done by the New England Association, and to make available to home owners, home builders, or others, nearby experts to make "on the job" inspections. Many inquiries are referred to local associations with suggestions for positive action. Pertinent information is received from these local inspection reports and used by our Industry Relations and Public Information Divisions in articles for newspapers and magazines.

Our original set of slides on "Water - The Hidden Menace to Homes" still is widely used. Scripts for various types of audiences have been prepared and the slides to be used in each case are indicated.

The availability of slides on mildew has been announced through "Coatings". The present black and white slides will be replaced with colored sets in the near future. Several members of the industry have sent us colored photographs of mildew on colored paint. We need more and would appreciate any additional color photos you may have.

We continue to work with the General Services Administration for a change in Federal Specification TT-C-595, Color Card Book. We have urged the Administration to supply individual 3 x 5 color chips to successful bidders. TT-C-595 is out of print and we hope for favorable action on this recommendation.

At our insistence, GSA held a meeting with industry last month to discuss changes in Federal Specification TT-P-29. Laboratory work in which we are cooperating should make it possible to effect decided improvements.

Circular No. 760, "Advantages of Using Aluminum Metal Instead of Zinc Amalgams in the Determination of Titanium Dioxide", resulted from our cooperation with the American Society for Testing Materials.

Progress of Pigment-Dispersion Study -- The closed mill operation has demonstrated the desirability of using grinding media of high density, small individual size, and of spherical or flattened shape. The small pebbles, previously used only in laboratory mills, have shown remarkable grinding efficiency when used in production mills at rpm's much above the generally accepted 55 to 65 percent of the critical speed, which varies with diameter of the mill. Work on a possible improvement in operation of the one-point-adjustment, three-roll mill, is under way in the form of a rubber coated middle roll, the theory being that the greatly increased working areas obtained at the roll contacts should more than compensate for loss in efficiency due to lesser tensions on roll settings.

The patent application for the new high-speed stone mill has been filed. Tests run to date indicate the mill's selective separation of larger undispersed particles and their return for further wetting and dispersing, considering equivalent finenesses of grind, will give this mill several times the production of mills presently used.

The test tube experiments for the evaluation of some fifty different solvents or thinners for their pigment-wetting and dispersing properties are under way and, in light of the very poor wetting ability of some paint components, promise very interesting and valuable information.

STATISTICAL AND GOVERNMENT REPORTS DIVISION: Two surveys are now in progress for Trade Sales manufacturers. One on "Color Card Requirements" will give the average number of color cards used per gallon of each product sold. The other covers "Color Preference Trends for 1950, 1951 and 1952" in exterior house paints, interior flat paints, all-purpose enamels and emulsion paints.

LEGISLATION

Federal -- Certain bills affecting our industry -- Federal study and research of air pollution; creation of Federal safety standards; creation of a Consumers' Advisory Bureau in the Department of Commerce -- remain in committee. The new economic controls law authorizes allocation of materials for defense and atomic energy orders, but omits authority for price or wage controls. After hearings on pesticides, action has been deferred. Consideration of legislation on chemicals in foods and cosmetics and their containers has been indefinitely postponed.

State -- Thirty-eight State legislatures have adjourned; four remain in session; two are in recess. A labeling bill died in the Minnesota House after receiving Senate approval. A California labeling bill was amended to remove all reference to paint.

Illinois amended its paint labeling law to change the penalty for a violation from not more than \$100 to not less than \$100 nor more than \$500.

Air pollution control bills died in Connecticut, Texas, Washington and West Virginia. Such a bill in New Jersey passed the House but is pending in the Senate -- others are pending in Pennsylvania, Michigan and Ohio. Wisconsin enacted a law limiting air pollution control to cities of over 500,000 population. Bills authorizing air pollution study were passed in Massachusetts and Illinois.

All attempts to enact painting and decorating contractors' license laws were defeated. A general contractors' licensing bill became law in Michigan.

Municipal -- The New York City Board of Health on July 14 ordered the preparation of an amendment of the City Sanitary Code to require warning labels on paint containing lead. We have been granted the privilege of a hearing on the amendment. The Department is distributing pamphlets warning parents to prevent their children from chewing painted surfaces.

Study of Hazards to Children -- The Association is participating in an ASA project to minimize hazards to children. Fr. John Foulger is the Association representative.

The project scope is: "Specifications, tests and procedures to minimize home hazards to children which might result in physical injury or poisoning." A technical subcommittee is studying the identification or labeling of paint products to indicate that they are safe to use in painting objects or surfaces used by children. Its discussions recognized the non-existence of any claims of lead poisoning from the original painting of toys and playthings and the need to educate parents as to paints safe for repainting toys and furniture. The Committee expressed the view that it should not require anybody to label anything, but did state that if it were possible to have a label, beneficial and educational advantages would result.

Unfair Competition -- A copy of a booklet, "The Facts on Mastic Not Fantastic," published by the San Francisco Better Business Bureau, was mailed to all Class A and E members. We have asked the FTC to investigate advertising claims for several mastic products recently appearing on the market.

The Virginia Department of Agriculture and Immigration issued stop-sale orders on paint products manufactured by National Titanium Company and Michael-Lawrence Company for failure to register labels under the Virginia Paint Law. Lack of State authority forced a release of National Titanium products on condition of removal from Virginia. The Michael-Lawrence goods are being held. The Virginia authorities asked our help to have FTC stop the mail literature of these companies. FTC cease

and desist orders against both firms are in effect, and a Federal action is pending in California against National Titanium for alleged violation of the order.

Labeling -- The collection of all labeling laws and regulations was published by the Association on June 1. A copy was mailed to the Executive Committee and Class A members.

Tariff -- The Philippine Government has requested our State Department to propose legislation permitting selective free trade. Under existing law, free trade on all goods prevails until 1954, when an annual graduated tariff schedule is authorized until 1974. The State Department will consult with our industry before making any recommendations to Congress. We will oppose any restriction on the sale of our products in the Philippines.

DIVISION ACTIVITIES

INDUSTRIAL PRODUCT FINISHES DIVISION: Lacquer and Steering Committees met at Atlantic City, May 27 and May 29, respectively. The Lacquer Committee program featured a symposium on "New Methods of Finish Application" and other papers were presented on subjects of special interest. The demand for copies of these talks has been unusually heavy.

National Industrial Product Finishes Seminars were held on May 28 with a large and enthusiastic attendance in each of the six discussion groups. The Steering Committee now plans to hold these National Seminars once a year, alternating between the Chicago and New York areas.

Semi-annual meeting, Wood Finishes Manufacturers held in Chicago, June 25.

TRADE SALES DIVISION: The National Trade Sales Steering and the National Trade Sales Committees met in Atlantic City, May 26. Report and recommendations of the Simplification Committee for revisions in the Simplification Program were approved and submitted to the Executive Committee for action. Also considered and unanimously endorsed was the report of the Industry Promotion Advisory Committee as approved by the Executive Committee. A special Convention Program Subcommittee authorized to formulate plans for Convention Trade Sales Forum Session.

Paint Power book sales continue steady -- 26,319 books printed, 25,664 distributed.

INDUSTRY RELATIONS: During the first 6 1/2 months of this year, the motion picture "Water - The Hidden Menace to Homes" has been shown to 1100 groups with attendance of 50,000 including salesmen, dealers, painting contractors, home builders, civic groups, Paint Power classes, and affiliated industries in the building trade.

The slides on moisture won the Blue Ribbon award at the June meeting of American Society of Agricultural Engineers. Four bank and mortgage companies' national publications carried articles on moisture. 8,000 booklets on moisture have been distributed to such institutions.

The two exhibits on moisture are being redesigned for fall showings. 525,000 booklets on moisture have been distributed.

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Special articles on the moisture problem have been prepared for publications reaching home builders, painting contractors, lumber dealers, hardware dealers and mortgage companies. The United Press special wire service to 1200 radio and television stations has cooperated with our program by advising the public on the moisture problem through local planning programs.

PUBLIC INFORMATION DIVISION: Publicity coverage continues to grow -- 763 newspapers in 46 states now use our weekly releases and 272 radio stations covering all states broadcast our bi-monthly programs. National, home, farm and industry magazine coverage is constant. "Paint - Color ... The Best Relationship - Cash in on Colors!" appeared in the magazine "The Billboard" during April. Among the features now in preparation is a series of four "how-to" articles for "Homecraft and The Home Owner". Special women's club program presented to 801 clubs in every state and distribution of special material to schools, colleges and home economics, 4-H and extension leaders grows. Just issued for consumer distribution is the booklet "Has Your House a Fungi-Face" which covers in laymen's language the cause and cure of mildew problems. Copies have been sent to the industry.

CLEAN UP-PAINT UP-FIX UP: The first year of full cooperation from the United States Junior Chamber of Commerce ended with the Bureau's presentation of a Distinguished Achievement Award during their annual convention in Minneapolis. A survey indicated the majority of the Junior Chambers were participating in the program for the first time; the total population of the communities included in the program is 6,707,500. Plans for an enlarged program for 1954 have been formulated.

The cooperation from public utility companies, which sponsor town and area improvement contests, now includes our programs in southwestern Pennsylvania, West Virginia, Connecticut, Western Maryland, Georgia, the Carolinas and Florida.

The most important single event of the 1953 campaign was the addition of New York City to the Clean Up-Paint Up-Fix Up roster. For the first time, New York City conducted a comprehensive program -- chiefly inspired and supported by the members of our industry. Results were highly satisfactory and foundations have been laid for more extensive future campaigns.

During the 1953 campaign the Bureau distributed 1,050,191 pieces of display materials and supplied 11,965 mats to newspapers. Of the four newly-designed display items for this year's campaign, three received such a fine reception that several reprintings were necessary.

TRAFFIC: The Railroad Uniform Classification Board granted our request to reduce the LCL classification on paint products in small cans from Class 60 to Class 55. The effective date of this has not been announced. Our request for similar action on truck shipments is pending. Hearings will be held next month.

We petitioned the ICC to suspend its Saturday demurrage rule -- reinstated May 31 to meet heavy grain shipments. An exemption for tank cars resulted.

ICC hearings in the Central States \$1.50 surcharge case ended in June. Final decision is not expected before the end of the year.

As we enter the last half of 1953 and begin to crystallize plans for still greater forward strides in 1954, I need your comments and suggestions as to our future activities. Your advice and counsel, always highly valued, will be doubly welcomed and appreciated in setting a favorable course for our industry through the critical days ahead.

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