NATIONAL RECOVERY ADMINISTRATION

DIVISION OF REVIEW

E V I D E N C E   S T U D Y

NO. 28

OF

THE PAINTING, PAPERHANGING AND DECORATING INDUSTRY

(A Division of the Construction Industry)

Prepared by

J. C. HUMPHREY

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PRELIMINARY DRAFT

(NOT FOR RELEASE: FOR USE IN DIVISION ONLY)

THE EVIDENCE STUDY SERIES

The EVIDENCE STUDIES were originally planned as a means of gathering evidence bearing upon various legal issues which arose under the National Industrial Recovery Act.

These studies have value quite aside from the use for which they were originally intended. Accordingly, they are now made available for confidential use within the Division of Review, and for inclusion in Code Histories.

The full list of the Evidence Studies is as follows:

1. Automobile Manufacturing Ind.
2. Boot and Shoe Mfg. Ind.
3. Bottled Soft Drink Ind.
4. Builders' Supplies Ind.
5. Chemical Mfg. Ind.
6. Cigar Mfg. Industry
7. Construction Industry
8. Cotton Garment Industry
9. Dress Mfg. Ind.
10. Electrical Contracting Ind.
11. Electrical Mfg. Ind.
12. Fab. Metal Prod. Mfg., etc.
13. Fishery Industry
14. Furniture Mfg. Ind.
15. General Contractors Ind.
16. Graphic Arts Ind.
17. Gray Iron Foundry Ind.
18. Hosiery Ind.
19. Infant's & Children's Wear Ind.
20. Iron and Steel Ind.
21. Leather
22. Lumber & Timber Prod. Ind.
23. Mason Contractors Industry
24. Men's Clothing Industry
25. Motion Picture Industry
26. Motor Bus Mfg. Industry (Dropped)
27. Needlework Ind. of Puerto Rico
28. Painting & Paperhanging & Decorating
29. Photo Engraving Industry
30. Plumbing Contracting Industry
31. Retail Food (See No. 42)
32. Retail Lumber Industry
33. Retail Solid Fuel (Dropped)
34. Retail Trade Industry
35. Rubber Mfg. Ind.
36. Rubber Tire Mfg. Ind.
37. Silk Textile Ind.
38. Structural Clay Products Ind.
39. Throwing Industry
40. Trucking Industry
41. Waste Materials Ind.
42. Wholesale & Retail Food Ind. (See No. 31)
43. Wholesale Frésh Fruit & Veg.

In addition to the studies brought to completion, certain materials have been assembled for other industries. These MATERIALS are included in the series and are also made available for confidential use within the Division of Review and for inclusion in Code Histories, as follows:

44. Wool Textile Industry
45. Automotive Parts & Equip. Ind.
46. Baking Industry
47. Canning Industry
48. Coat and Suit Ind.
49. Household Goods & Storage, etc. (Dropped)
50. Motor Vehicle Retailing Trade Ind.
51. Retail Tire & Battery Trade Ind.
52. Ship & Boat Bldg. & Repairing Ind.
53. Wholesaling or Distributing Trade

L. C. Marshall
Director, Division of Review

TABLES

PAINTING, PAPERHANGING AND DECORATING INDUSTRY
(A Division of the Construction Industry)

Foreword

Comprehensive, reliable data on this Division of the Construction Industry are practically non-existent. The Census Bureau has made only one survey of the Industry and this was confined to the year 1929. In this survey the Bureau attempted to obtain reports from all of the larger concerns, i.e., those doing an annual business of $25,000 or more, and it is believed by the Census Bureau that practically all establishments of this size in the Industry were covered. 1/ But the Census Bureau found it impossible to reach all of the small establishments in the group doing a business of less than $25,000 during the year. Therefore, while the Census data are reliable so far as they go, they do not yield complete information on the entire Industry.

A further limitation of the Census data lies in the fact that they cover the year 1929 only, and data for subsequent years are not available to indicate the trend in the Industry.

The former Code Authority and the leading trade association provided data on certain aspects of the Industry, and these have been used in this Study but in all cases these data represent arbitrary estimates and should not be accepted as strictly accurate.

The Bureau of Labor Statistics publishes periodic labor data on the Building Construction Industry, but these data are not broken down by divisions of the Industry, and therefore are of no value for the purposes of this report.

1/ It is, however, the opinion of the Construction Unit of NRA Research and Planning Division that many of the large establishments were not covered in this survey.

CHAPTER I

CODE DEFINITION:

The Painting, Paperhanging and Decorating Industry is a division of the Construction Industry. It is defined in the Code as follows:

"Section 1. The term 'Painting, Paperhanging and Decorating Division' or 'this division', as used herein, includes the service of painting, woodfinishing, paperhanging, and decorating and preparatory work incidental thereto, and such branches or subdivisions thereof as may from time to time be included under the provisions of this chapter.

"(a) The service of painting and/or woodfinishing means the application of all paint, woodfinishing and painting materials of every description in and on all parts of new or old buildings and structures of every kind.

"(b) The service of paperhanging and/or decorating means the application and/or installation of wallpapers, hangings and decorative materials of every kind or description applied directly to the surface in or on buildings of all kinds.

"Section 2. Home-owners and householders, including farmers, shall not be deemed to be included within the definition contained in Section 1 in their performance individually or by their permanent servants or other help of like character on their home premises of any services described in such definition; nor shall any such person, or any building owner or tenant, performing such services by his permanent employees and not for hire on or in buildings or structures owned or occupied by him, be deemed to be included in such definition."

Although the definition permitted the inclusion of branches and subdivisions none was added.

Number of Members, Concerns, or Establishments

General. - In this Industry the number of members or concerns, and the number of establishments are approximately the same since multiplant operation is practically non-existent.

The determination of the number of members of the Industry at any given time is a difficult problem. Due to the limited amount of capital necessary to change the status of an individual from that of employee to employer, the number of members in the Industry is constantly fluctuating. Pertinent data from various sources are given below.

Census Data. - In the survey of the Construction Industry made by the Bureau of the Census and covering the year 1929, all divisions of the Construction Industry were covered, including the Painting, Paperhanging, and Decorating division. As a result of this survey, which was conducted in part by mail and in part by means of field investigators, the Census reported that there were 15,164 active painting and decorating establishments in 1929. Of this number, 1,102 reported a volume of business for 1929 of $25,000 or more each, and 14,062 reported a volume of less than $25,000.

Although the Census Bureau feels that practically all establishments that did a business of $25,000 or more in 1929 were included in its survey, the Construction Unit of the NRA, Research and Planning Division, believes that many of these were not covered, due to the difficulty of contacting even the larger concerns. An indeterminate number of establishments doing an annual volume of business amounting to less than $25,000 were admittedly not contacted, as it was an impossibility to obtain a complete list of small two and three-men establishments. Furthermore, the Census classification, "Painting and Decorating" includes only those establishments in which painting and decorating was the major line of business. An indeterminate number of establishments where painting and decorating was a secondary line were therefore not included in this classification.

Trade Association and Code Authority Data. - The number of concerns in the Industry reported in the Code Application, which was filed by the International Association of Master Painters and Decorators, was 40,000 for 1929, and 24,000 as of August 15, 1933. The figure for 1929 was obtained by making allowance for the incompleteness of the total establishments reported in the Census of Construction. The 1933 figure was obtained by assuming that 40 per cent of the establishments existing in 1929 had gone out of business by August, 1933, without, apparently, making any allowance for the opening of new establishments.

The Code Authority estimated that there were approximately 70,000 members of the Industry in 1934 and 1935. It is believed, however, that this figure includes many casual painters, who should not be counted as regular members of the Industry, as, in applying for approval of its budget on May 29, 1934, the Code Authority estimated that there were only 16,000 establishments from which it anticipated collecting Code assessments during the period April, 1934, to March, 1935.

NRA, Research and Planning Division, Data. - In analyzing facts and figures covering 57 areas in which Area Agreements were drawn up under the Code, the Research and Planning Division found that the ratio of the number of members of the Industry to the general population in the year 1929 was 1 to 1,820. This ratio applied to the total population of the United States as of April, 1930, would indicate that the total number of members in the Industry in 1929 was approximately 67,000.

Consideration must be given to the fact that the Area Agreements were drawn up in predominately urban regions, where the population per member of the Industry is lower than in the rural areas. If the above ratio were calculated on data from both rural and urban areas, it would undoubtedly show fewer than 67,000 members when applied to the United States population figure.

Size of Concerns, Census Data. - A majority of the members of the Industry run small establishments. This is evident from the Census of Construction data which show that of the 15,164 establishments reporting, only 1,102 did a business of $25,000 or more in 1929, while 14,062 did a business of less than $25,000 that year.

Code Authority Data. - Further evidence on this point has been supplied by the Code Authority in a breakdown of firms by volume of business, as follows:

TABLE I

Concerns in the Industry Classified by
Value of Business per Concern, 1934

Value of Business per Concern	Number of Concerns
$25,000 and over	10,000
$10,000 to $25,000	20,000
$5,000 to $10,000	10,000
$5,000 and under	30,000
Total	70,000

Source: Code Authority.

However, the validity of the above breakdown is questioned. As already indicated, the total number of concerns reported by the Code Authority (70,000) is believed to be too high. Furthermore, the aggregate volume of business obtained by multiplying the number of firms in each group by the lower volume figure in that group amounts to $500,000,000, which is twice the total volume reported by the Code Authority.

Number of Establishments by Principal States

The Industry is nation-wide in scope, with some members in each state in the country. The distribution of establishments among the ten leading states, as reported by the Construction Industry Census for 1929, is shown in Table II.

The number of establishments varies more or less directly with the density of population and the degree of industrial development. It will be seen that three states, New York, Pennsylvania, and California, accounted for nearly 40 per cent of the total reported. These three states also accounted for approximately this same proportion of both the large and small-sized establishments.

TABLE II

Number of Establishments by 10 Leading States, 1929

State	Total Establishments		Establishments whose business amounted to			
			$25,000 or More		Less than $25,000	
	Number	Per Cent of Total	Number	Per Cent of Total	Number	Per Cent of Total
U. S. Total	15,164	100.0	1,102	100.0	14,062	100.0
New York	2,725	18.0	210	19.1	2,515	17.9
Pennsylvania	1,783	11.7	106	9.6	1,677	11.9
California	1,297	8.6	100	9.1	1,197	8.5
Illinois	1,067	7.0	139	12.5	928	6.6
Ohio	874	5.8	77	7.0	797	5.7
New Jersey	850	5.6	34	3.1	816	5.8
Massachusetts	837	5.5	69	6.3	768	5.5
Michigan	708a/	4.7	41	3.7	667	4.7
Connecticut	708	4.7	34	3.1	674	4.8
Wisconsin	609	4.0	41	3.7	568	4.0
Total, 10 states	11,458	75.6	851	77.2	10,607	75.4
Total, other states	3,706	24.4	251	22.8	3,455	24.6

Source: Census report: Construction Industry, 1929; Subcontractors, "Painting and Decorating."

a/ Includes some flooring establishments.

Capital Investment

Practically no reliable data on the amount of capital invested in the Industry as a whole are available. In its Code Application, dated August 17, 1933, the Master Painters Trade Association estimated that $40,000,000 was invested in the Industry in 1929. The Association arrived at this estimate by arbitrarily setting the capitalization at $1,000 per concern and multiplying this figure by its estimate of the number of concerns.

The Secretary of the former Code Authority, G. S. Stuart, estimated that in 1934 total capital investment amounted to $150,000,000 for 70,000 members, or an average of about $2,000 per member. The reason for the wide discrepancy between these two estimates cannot be determined, and there are no other data available with which to check these figures.

Failures

According to the Secretary of the former Code Authority, the mortality

rate in the Industry was relatively high. He estimated that, in recent years, 2,500 firms have failed annually, involving total liabilities of about $10,000,000. No substantiating evidence in support of this estimate has been provided, however, and no other information on this point is available.

Value of Business

Census Data. - For the 15,164 specialized painting and decorating establishments which reported in the Census of Construction, it has been estimated that the value of business in 1929 amounted to $175,429,000 . The 1,102 establishments in the "$25,000 and over" group reported $83,899,000 of this amount and the balance, $91,530,000, was estimated for the 14,062 establishments in the "less than $25,000" group, on the basis of the average value per establishment calculated for 3,094 establishments which reported this information.

As indicated previously, Census data do not yield complete information o the Industry since an indeterminate number of establishments were not covered in this survey;

Trade Association and Code Authority Data. - The Master Painters Trade Association considered that the Census value figure for 1929 was only half th actual amount, and therefore it reported, in the Code Application, value of business for that year of $350,000,000. As this was a purely arbitrary estimate, no reliance can be placed upon it. For 1932, the Association estimated the value of business at $52,500,000, which it arrived at by assuming that business in that year was about 15 per cent of the 1929 total. No data for 1932 from other sources are available, but it is doubtful if the value of business declined so drastically between the two years.

The Secretary of the former Code Authority estimated that the value of business in 1929 amounted to $400,000,000, and in 1934 to $250,000,000. The basis of these estimates is not known. However, the latter figure is believe to be excessive as in its budget application, filed May 29, 1934, the Code Authority estimated that the members who were expected to pay Code assessments (16,000 in number) would do a business of $126,000,000 in the period April, 1934, to March, 1935.

NRA, Research and Planning Division, Data. - From Area Agreement data, the Research and Planning Division has estimated the average value of busines per capita of the general population, in 1929, for four population districts, as follows: $6.75 for large cities; $4.65 for medium-sized cities; $1.93 for small cities; and $.75 for rural areas. By applying these averages to the total population of the United States, 1/ fitted as closely as possible to the respective districts set up, a figure of $367,500,000 was derived as representing the value of business done by the Industry in 1929.

For 1933 and 1934 the value of business was estimated, by the Research and Planning Division, at $86,275,000 and $107,160,000, respectively. These figures were derived by fitting a series of index numbers representing the trend in expenditures for additions, alterations, and repairs in the Building Construction Industry, 2/ to the estimated figure for 1929.

1/ As of April, 1930.

2/ Index numbers published in Bureau of Labor Statistics Bulletin, Building Construction, February, 1935, p. 5.

Competition

There are no industries the products of which compete with the products of this Industry. A certain degree of competition is experienced, however, from members of other divisions of the Construction Industry. In addition, house-owners and tenants who do their own painting and decorating, and building managers and industrial concerns which maintain regular staffs of painters and decorators are, in a sense, also in competition with the members of this Industry.

Chapter II

LABOR STATISTICS

Number of Wage Earners

Census Data. - The Census of Construction data on number of wage earners are quite incomplete due to the fact that the Census canvass covered only a portion of the Industry. Furthermore, their usefulness is limited by the fact that the data reported represent only the lower limit of the number employed by the reporting establishments. This is due to the peculiar characteristics of the Industry which result in non-continuous employment with any given employer, continual rotation from one employer to another, high labor turnover and much lost time even during busy seasons.

In the Census of Occupations for 1930, 430,105 persons were classified as paperhangers in the Building Industry. 1/ This combined figure of 458,433 is probably an overstatement of the number of wage earners in the Industry as defined by the Code, since it includes glaziers, who were not covered by the Painting, Paperhanging and Decorating Code, and also because it includes those who were unemployed at the time of the Census (April, 1930), an unknown number of whom were undoubtedly unemployed throughout the entire year.

Trade Association and Code Authority Data. -- In the Code Application the Master Painters Trade Association reported 460,000 employees for 1929. This agency stated that this figure was obtained from the Census of Population data referred to above, but did not explain how it was adjusted -- if at all -- to represent 1929.

The Secretary of the former Code Authority estimated that there were 400,000 wage earners in 1934, without indicating the basis of the estimate.

NRA, Research and Planning Division, Data. - From Area Agreement data, the Research and Planning Division has calculated that in 1929 the ratio of journeymen to total population was 1 to 340 in those areas for which agreements were drawn up under the Code. Applying this ratio to the 1930 population figure for the United States (122,775,000), a figure of 361,000 is obtained. However, the available data on which the ratio was calculated were representative mainly of urban areas and if data from rural areas had been included in the calculation, it is believed that the ratio would yield a smaller figure as representative of the total number of journeymen in 1929.

Seasonal Variation in Employment

This Industry is influenced by seasonal factors which strongly affect employment. The outdoor painting work is necessarily dependent on weather conditions, and, in the northern part of the country at least, the winter months are slack periods in this type of work. The interior work -- painting, varnishing, and paperhanging -- is also influenced by seasonal factors, such as the custom to redecorate houses in the spring, fixed spring and fall leasing dates, etc.

1/ Census of Population, 1930, Occupations by States, p.8.

A measurement of the variation in employment caused by these seasonal factors is available from data reported in the Census of the Construction Industry which show the number of wage earners employed on the 15th day of each month in 1929. These figures, shown in Table III, below, indicate that the peak month of employment that year was September, and the low month was January. While only 1,008 establishments reported the number of wage earners by months, the trend revealed by these figures is believed fairly representative of the entire Industry.

TABLE III

Number of Wage Earners in the Larger Establishments, by Months, 1929 a/

Month	Number of Wage Earners b/	Per Cent of Peak Month
January	12,136	55.6
February	12,428	57.0
March	15,241	69.9
April	18,920	86.7
May	20,680	94.8
June	19,921	91.3
July	19,729	90.4
August	21,147	96.9
September	21,814	100.0
October	20,847	95.6
November	17,613	80.7
December	14,062	64.5

Source: Census report, Construction Industry, 1929; Subcontractors, "Painting and Decorating."

a/ As reported by 1,008 establishments in the "$25,000 and over" group.

b/ Number of wage earners as of the 15th, or the nearest representative day, of each month.

Wages

Census Data. - The amount of wages paid in 1929 by the painting and paperhanging establishments covered in the Census of the Construction Industry has been estimated at $91,925,000. This figure was obtained by applying the percentage that wages were of the value of business handled by the "$25,000 and over" group of establishments to the estimated value of business handled by both groups of establishments. It was necessary to do this because the establishments in the "less than $25,000" group did not report on wages. This estimated figure cannot be considered as a total for the Industry, however, since an indeterminate number of establishments were not covered in the Census.

Trade Association Data. - The Secretary of the former Code Authority estimated that wages amounted to $180,000,000 in 1929 and to $160,000,-000 in 1934. The basis of these estimates is not known.

Wage Rates

In Table IV, below, data are presented to show average hourly wage rates of painters for the years 1929, 1931, 1933, and 1934. The rates for paperhangers are not available.

TABLE IV

Average Hourly Wage Rates of Painters in Various Cities a/

Year	As Reported by: Painters and Paperhangers and Decorators Union b/	As Reported by: Builders Association c/
1929	$1.14	$1.10
1931	1.15	1.09
1933	.96	.89
1934	1.01	.93

Source: Unpublished data from Brotherhood of Painters, Paperhangers, and Decorators, Lafayette, Indiana; and from Builders' Association, Chicago, Illinois.

a/ The territory covered ranged from 87 to 138 cities.

b/ Consists of union rates only.

c/ Consists of both union and non-union rates.

The above figures were compiled by the Construction Unit of the Research and Planning Division, NRA, from data provided by the respective agencies mentioned. The rates reported by the Union are rates of union painters only. The rates reported by the Builders' Association comprise both union and non-union rates. The territory covered in the compilation of these rates was very extensive, the smallest number of cities covered in any one year being 87, and the largest number, 138. All sections of the country and both large and small cities were covered. The rates shown in this table are, therefore, believed to be representative averages for the entire Industry.

Hours per Week

The scale of hours per week for union painters in ten selected cities for the years 1929, 1931, 1933 and 1934 are shown in Table V, below. These scales are representative only of large cities; data covering the smaller cities are not available. The data must be understood to refer to full-time hours of work and not to hours actually worked.

TABLE V

Scale of Weekly Hours of Union Painters, by 10 selected Cities

City	1929	1931	1933	1934
Baltimore	40	40	40	40
Boston	40	40	40	40
Chicago	40	40	40	30
Denver	40	40	40	30
Los Angeles	44	40	40	40
New Orleans	44	44	44	44
New York	40	40	40	35
Philadelphia	44	44 a/	44 a/	40
St. Louis	40	40	40	40
San Francisco	44	40	40	40

Source: Bureau of Labor Statistics, Monthly Labor Review, (June, 1935) p. 1559.

a/ 40 hours per week, June to August, inclusive.

Number of Weeks Worked per Year

The only information available on the average number of weeks worked per year per worker is an estimate made by G. S. Stuart, Secretary of the Former Code Authority, who estimated that the number in 1929 was about 26.

Employees Under 16 Years of Age

There are few employees in the Industry under 16 years of age. In the Census of Occupations, out of 430,105 painters, glaziers, and varnishers reported in the Building Industry classification, only 2,360, or .5 per cent, were less than 17 years of age. No paperhangers were reported in that age group.

Wage Earners by Principal States

Census Data. - Although the occupation data reported in the Census of Population do not accurately represent the total number of wage earners in this Industry, as previously explained, they do serve to indicate the relative importance of the various states. Table VI, below, shows the number of painters, glaziers, varnishers, and paperhangers in the ten leading states, as reported in this Census.

It is seen from these data that approximately 64 per cent of tho persons who reported themselves belonging, by occupation, to this Industry in 1930 wer located in ten states, with New York, Illinois, and Pennsylvania together containing about 33 per cent of the total.

TABLE VI

Number of Painters, Glaziers, Varnishers, and Paperhangers in the Building Industry, by 10 Principal States, 1930

State	Number	Per Cent of Total
U. S. Total	458,433	100.0
New York	78,025	17.0
Illinois	36,995	8.1
Pennsylvania	33,742	7.4
Ohio	31,434	6.9
California	27,117	5.8
Massachusetts	23,170	5.1
New Jersey	22,892	5.0
Michigan	20,265	4.4
Wisconsin	10,177	2.2
Connecticut	8,081	1.8
Total, 10 States	291,898	63.7
Total, Other States	166,535	36.3

Source: Census of Population, 1930, Occupations by States.

Wages Paid by Principal States

Census Data. - Data on the amount of wages paid in the Industry by states are available only in the Census of the Construction Industry, which covered the year 1929 only. As previously explained, the Census of the Construction Industry data do not yield complete information on this Industry, but in the matter of wages paid they serve to indicate the relative importance of the various states.

As was done in estimating wages paid in the United States as a whole, the amount of wages paid in ten leading states was estimated by computing the value of business done by the establishments in the "$25,000 and over" group and applying this percentage to the estimated value of business handled by both groups of establishments.

The data given in Table VII, below, indicate that approximately 81 per cent of the wages paid in the Industry were distributed in the ten leading states, with New York, Illinois, and Pennsylvania accounting for approximately 44 per cent of the total.

TABLE VII

Wages Paid by Principal States, 1929 a/

State	Wages (In thousands)	Per Cent of Total
U. S. Total	$91,925	100.0
New York	18,005	19.5
Illinois	12,003	13.1
Pennsylvania	10,074	11.0
California	7,412	8.1
Massachusetts	6,240	6.8
Ohio	6,199	6.7
Connecticut	4,025	4.4
New Jersey	3,882	4.2
Michigan	3,810	4.1
Wisconsin	3,038	3.3
Total, 10 States	74,688	81.2
Total, Other States	17,237	18.8

Source: Census report, Construction Industry, 1929; Subcontractors, "Painting and Decorating."

a/ Estimated for all establishments which reported in the Census by applying the ratio of wages to value of business handled as calculated for the "$25,000 and over" group of establishments, to the total value of business estimated for both groups of establishments.

Labor Cost in Relation to Value of Business

The proportion that wages are of the value of business done in this Industry may be approximated from Census of Construction data. The 1,102 establishments in the "$25,000 and over" group reported their value of business as $83,899,000 and wages paid out as $43,504,000 in 1929. The proportion that wages are of the value of business in these firms is thus about 52 per cent, which is considered representative of the Industry as a whole.

Chapter III

MATERIALS

Principal Materials Used

In the Painting, Paperhanging and Decorating Industry the only processing of raw and semi-processed materials is that involved in mixing pigments, white lead, and oils in the preparation of paint. The principal materials used, are: ready-mixed paint, varnish, white lead, shellac, putty, pigment, linseed oil, turpentine, wallpaper, and paste.

Total Cost of Materials

Census Data. - Complete, reliable data on the cost of materials used by the Industry are not available. Referring to the Census of the Construction Industry, it is found that the 1,102 establishments which reported this information expended $17,623,000 on materials in 1929. This represents about 21 per cent of the total volume of business done ($83,899,000) by these establishments in that year.

Code Authority Data. - The Secretary of the former Code Authority estimated that the cost of materials used by the Industry in 1934 amounted to $75,000,000. Ernest I. Trigg, of the Institute of Paint and Varnish Research, estimated that in 1934 the amount spent for paint and varnish by all classes of users was $125,000,000. Of this total amount, he estimated that about 70 per cent, or $88,000,000 was spent by the painting "trade," which is believed to be roughly comparable with the Painting, Paperhanging, and Decorating Industry. However, this percentage estimate is considered excessive.

Cost of Individual Items Used

A breakdown of the total cost of materials by individual items is not available. A breakdown in the Census of the Construction Industry report shows that 97.8 per cent of the total cost of materials reported by 1,102 establishments was represented by paints, varnishes, and glass. What proportion of this percentage is represented by glass, which is not generally used by this Industry, is not known. Also, no data are available on the percentage of the total cost of materials that was spent for wallpaper and other items.

Source of Materials

Materials are purchased either direct from the manufacturer or from wholesalers and retailers. Data on the amount purchased direct from the manufacturer are not available. It is impossible also, to determine the amount of material supplied by manufacturers in the various states either direct to the members of the Industry or through the regular distribution channels. However, as an indication of the original source of the principal material used by the Industry, the main producing states of the materials and the value of these products in 1929 are listed in Table VIII, below.

The bulk of the materials is seen to be produced in a relatively small number of states, indicating that the materials enter into interstate commerce before they are delivered to the members of this Industry.

TABLE VIII

Production Value of Principal Materials Used in the Painting, Paperhanging and Decorating Industry, By Principal Producing States, 1929
(In thousands)

State	Paints and Varnishes a/ Amount	Paints and Varnishes a/ Per Cent of Total	White Lead b/ Amount	White Lead b/ Per Cent of Total	Linseed Oil c/ Amount	Linseed Oil c/ Per Cent of Total	Wall Paper Amount	Wall Paper Per Cent of Total
U. S. Total	$568,976	100.0	$24,591	100.0	$119,927	100.0	$30,008	100.0
California	26,394	4.6	1,378	5.6				
Illinois	90,399	15.9	7,172	29.2	8,730	7.4	9,328	31.1
Massachusetts	15,826	2.8						
Michigan	43,693	7.7						
Minnesota					28,612	23.7		
Missouri	27,778	4.8	2,560	10.4				
New Jersey	82,293	14.5	1,433	5.8			3,637	12.1
New York	89,420	15.7	4,744	19.3	18,989	15.8	6,966	23.3
Ohio	63,686	11.2	4,060	16.5				
Pennsylvania	48,966	8.6	3,007	12.2			6,794	22.6
Wisconsin	13,556	2.4						
Total, Specified States	502,011	88.2	24,354	99.0	56,331	46.9	26,725	89.1
Total, Other States	66,965	11.8	237	1.0	63,596	53.1	3,283	10.9

Source: Census of Manufactures, 1929, "Paints and Varnishes", "Oil, Cake, and Meal Linseed", and "Wall Paper", The data do not include the production value of establishments whose output was less than $5,000 in 1929.

a/ "Paints and Varnishes" include: pigments, paints in paste form, paints mixed ready for use, varnishes, lacquers, japans, enamels, fillers, stains, etc.

b/ White lead in oil.

c/ Linseed oil, and its by-products, cake and meal.

Machinery and Equipment

Practically the only machinery used in the Industry is the spray machine, a machine which sprays the paint on the surface to be covered. The machines are manufactured mainly in Ohio. The equipment used includes such items as brushes, ladders, and scaffolding.

Expenditures for Equipment

Census Data. - There is little information available on expenditures for equipment. Only 941 establishments out of the 15,164 contacted reported on expenditures for equipment in the Census of Construction. These establishments reported the cost of equipment purchased in 1929 at $740,913, or an average of $787 per establishment.

The value of paint and varnish brushes (including artists' brushes) produced in 1929, as reported in the Census of Manufactures, was $16,705,771, but the proportion which was purchased by members of the Painting, Paperhanging, and Decorating Industry is not known.

Code Authority Data. - The Secretary of the former Code Authority estimated that the 70,000 members of the Industry spent $40,000,000 for equipment in 1934, or an average of about $570 per member.

Source of Equipment

No information is available which definitely shows the states in which are manufactured the equipment for the Industry. In the case of brushes, the Census of Manufactures, which is usually a good source of information, combines various types of brushes, such as tooth, household, and industrial, with paint and varnish brushes. It is therefore impossible to tell definitely from the Census data the states in which paint and varnish brushes are made.

Chapter IV

PRODUCTION AND DISTRIBUTION

Dollar Volume of Business by Principal States

In this Industry, "production" is represented by contracts made and performed and the best measure of "production" is therefore the dollar volume of these contracts.

Comprehensive data on the total dollar volume of business by states are not available. However, the data contained in the Census of the Construction Industry serve to illustrate the relative importance of the various states in this Industry.

In Table IX, below, is shown the value of business done by establishments in ten leading states in 1929, as estimated from the Census data. The amounts for the various states were derived by estimating the value of business done in all the establishments in the "less than $25,000" group on the basis of the average amount per establishment for the establishment which reported this information, and adding this amount to the value of business reported by the establishments in the "$25,000 and over" group, all of which reported this information.

The value of the business done in the ten leading states in 1929, as indicated by the Census data, amounted to approximately 82 per cent of the United States total, with New York, Illinois and Pennsylvania together contributing about 44 per cent of the total.

TABLE IX

Value of Business Done by 10 Principal States, 1929
(In thousands)

State	Total Value All Establishments: Amount	Total Value All Establishments: Per Cent of Total	Establishments whose Business amounted to: $25,000 or More a/	Establishments whose Business amounted to: Less than $25,000 b/
U. S. Total	$175,429	100.0	$83,899	$91,530
New York	35,304	20.1	17,033	18,271
Illinois	21,095	12.0	14,831	6,264
Pennsylvania	20,644	11.8	9,484	11,160
California	14,707	8.4	7,094	7,613
Ohio	11,785	6.7	5,996	5,789
Massachusetts	11,183	6.4	5,374	5,809
Michigan c/	7,760	4.4	3,120	4,640
New Jersey	7,718	4.4	1,999	5,719
Connecticut	7,239	4.1	1,953	5,286
Wisconsin	6,150	3.5	2,439	3,711
Total, 10 states	143,585	81.8	69,323	74,262
Total, other states	31,844	18.2	14,576	17,268

Source: Census report, Construction Industry, 1929; Subcontractors, "Painting and Decorating."

a/ Value reported by all of the 1,102 establishments in this group.

b/ Value estimated for 14,062 establishments on basis of reports from 3,094 establishments.

c/ Value of business of some flooring establishments included.

Business Outside Home State

While the Industry is not engaged in interstate commerce, in the sense of the flow of goods across state lines, there is a certain amount of interstate competition for business among members of the Industry. That is, an establishment in one state sometimes gets contracts for work in another state.

The amount of business thus done outside the home state in 1929 is shown for the ten leading states in Table X, below. The data here presented were reported only by the establishments whose business amounted to $25,000 or more for the year, because the establishments whose business amounted to less than $25,000 did not report this information. The data in the following table may, therefore, be considered representative only of the larger establishments.

TABLE X

Value of Business Done Outside Home State by the Larger Establishments, by 10 Principal States, 1929 a/

State	Number of Estab- lishments Reporting	Total Value Reported (000's)	Done in Home State		Done Outside Home State	
			Amount (000's)	Per Cent of Total	Amount (000's)	Per Cent of Total
U. S. Total	1,068	$75,566	$72,039	95.3	$3,527	4.7
Illinois	131	12,126	11,753	96.9	373	3.1
New York	198	13,424	12,840	95.7	583	4.3
New Jersey	34	1,999	1,813	90.7	186	9.3
Ohio	74	5,401	5,199	96.3	202	3.7
Pennsylvania	103	9,041	8,528	94.3	513	5.7
Michigan	39 b/	2,821	2,783	98.6	38	1.4
Missouri	18	1,846	1,738	96.9	58	3.1
California	99	6,985	6,625	94.8	360	5.2
Massachusetts	67	5,128	4,424	86.3	704	13.7
Wisconsin	41	2,439	2,378	97.4	62	2.6
Total, 10 states	804	61,210	58,131	95.0	3,079	5.0
Total, other states	264	14,356	13,908	96.9	448	3.1

Source: Census Report, Construction Industry, 1929; Subcontractors, "Painting and Decorating."

a/ Includes only establishments whose business was $25,000 or more in 1929.

b/ Includes some flooring establishments.

Advertising

The Industry, as such, does little advertising except locally. It does, however, share in the benefits of advertising on a national scale, through such media as the radio, magazines, and newspapers, which is conducted by the makers of the products it uses, viz., paints, varnishes, and wallpaper, etc. National advertising in connection with "Save the surface" campaigns and local "Paint Up and Clean Up" campaigns are of much importance in developing business for the Industry.

Productive Capacity

The productive capacity of the Industry and the degree of utilization of that capacity are beyond determination. There probably has been no time in the history of the Industry when it approached capacity production throughout the nation. Maximum production was reached in the Industry in 1929 when the volume of business reached a total of from $360,000,000 to $400,000,000, but all employers and employees throughout the nation were not constantly engaged even during that year.

Chapter V

TRADE PRACTICES

Unfair Practices

General. - The abusive trade practices which were prevalent in the Industry prior to the Code, and which continued under the Code, although probably to a lesser degree, were: bid-shopping, bid-peddling, selling goods or rendering of services below cost, substitution of inferior materials, granting of rebates and demanding of commissions, commercial bribery, subletting of labor services, and requirement of a commission by realtors who acted as agents for property owners. These practices are described below.

Bid-Shopping. - The practice of bid-shopping is the seeking by the awarding authority of lower bids than those submitted by the original bidders. The awarding authority literally "shops" around in an attempt to find a contractor or sub-contractor who will undertake the job at a lower figure than any he has previously submitted.

Bid-Peddling. - Bid-peddling is practiced when the contractor or subcontractor ascertains the figure of the low bid and attempts to secure the contract by reducing his own figure.

Selling Below Cost. - The selling of goods or rendering of services below cost may result from either of the above practices or may occur without the stimulus of outside pressure. The competing contractors, in their zeal to obtain contracts, may submit bids which are less than the cost of performance, intending later to shift the burden to their employees or the consumer, or both.

Substitution of Inferior Materials. - The practice of substitution of inferior materials is self explanatory. The contractor, in an attempt to gain a profit, substitutes less costly materials than those specified in the contract.

Rebates and Commissions. - The granting of rebates and the demands for commissions are sufficiently related to be discussed together. In both instances the contractor, in order to obtain the contract, agrees to return a percentage of the amount he receives for the job to the person from whom, or through whom, he received the contract.

Subletting Labor Service. - In the subletting of labor services, the contractor attempts to reduce labor costs by contracting for labor services at a figure less than he estimates the cost will be. In this manner an effort is made to counteract the effects of a bid which was too low to return a legitimate profit.

Spreading of Unfair Trade Practices

To point to the origin of and to trace the spreading of, unfair trade practices in this Industry would be an impossible task. The initiation of any of the above enumerated abusive practices, in any particular locality or area, is a matter of small consequence and probably passes without notice.

The universality of use and the similarity of methods is clear evidence that such abusive practices spread like disease and contaminated the Industry throughout the nation. The rapidity with which these practices spread was accelerated by the fact that, as shown in the Construction Industry Census, approximately 17 per cent of all work reported was performed outside the contractor's home city.

Effects of Unfair Practices

The effects of the various unfair trade practices react upon consumers, employees, and the members of the Industry. The tendency, in most instances, is to lessen or eliminate the contractor's profit. In order to combat this tendency, the contractor attempts to pass the burden on to consumers or to employees. He may, by substitution of cheaper and generally inferior materials or by reducing wages, lengthening hours, and driving his employees, attempt to reduce costs. Thus, the employee, the consumer, and the contractor -- any or all of them may be adversely affected.

Chapter VI

GENERAL INFORMATION

History and Growth of the Industry

As to the origin and early history of the Industry, little is recorded. It is probable that early painting was largely for decorative purposes and the materials consisted only of whitewash and ochre. With the discovery that paint had a more material value, i. e., that of a preservative, the field of operation was broadened and great impetus was given the Industry. It was no longer dependent merely upon the esthetic taste, but it became a matter of economy to apply paint at more or less regular intervals.

Progress in the Industry has been aided by new techniques in the manufacture of paint and consequent improvement in the product. This improvement has been mainly along two lines. The variety of colors has been increased, and the preservative qualities of paint have been developed. Some conception of the success of the paint manufacturers and some idea of the growth of the Painting, Paperhanging and Decorating Industry may be had from the following table:

TABLE XI

Total Value of Paints and Varnishes Manufactured in the United States, for selected years, 1899-1933

Year	Value (In Thousands)
1899	$ 69,562
1909	124,899
1919	340,346
1929	568,976
1931	348,855
1933	289,442

Source: Census of Manufactures, "Paints and Varnishes."

The figures, though dealing only with value of products, indicate that since 1899 the country has become "paint conscious," and suggest that the volume of business performed by the painting contracting industry has increased tremendously within the last few decades.

Changes in Technique

The changes in methods of application have hardly kept pace with the development in materials and their uses. The greater portion of paints, varnishes, and wallpapers are still applied in much the same manner as they were years ago. The brushes and various instruments of application have been improved, but remain the basic instruments. The only change of a revolutionary nature has been the appearance within the past two decades of the spray

machine as an instrument for applying paint.

As the Paint Manufacturing Industry has developed, the degree of skill required of the members of the Painting Contracting Industry has lessened in the field of paint preparation, and increased in the field of application. The chemist of the paint producer has taken over the work of compounding color, while the painter has had to increase his dexterity in applying the many new finishes and color schemes now available.

Trade and Employee Organizations

The members of the Industry recognized the advantages of organization and as early as 1884 the International Association of Master Painters was organized, the first annual convention having been held in New York City in 1885. The employee organization, the Brotherhood of Painters and Decorators of America, was not far behind, having been organized in 1887.

The early history of the latter group is filled with conflicts between competing elements, both within and outside the organization. Despite these difficulties, the Brotherhood became numerically strong, growing from 600 to 7,000 within the first year, and reaching 20,000 by 1894 when a split occurred. The immediate cause of the split was an attempt to wrest control from the Baltimore members. This caused a marked decrease in membership, but when reconciliation was effected rapid gains were made. When reunion finally occurred in 1901 there were 29,000 members. Locals which had been organized independently during the period of strife began to affiliate with the International and by 1904 the membership had increased to 65,000. In 1911 the paperhangers became affiliated.

In more recent years the growth has not been so constant. The membership in 1920 had reached 124,885, but the next year it fell to 110,082, and in 1922 to 97,117. The membership for the past few years, as reported at the international convention, was; 1929, 108,100; 1933, 59,300; and, 1934, 57,800. The sharp decrease in membership from 1929 may, for the most part, be attributed to inability to pay dues which, of course, results from unemployment.

Labor Relations

The relationship between labor and management has, on the whole, been amicable. This friendly relationship can be explained in part by the fact that in many instances the employers of today were the employees of the past.

In an attempt to counteract the loss of working time due to the seasonal fluctuations in the Industry, the Master Painters Union in 1930 successfully negotiated agreements for the five-day week in 17 cities, affecting 65,000 journeymen. At the 1933 convention 76 agreements were reported regarding wages, hours, and general working conditions. This report did not include all agreements of 1933, but only those reported up to April 30 of that year.

Financial Condition of the Industry

While no statistics are available relative to the subject, it is generally believed that the financial condition in 1934, including net profits, improved somewhat over the year before.

Notwithstanding this general improvement, a large part of the responsibility for which, according to the Secretary of the former Code Authority, may be attributed to the Code of Fair Competition, the Industry has by no means attained the financial standing it enjoyed in 1929.

Experts

The outstanding men in the Industry, who, according to the Secretary of the former Code Authority, may be regarded as experts qualified to furnish information relative to the Industry, are:

Herbert E. Brace,
314 Divisadero Street,
San Francisco, Calif.

Charles B. Hart,
Vice-President and Treasurer,
National Decorating Service,
4035 S. Michigan Ave.,
Chicago, Ill.

Franklin Marling, Jr.,
President and Treasurer,
T. C. Gleich Company,
3945 Sheridan Road,
Chicago, Ill.

George D. Cornell,
President, George D. Cornell Co.,
3219 Detroit Avenue,
Cleveland, Ohio.

Otto Grimmer,
Charles Grimmer & Sons,
230 E. 37th St.,
New York, N. Y.

Charles Krayer,
Owner, Charles Krayer and Sons,
4326 Oneida Avenue,
New York, N. Y.

P. G. Osborn,
P. G. Osborn Company,
807 Ripley St.,
San Antonio, Texas.

J. Frank Jones,
110 E. Cary Street,
Richmond, Va.

S. B. Oster,
S. B. Oster Company,
1641 W. Thompson St.,
Philadelphia, Pa.

J. J. Swan, Owner,
Swan Paint & Decorating Company,
6547 Pacific Street,
Omaha, Neb.

John Ehrhardt, President,
Ehrhardt Studio of Decorating,
5737 Vernon Ave.,
St. Louis, Mo.

E. E. Breno, Owner,
E. E. Breno Company,
628 S. Zunis St.,
Tulsa, Oklahoma.

Arthur D. Campbell, President,
American Painting & Decorating Co.,
40 Batterymarch St.,
Boston, Mass.