

MINUTES
NATIONAL PAINT, VARNISH AND LACQUER ASSOCIATION INC.
Drake Hotel -- Chicago, Illinois
January 28th, 1936

The organization meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc., convened at ten A. M. Tuesday, January 28th, 1936 in the Drake Hotel, Chicago, Illinois, with Mr. E. S. Phillips presiding and the following in attendance:-

W. F. BENNETT	E. S. PHILLIPS
F. M. CARTER	C. J. ROH
S. C. DUNNING	F. L. SULZBERGER
D. W. FIGGIS	ERNEST T. TRIGG
E. D. GRIFFIN	H. E. WEBSTER
M. L. HAVEY	J. HEATH WOOD
L. P. MOORE	

GUESTS

PARMER FULLER	WILBUR L. RICE
H. A. MELUM	WILLIAM ZINTL

ASSOCIATION STAFF

DR. W. A. GARDNER M. Q. MACDONALD R. T. ELTON

ABSENT

T. C. DABNEY	S. R. MATLACK
O. J. S. DE BRUN	R. A. PLUMB
J. B. LORD	H. W. RICE
WELLS MARTIN	WILLIAM RICHTER

CALL TO ORDER

The meeting was called to order by the Chairman, Mr. E. S. Phillips, with the statement that the first order of business would be the election of a Chairman and a Vice-Chairman of the Committee.

ELECTION OF CHAIRMAN

It was moved by Mr. Trigg, seconded by Mr. Webster that Mr. E. S. Phillips be elected Chairman of the Executive Committee. Motion was put by President Trigg and was unanimously carried.

ELECTION VICE CHAIRMAN

It was moved by Mr. Trigg, seconded by Mr. Webster that Mr. F. L. Sulzberger be elected Vice-Chairman of the Executive Committee. Motion carried.

MINUTES OF LAST MEETING

The Secretary reported that the minutes of the previous meeting had been mailed to all members of the Executive Committee, and that there was no unfinished business in those minutes not taken care of in the agenda for this meeting. The Chairman stated that if there were no objections the minutes would be approved without reading; hearing no objection the chairman declared the minutes of the previous meeting approved.

REPORT OF BUDGET AND FINANCE COMMITTEE

Mr. C. J. Roh, Chairman of the Budget and Finance Committee reported that the Budget and Finance Committee held a meeting last night at which time a proposed budget for 1936 in the amount of approximately \$205,000.00 was thoroughly considered. Mr. Roh explained in detail the make-up of the budget, commented on the anticipated income for 1936, and moved the approval of the budget as presented; the motion was seconded by Mr. Figgis and carried.

Chairman Roh advised that the Budget and Finance Committee had given consideration to the type of leadership given to the Association by President Trigg since the organization of the present Association in 1933, and stated that the Committee felt the services rendered by President Trigg were so entirely different from services rendered by other elected officers that the question of his engagement for an additional period of time should be given attention at this time.

Mr. Phillips stated that due to many interests involved it was both desirable and necessary to insure the continuance of Mr. Trigg's services as a full-time salaried executive, and he suggested that if the members of this Committee deemed it advisable they could refer the question back to the Budget and Finance Committee for consideration and with authority to arrange with Mr. Trigg for his continued services. It was moved by Mr. Carter and duly seconded that the suggestion as submitted by Mr. Phillips be approved. Motion carried.

REPORT OF THE TREASURER

The Treasurer, Mr. Charles J. Roh, presented a statement of income and expense for a period from October 1st to December 31st, 1935, and a balance sheet showing assets, liabilities and surplus as of December 31st, 1935 (copy attached). ✓

The Chairman explained the statement in detail and pointed out that the Association's cash and asset position has been greatly improved over last year, that marketable securities carried at their face value of \$109,000.00 have a book value of approximately \$120,000.00, and that the surplus carried by the Association is several thousand dollars higher than it was last year; he pointed out that for the first three months of the current fiscal year the association has operated well within its income. The Chairman stated that losses in membership during the year had been less than normal.

On motion duly made and seconded the report of the Treasurer was approved as read.

REPORT OF THE SCIENTIFIC SECTION

NCA 0 02723

Dr. Gardner stated that due to present interest in the subject his report would be principally on the subject of perilla oil. He stated that he believed it might be advisable for the industry not to oppose the tax on perilla oil proposed in H.R. 10502 presented in the House of Representatives on January 22nd, 1936. He stated that he believed that perilla oil would be of great value to our industry in future years, and that its domestic development should be encouraged in every way possible. Dr. Gardner stated that he had arranged to bring in a quantity of perilla seed to be distributed, with instructions for planting, through

agricultural interests in approximately twenty different states; he stated that arrangements had been made through the Archer-Daniels-Midland Company to secure three tons of perilla seed from a shipment which has just recently arrived on the Pacific Coast.

Dr. Gardner stated that he believes some work should be started as soon as possible in research in the field of developing synthetic oils for the paint industry from petroleum bases. He displayed a number of panels which had been coated with paint, using a synthetic oil made from a petroleum base on a process developed by him about ten years ago. Dr. Gardner stated that he believed a program for the development of synthetic oils would be an expensive one, requiring a minimum of one hundred thousand dollars a year for a period of five years, and that for that reason he believed the program might better be handled by individual manufacturers who have research facilities sufficient to engage in this type of program. He stated that he was preparing to publish a report on a Russian experiment in this field, and he suggested the advisability of making a study of all literature available on the subject, for the purpose of publishing in a circular, for distribution to our members and to petroleum companies, such pertinent information as might be developed. *(See memo attached - not mailed to members of committee)*

President Trigg stated that he believed the industry should oppose any duty on perilla oil at this time, recognizing that if it develops later that the crops can be grown in this country in commercial quantities, then protection would be necessary; he requested instructions from the Committee as to what position the Association should take in this matter. President Trigg pointed out that Dr. Coulter, formerly head of the North Dakota Agricultural College, and former chairman of the Tariff Commission in Washington, had stated that perilla oil is a by-product in Japan where the perilla cake is used as a fertilizer for the mulberry tree on which the silk worm feeds; he pointed out that the Japanese could sell perilla oil at any price or could even give it away if need be.

Mr. Phillips stated that Dr. Ware and Dr. Long had expressed the opinion that it would take a considerable amount of time to prove whether or not perilla can be raised in sufficient quantities in this country to meet domestic needs. Mr. Phillips stated that he believed there is a reasonable feeling that it may not be necessary to place a tariff on perilla oil at this time, keeping open however the possibility of protection at a later date.

Mr. Webster expressed the belief that the industry should oppose a tariff on perilla oil on the general basis of policy affecting the importation of raw materials.

Mr. Moore suggested that in view of the fact that the country is passing through a critical stage at the present time, and that the only reason for the proposed tariff is to raise money for the government's budget, it might be advisable for the Association as such to keep out of the political arena as much as possible, and instead of formally protesting the Tariff go to the Farm Board, Granges and like organizations to make our opposition known in an educational manner.

Dr. Gardner pointed out that there are in the membership of the Association large crushers of oil whose interest might be in opposition to the interests of paint manufacturers in this case and who might disagree with the action of this committee.

Mr. Sulzberger pointed out that only twenty per cent of the linseed oil used by the paint and varnish industry is raised in the United States and he expressed the belief that the paint industry need have no fear in frankly stating its position with regard to competing oils; he stated it as his belief that a group can decently and openly oppose anything on which they are agreed, just as

properly as can individuals. He stated that he did not believe paint manufacturers should be coerced into using any product merely because someone wished to sell that product. He stated that in his opinion the industry should strongly oppose the imposition of the proposed tax on perilla.

Mr. Griffin stated that in view of the fact that we may need protection eventually on perilla, it might be difficult to reverse the industry's position in the matter if too active a position is taken at this time in opposing this protection.

Mr. Phillips pointed out that the industry's position in connection with tung oil is not so different from that which may now develop in connection with perilla; he stated that the industry had opposed a tariff on tung oil but that with the domestic crop increasing yearly it may be advisable to seek protection in the near future.

President Trigg stated that it seemed to be the sense of this meeting that the Association should oppose any duty on perilla at this time and that in the absence of any further instructions the Association officers would oppose such duty confining their efforts if possible to educational methods as suggested by Mr. Moore but with the understanding that if it seemed necessary to successfully oppose it they would do so with Congress and the committees thereof.

It was moved by Mr. Webster, seconded by Mr. Fuller, that the officers of the Association be so instructed. Motion carried.

Dr. Gardner stated that he believed the Scientific Section of the Association could be helpful to manufacturers in their research in the field of synthetic oils if it was the wish of this committee that the work be undertaken.

Mr. Sulzberger stated that if any large expense were involved in the general distribution of information developed by the Scientific Section, he believed the distribution might be confined to those manufacturers whose research facilities would enable them to make use of the information developed; he stated that members of our Association want oils rather than credit for having performed a fine piece of work. Dr. Gardner stated that practically no additional expense would be involved in the study which he recommended.

Mr. Webster suggested that Dr. Gardner contact, and offer to work with, such firms as Standard Oil of New Jersey and other oil companies interesting them in making their own studies in the development of synthetic oils; Mr. Phillips stated he believed that was the procedure contemplated by Dr. Gardner.

UNFAIR COMPETITION COMMITTEE

President Trigg read the following section from the By-laws of the Association regarding the appointment of the Unfair Competition Committee:

"This Committee shall be appointed by the President in collaboration with the Chairman of the Executive Committee subject to approval by the Executive Committee."

The Secretary read the following list of members recommended for appointment on the Unfair Competition Committee in accordance with the provision in the By-laws:

NCA 0 02725

MR. H. E. WEBSTER, Chairman, Pratt & Lambert, Inc. Buffalo, N.Y.
MR. W. C. DABNEY, Jones-Dabney Co., Louisville, Ky.
MR. O. J. S. DE BRUN, Egyptian Lacquer Mfg. Co., New York, N.Y.
MR. JOSEPH D. PATTON, Pittsburgh Plate Glass Co., Milwaukee, Wisconsin
MR. E. S. PHILLIPS, Devco & Reynolds Co., Inc., New York, N.Y.
MR. CHARLES J. ROE, Murphy Varnish Co., Newark, N.J.
MR. F. L. SULZBERGER, Enterprise Paint Mfg. Co., Chicago, Ill.
MR. W. M. ZINTL, E. I. du Pont de Nemours & Co., Wilmington, Delaware

It was moved by Mr. Dunning, seconded by Mr. Griffin that the appointment of the Unfair Competition Committee as announced be approved. Motion carried. ✓

NON-EXCHANGE AGREEMENT

On request by President Trigg Mr. Macdonald read and explained a list of suggested changes in the non-exchange agreement.

Following considerable discussion regarding the responsibility under the non-exchange agreement of Class E (wholesale) members and several other possible additional changes the proposal was referred back to Association headquarters for clarification and reference to the Executive Committee for action by mail vote.

AMERICAN TUNG OIL CORPORATION

President Trigg reported that all outstanding shares of the American Tung Oil Corporation had been accounted for with the exception of four single shares held by four parties, and stated that as rapidly as certificates are being received at Association headquarters they are either accepted as a donation or are cancelled by check in the amount of \$12.00 per share in accordance with the agreement previously presented. He expressed the belief that the stock of the corporation would soon all be in the hands of the National Paint, Varnish and Lacquer Association, putting the Association in position as owning the American Tung Oil Corporation. President Trigg stated that the directors of the Tung Oil Corporation desire to keep the corporation alive to protect the name and for educational purposes and that the charter might be changed from a profit to a non-profit corporation to enable the continuance of educational work.

Mr. Phillips pointed out that the By-laws of the National Paint, Varnish and Lacquer Association do not provide for the voting of stock of subsidiary organizations and it was moved by Mr. Webster, seconded by Mr. Havey that:

WHEREAS the National Paint, Varnish and Lacquer Association, Inc., is owner of certain shares of stock in the American Tung Oil Corporation, a corporation created and existing under the laws of Florida,

BE IT RESOLVED that the President of said Association, or in his absence the Vice-President, be and he is hereby appointed the lawful agent and attorney of said Association fully authorized and empowered to vote for and in the name of the said Association at all meetings and adjournments thereof of the said American Tung Oil Corporation, and with full power to act for and on behalf of the said Association in the transaction of any business which may come before such meetings, in accordance with the number of votes the said Association would be entitled to cast at any such meeting. Motion carried. ✓

Mr. Bennett suggested that a copy of the resolution regarding the stock of the American Tung Oil Corporation be referred to the By-laws committee in order *Mac said not necessary*

that such amendments as may be necessary in the By-Laws can be prepared for presentation to the next annual meeting of the Association.

PRODUCT LIABILITY INSURANCE

President Trigg stated that during the past few years many claims for bodily injury, illness or death have been brought against members of the paint industry from causes claimed to have arisen through the use of the products of the industry and advised that a type of insurance has been developed to protect members of the industry against this hazard. He stated that this type of liability insurance is comparatively new in the paint field and that insurance companies have had very little experience in this field so far. President Trigg stated that the insurance can be carried at the present time at the very low rate of two cents per one hundred dollars of sales based on total sales, or approximately \$200.00 per year per million dollars of sales. He expressed the belief that if a substantial number of members of the Association are interested, a desirable group proposition might be developed through some reliable insurance company, the insurance to be made available only to members of the Association, but involving the Association in no responsibility in the matter.

President Trigg read a letter which it is proposed to send to members of the Association regarding product liability insurance and listing a number of cases of action against members of the paint industry (copy attached) and stated that it is hoped this letter will develop whether or not there is sufficient interest among members of the industry to warrant the development of a group plan for this type of insurance.

Mr. Wood referred to a study made by the Steering Committee of the Industrial Sales Division of the National Association in connection with the use of "caution labels", and stated that they had been unable to find an insurance company sufficiently reliable and with sufficient capital to protect the industry's interest in this field; he expressed the belief that the entire industry should adopt "caution labels."

President Trigg stated that Dr. Gardner, through the Scientific Section, had been urging the adoption of caution labels for the past twenty years, but that the Association had received little cooperation from members of the industry in this particular field.

Mr. Figgis suggested that information regarding "caution labeling" be added to the letter to be sent to members of the industry regarding product liability insurance.

President Trigg expressed the belief that no manufacturer in the paint industry can afford to disregard the proposed protection, at its present low expense. He stated that unless a good reliable insurance company can be found to carry this proposed group product liability insurance the Association would have no part in the promotion of the project.

President Trigg stated that possibly the National Association could be helpful to its members through an information service, and he referred to a type of insurance carried by Devoe & Reynolds which provides for the payment, by the insurance company, of any dealer's account to Devoe & Reynolds if that dealer should have a fire.

Mr. Fuller expressed the belief that the Association could render valuable service to its members by acting as a clearing house for insurance information.

Mr. Zintl stated that the du Pont company carry product liability insurance on some specialties and stated that he would send to President Trigg the name of the insurance company carrying this risk.

Mr. Havey suggested that the large baking companies have had considerable experience with product liability insurance, and could undoubtedly furnish information regarding some of the companies writing this type of insurance.

Mr. Phillips stated that if there were no objections the proposed letter to members of the industry would be revised to include information regarding caution labeling. Mr. Webster suggested that the use of benzol be included in the comments regarding requirements for caution labeling.

PAINT INDUSTRY RECOVERY BOARD

As a matter of record Mr. Macdonald reported that the Paint Industry Recovery Board was dissolved in the State of Delaware on December 28th, 1935.

LINSEED OIL PROCESSING TAX

Mr. Sulzberger pointed out that the Ferguson Bill, H. R. 10502, providing for a tax on perilla oil also provides a processing tax on linseed oil.

President Trigg stated that, unless this committee advises to the contrary, association headquarters will continue to oppose any proposed tax on linseed oil in accordance with past instructions.

WISCONSIN STATE PAINT FACTORY

President Trigg advised that the State of Wisconsin has established a paint factory as one of the industries in the State Prison at Waupun, the University of Wisconsin having supplied specifications for paint products to be sold to governmental units. President Trigg stated that the subject was being presented merely as a matter of information, and expressed the opinion that there was nothing the Association could do about it at this time.

Mr. Griffin reported that the Milwaukee School Board is also manufacturing paint for public school buildings, and stated that the Wisconsin trend seemed to be in that direction.

President Trigg reported that the State of New Jersey is making plans to manufacture automobile tag enamel and road marking paint, and that a meeting of the New Jersey paint manufacturers has been planned in an attempt to head off this activity in the State of New Jersey.

In answer to a question by Mr. Figgis, President Trigg stated that State Senator Clee appeared to be the person responsible for the proposed development in New Jersey and Mr. Roh, Mr. Figgis and Mr. Moore expressed the opinion that other interests were undoubtedly back of Mr. Clee and they expressed complete confidence in Senator Clee's integrity and ability.

Mr. Sulzberger pointed out that the development of the paint manufacturing business by the State of Wisconsin started as a relief measure, but gave very little employment and suggested this example might be used in opposing the development in New Jersey.

Mr. Fuller and Mr. Fennett reported attempts to develop similar projects in California and Utah, the California attempt being a relief measure.

PAINTER'S LICENSE BILL

President Trigg reported that there has been introduced into the present session of the Kentucky legislature a bill to license master painters; he stated the Association would proceed to oppose the passage of the bill.

DEFERRED PAYMENT PLAN

President Trigg reported that as a result of a mandate from the last national convention, arrangements had been made with the National Homes Finance Corporation making available a deferred payment plan for use by members of the paint industry. President Trigg stated that the entire thought in offering this modern method of merchandising was to sell more paint, and he made it clear that there is no competition between the plan as presented by the National Homes Finance Corporation and any other plan being used by members of the paint industry. He stated that the effort of the Association in connection with deferred payment plans would be to promote sales without reference to specific deferred payment plans. President Trigg stated that about twenty-five members of the Association have indicated their intention of using the National Homes Finance Corporation plan.

Mr. Phillips stated that the paint industry over a period of years had been practically competing with other industries on the basis of painter's credit, a condition which has materially limited the sales of the products of the industry. He stated that while partial payment plans were just getting started throughout the paint industry, and were therefore playing but a small part in the industry at the present time, they would undoubtedly have a definite bearing on the future development of the industry. He stated that in his opinion Title I of the Federal Housing Act, which, unless it is extended, will expire on April 1st, has been of more value to members of the paint industry than any other New Deal activity, and he expressed the belief that members of the industry should do everything possible to bring about the passage of the Duffy Bill, which provides for the extension of Title I, F. H. A.

1936 CONVENTION

The Secretary read invitations received from local paint associations in Milwaukee, St. Louis and Toronto and referred to the various communications from Mayors, civic organizations, hotel associations and the like, which accompanied these invitations.

Mr. Moore stated that there has been some suggestion that the 1936 convention be held at White Sulphur Springs in West Virginia.

President Trigg suggested that he believed the convention this year should be held somewhere in the mid-west, and this suggestion met with the approval of other members of the committee. He further suggested that it might be advisable to devote the morning sessions of the convention to business affairs and the afternoon and evening periods to entertainment and the opportunity to get acquainted. Mr. Roh pointed out that in spite of large enrollment at recent conventions very few have attended the business sessions, and he expressed the belief that many members attend the convention principally to renew old acquaintances and make new acquaintances. Mr. Figgis stated that in his opinion there would be more of a desire to get together in social gatherings in White Sulphur Springs than in any of the cities in which conventions have recently been held.

Following some further discussion it was moved by Mr. Moore, seconded by Mr. Havey that the 1936 convention of the National Paint, Varnish and Lacquer Association be held at White Sulphur Springs, West Virginia or at such other place as may be decided upon by President Trigg. Chairman of the Executive Committee Phillips and Vice Chairman Sulzberger. Motion carried.

SAN FRANCISCO IN 1938

The Secretary read a communication addressed to President Trigg by Garrett M. Goldberg, Western Zone Vice President, inviting the National Association to hold its annual convention in San Francisco in 1938 at the time of the World Fair held in celebration of the completion of the San Francisco Oakland Bay Bridge and the Golden Gate Bridge.

Mr. Farmer Fuller stated that the manufacturers on the Pacific Coast would appreciate an opportunity to entertain the National Convention in 1938.

It was moved by Mr. Trigg and duly seconded that the Committee express its thanks to the industry on the Pacific Coast through Mr. Goldberg for this invitation and advise them that the invitation will be given consideration. Motion carried.

MEMBERSHIP

The Secretary read a list of resignations pending and it was moved by Mr. Trigg, seconded by Mr. Sulzberger that the following resignations be accepted:

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| ✓ Anti-rust Paint Company of Louisiana
New Orleans, Louisiana | ✓ Olvgren Paint Supply Co.
St. Paul, Minn. |
| ✓ Selknap-Moran-Allen Co., Inc.
Brooklyn, N.Y. | ✓ Girard Paint and Varnish Mfg. Co.
Philadelphia, Pa. |
| ✓ Brooklyn Putty Works, Inc.
Brooklyn, New York | ✓ Hlsley & Held Company
New York, N.Y. |
| ✓ E. V. Crandall Oil & Putty Co.
Brooklyn, N.Y. | ✓ Southern Mineral Products Corp.
Piney River, Virginia |
| ✓ Ellicott Paint Co., Inc.
Buffalo, N.Y. | ✓ Tex Manufacturing Company
Brooklyn, New York |

Motion carried.

CLEAN UP AND PAINT UP

The Secretary read a communication addressed to President Trigg by Mr. R. W. Emerson to which was attached a resume of clean up and Paint Up activities (copy attached) for consideration by members of the Executive Committee.

Mr. Phillips stated that all members of the Committee had received copies of this presentation and he requested each member to read the communication carefully and to advise Association headquarters of any suggestions which they might wish to submit in connection with Clean up and Paint up Activities.

At the suggestion of the Chairman the Secretary was directed to express to Dr. Plumb the committee's sympathy for the loss he has sustained in the recent death of his mother.

NEXT MEETING

The Chairman stated that the next meeting of the Executive Committee would be held in Washington, D. C. sometime during the month of April.

MISCELLANEOUS

At the suggestion of President Trigg Mr. Fuller commented informally on the serious situation which has developed on the Pacific Coast with regard to marine labor. He commented on the terms of agreement through which the 1934 marine strike was brought to a conclusion, and stated that while these terms are being lived up to by management they are being disregarded by labor; he stated that there are hundreds of small strikes occurring constantly and that industry on the Coast was fearful of another general outbreak.

ADJOURNMENT

The meeting adjourned at three P. M.

Reuel W. Elton
Reuel W. Elton

SECRETARY