MINUTES
EXECUTIVE COMMITTEE MEETING
National Paint, Varnish and Lacquer Association, Inc.
Statler Hotel Washington, D.C. April 16, 1945

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A regular meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association convened at 10:00 A.M., Tuesday, April 16, 1946, in the Statler Hotel, Washington, D. C., with the following in attendance:

FRANK BONNES	M. L. HAVEY	H. A. MELUM
THURLOW J. CAMPBELL	A. E. HORN	HAROLD ROWE
W. M. CLARK	WM. H. JARDEN, JR.	E. J. SHANNON
R. O. CLARK	N. W. KELLEY	FRANK L. SULZBERGER
E. A. FOY, JR.	J. WARREN KINSMAN	ERNEST T. TRIGG
E. D. GRIFFIN	HARRY M. KUHN	VAL WURZELE

Guests

ROY B. ANDERSON	H. A. GARDNER	BERNHARD MAUTZ
R. W. BLAIR, JR.	J. F. KURFEES, JR.	CHARLES L. RAFFI

Association Staff

REUEL W. ELTON	M. Q. MACDONALD
GEORGE H. PRIEST, JR.	G. G. SWARD

Absent

ELLIOT S. PHILLIPS	ARTHUR W. STEUDEL	W. C. STOLK

Call to Order

The meeting was called to order at 10:00 A.M. by the Chairman, Mr. Thurlow J. Campbell.

Minutes of Last Meeting

The Secretary stated that the minutes of the previous meeting had been mailed to all members of the Committee and that the agendum for this meeting would take care of unfinished business carried over from the last meeting. The Chairman stated that if there were no objections, the minutes of the last meeting would be approved without reading. There being no objections, the Chairman stated that the minutes of the Executive Committee meeting held January 31, 1946 are approved.

Report of President

President Trigg stated that following usual procedure, he would report on several items appearing on the agendum.

Sales Figures - President Trigg stated that sales figures for the industry - released yesterday - indicate February sales rose 6.1% over February 1945 and sales for the first two months of the year rose 5.7% over the first two months of 1945. Trade Sales increased 25.2% for the first two months and Industrial Sales decreased 18.6% for the first two months. President Trigg pointed out that it is entirely possible the industry may have manufactured fewer gallons of paint during the first two months of 1946 as compared with the first two months of 1945, but due to an ending of war business, may have sold those fewer gallons for a larger dollar return.

American Standards Association - President Trigg stated that in compliance with instructions given by the Executive Committee, the Association has now become a member of the American Standards Association and has appointed A. B. Bingham of the Pittsburgh Plate Glass Company as our representative and it is hoped that Mr. E. W. Fasig, Lowe Brothers Company, may accept appointment as alternate representative. President Trigg pointed out that Secretary of Commerce Wallace had appointed a committee to study the standards situation and that this committee had reported back to the Department with the recommendation that standards where needed should be developed by industry and not by government and that following this recommendation, Secretary Wallace had designated the American Standards Association as the agency with which his Department would cooperate in the development of standards.

President Trigg read the following memorandum on the subject of "Grade Labeling - Minimum Standards - Certification of Quality":-

"During the war members of this industry have been so absorbed in immediate problems involving materials, containers, selective service, pricing, surplus property, taxation and the like, that of necessity some important trends may not have received the consideration which they deserved, and which in other times they would have received.

"I wish to discuss only one of these, - the steady movement toward classification, standardization, certification or grade labeling of merchandise intended for over-the-counter buyers who depend on the manufacturers and dealers for reasonably accurate guidance in the selection of consumer goods, or, lacking that guidance, turn to government for assistance.

"The growth of this movement has been noted in activities of the Department of Commerce consumer groups, private organizations, and semi-private organizations assisting in the development of commercial and industrial standards as aids to expansion of commerce, and single industries that are endeavoring to assist and protect purchasers and stimulate confidence in their particular products.

"All will agree, I believe, that the public should look primarily to industry for guidance.

"Whether the tendency to look to the government can be arrested would seem to depend very largely on the attitude of industry itself, and its ability to view the problem so far as this reasonably can be done, through the eyes of the buyers. In line with that attitude, the grocery manufacturing industry has recently issued to housewives a 'Market Basket Quiz' intended to develop information of value in determining its labeling problems. The Society of the Plastics Industry recognized the fact that the great variety of plastic materials presented a confusing picture to the buying public; that the housewife who buys the great bulk of consumer goods is not interested in becoming a plastics expert, but wants to know how to select and use and care for the things she buys. After extended consideration the Society, with the cooperation of the Plastic Material Manufacturers Association, made a number of broad recommendations along the line of informative labeling.

"The Tanners' Council of America has given careful consideration to the problem and has taken certain steps intended to protect purchasers of leather luggage, give them confidence in these products, and promote the sale of better merchandise.

"Although the pressure for grade labeling and the like has probably been greater on food industries than others, it is without doubt extending into other fields. Our industry, I believe, cannot well afford to ignore this trend, and be unprepared to face the problem if it is presented. Its present judgment, which I believe is wholly sound, is that grade labeling of paint products would be harmful to the consumer and manufacturer alike. Our industry has gone far in the direction of informative labeling, not only dealing with the uses and characteristics of its products, but giving careful directions for use and for avoiding unsatisfactory results. I have no suggestions for any improvement in present practice, except to urge the members of the industry to do their part in making the resolution of the Convention of 1938 calling for voluntary and universal adoption of formula labeling of trade sales paints fully effective. The problems of the war years may have halted progress in this direction.

"I have, however, one recommendation bearing directly on the problem we have been discussing. I believe that in view of the steady growth of the demand for grade labeling, minimum standards, certification of quality and the like, prudence now requires this traditionally forward looking industry to appoint a committee which will keep abreast of all developments in this field, consider the problem from the standpoint of the industry and its consumer customers, and from time to time make such reports and recommendations to the Executive Committee as it deems advisable.

"There is, and doubtless will continue to be, a considerable amount of material concerning the activities of the government and industrial or consumer groups received at Association Headquarters that cannot receive all the consideration it may deserve. The appointment of a committee for this purpose would, I believe, serve the interests of the industry, and give the membership and this committee confidence that the movement, which in some respects carries a threat of injury, is under constant observation."

It was moved by Mr. Horn, seconded by Mr. Shannon, that the President be authorized to appoint a special committee on "Grade Labeling - Minimum Standards and Certification of Quality". Motion carried.

Navy Use of Titanium - President Trigg stated that the use of titanium by the Navy had been the matter of a great deal of discussion and that some progress has been made in the Association's effort to have the Navy reduce the amount of this critical material being used and he referred to the following letter received from Admiral E. L. Cochrane of the Bureau of Ships of the Navy Department:

"The critical nature of the civilian supply problem in regard to meeting the requirement of the Industrial Reconversion Program for Titanium Dioxide is appreciated, and the suggestion that Aluminum paint be substituted for Titanium Dioxide bearing paint will be fully considered insofar as is compatible with preservation requirements of Naval vessels. It is anticipated that the six months estimate, as noted in your letter, of 12,000,000 pounds of Titanium Dioxide to be used by the Navy will be reduced."

President Trigg stated that subsequent to the receipt of Admiral Cochrane's letter, copies have been received of orders issued by the Bureau of Ships, namely, order number 46-590 "Conservation of Paint Materials" and number 46-591 "Inside Painting, Bilges - Omission of White Paint, etc." and he stated that he had been informally but reliably advised that instructions have been issued to use one coat of aluminum and one coat of haze gray instead of two coats of haze gray on lay-up ships.

Election of Secretary - President Trigg stated that at the October 1945 meeting of the Executive Committee, when the present Secretary of the Association was elected Executive Vice President, it was with the understanding that he would serve as Secretary until the election of his successor. Mr. Trigg stated that Mr. T. S. Moulton, who had been the Association's Accountant for ten or twelve years, has now returned to the Association with the rank of Captain after having served three years in the United States Army, and he recommended the election of Mr. Moulton as Secretary. It was moved by Mr. Foy, seconded by Mr. Melum, that T. S. Moulton be elected Secretary of the Association. Motion carried.

Signing of Checks - President Trigg pointed out that the by-laws provide in Section 5, Article IV, that "Disbursement shall be made by voucher signed by the Secretary, or, in his absence, by a representative, authorized by the Executive Committee, as coming within the budget, and countersigned by the Treasurer", and Section 7, Article IV, provides that - "In the case of the death, illness, disability or absence from his office of the Treasurer, any one of the following officers of the Association is hereby authorized to countersign checks and otherwise to perform ad interim the necessary duties of the Treasurer; the President, Vice President or Chairman of the Executive Committee". Mr. Trigg stated that the Executive Committee at its meeting on April 14, 1942, in view of the fact that Mr. Moulton, the Association's Accountant and who was an alternate for the Secretary in the handling of disbursements, was entering the Armed Forces of the United States, designated M. Q. Macdonald, Attorney, as alternate to the Secretary. It was recommended by President Trigg that now that Mr. Moulton has returned from the service and has been elected Secretary, the Executive Committee authorize the signature of the Executive Vice President as an additional alternate to the Secretary. It was moved by Mr. Horn, seconded by Mr. Wurtele, that the Executive Vice President be authorized to sign checks as an additional alternate to the Secretary. Motion carried.

Budget and Finance Committee - Mr. Trigg announced the appointment of Mr. J. Warren Kinsman as a member of the Budget and Finance Committee to take the place of Mr. Franklin J. Lane, whose term as a member of the Executive Committee has expired. All other members of this Committee were reappointed.

Employees Report - The President stated that a copy of the semi-annual Employees Report is attached for information of the members of the Committee. (Copy attached)

1946 Convention - President Trigg stated that reservations are piling in for the 1946 Convention to be held in the Traymore Hotel, Atlantic City, November 6th, 7th and 8th. He stated that the "1946 Paint Show", conducted by the Federation of Paint and Varnish Production Clubs, will be held in the Claridge Hotel, November 4th, 5th and 6th, and he stated that indications point to the largest convention we have ever held. Program plans are in the making but are not sufficiently developed to announce.

OPA Price Appeal - President Trigg read the following letter addressed to the Office of Price Administration in connection with an appeal for industry price relief:-

"OFFICE OF PRICE ADMINISTRATION
Washington 25, D. C.

"Gentlemen:

"In the attacht statement, we are requesting price relief for this industry and we are summarizing the details covered on the attacht sheets and our request is as follows:

"WE RESPECTFULLY REQUEST THAT IN VIEW OF

"(1) The vital importance of the products of this industry in the reconstruction program of the Nation;

(2) The fact that a substantial number of manufacturers are currently making less money, after adjustments and before taxes, than in the base period;

(3) The critical shortages of important raw materials and containers;

(4) The indicated decrease in volume of business;

(5) The increase in cost of raw materials;

(6) The increase in cost of labor;

(7) The increased costs due to readjusting our businesses on an aggressive peacetime basis;

(8) And finally to create proper incentive to encourage maximum effort and production;

"that our industry be permitted to increase its selling prices by an amount equal to the actual increase in costs today as compared to the costs on which the March 1942 prices were based. By costs we mean raw materials, plus containers, plus labor, and plus other factory expense, including superintendence, overhead, etc. In other words, the cost of the product, packaged, labeled and in a case, ready for shipment, but not to include any costs after factory.

"In order to make perfectly clear what we mean, let us use the example of a product priced in March 1942 at $2.00 per gallon, the cost of which when that price was established was $1.50 per gallon. If the cost on that product under today's conditions has increased to $1.65 per gallon, then under our request we would be permitted to increase our selling price by the difference of 15¢ in the cost, making the selling price $2.15. Note - we do not request an advance to include any profit on the increase in cost, or anything to cover increased expense beyond factory cost.

"While the granting of this request would be a substantial relief to and an incentive for the individual manufacturers in this industry, its effect upon the public purchasing power and the cost of living would be neglible. The total volume of business for the industry for the year 1945, as reported by the Department of Commerce, was $643,425,141. Figuring a population of 140,000,000, this represents a total per capital of $4.60 annually based on the prices which were in effect in 1945.

Respectfully submitted,

President "

President Trigg expressed the hope that members of the Committee had had an opportunity to read the appeal document and he stated that the Association has received some information which would indicate that the appeal might get a sympathetic hearing. He pointed out that a bill in Congress, requesting this same type of relief for all industry was lost in committee by a tie vote and is now again under consideration. He stated that the special committee authorized by the Executive Committee to consider this question had held two meetings - had given the matter very serious consideration in all of its ramifications and had unanimously approved the appeal as now presented. President Trigg pointed out that the Bureau of the Census figures for 1939, the last available, show that 92 1/2% of the firms in the paint industry did a business of less than $1,000,000 a year and that 51 1/2% numerically did a business of less than $100,000 per year. He outlined briefly what the appeal covered and pointed out that the appeal had been very carefully prepared, based on all available information and he expressed the hope that it might be approved in its present form due to the need for getting earliest possible action. President Trigg stated that some interesting conferences had been held with OPA - on their initiative - and that he had advised them that an appeal would be made on an industry-wide basis, and he stated that some manufacturers have advised him within the past few days that OPA had suggested that they wait for action on an industry wide appeal which they understood would be made rather than to press individual company appeals.

After a thorough discussion of the entire subject, Mr. Campbell pointed out that no two men would write a letter in exactly the same words, and he expressed the opinion that this letter has been carefully and well prepared. He pointed out that the appeal as written had been unanimously approved by the subcommittee - that time is essential - that the request must go in to OPA promptly in order to indicate to many manufacturers who need relief that some action is being taken and he expressed the hope that the Committee would approve the letter as now prepared.

In answer to a question by Mr. Kurfees, President Trigg explained that the letter to OPA states clearly that no effort is being made to make a case on the grounds of OPA philosophy that an industry must have made less money in 1945 than in a base period to be entitled to consideration.

Mr. Horn stated that he had read the appeal carefully and expressed the belief that it was an excellent job and that it successfully straddled debatable points and he moved that the appeal as written be sent promptly to OPA. The motion was seconded by Mr. Sulzberger and was unanimously approved. (Copy attached)

After the unanimous approval to the request to OPA for price relief, a motion was made and unanimously adopted, authorizing (1) that a complete copy of the appeal be sent to the Chairman of the Senate Committee on Banking and Currency and the Chairman of the House Committee on Banking and Currency, and to Senator Murray as Chairman of the Special Committee to Study and Survey Problems of Small Business Enterprises; (2) that a copy be sent to all members of Congress, both Senate and House; (3) that a copy be sent to all paint manufacturers; (4) that paint manufacturers be requested to immediately write, wire or otherwise communicate with their Senators and Congressmen requesting their support of our appeal.

Notwithstanding the favorable action on this motion, the President requested and urged reconsideration of the instructions to send copies to the Committee Chairmen referred to, to the members of Congress, and the instructions to request manufacturers to communicate directly with their Senators and Congressmen regarding it on the ground that he did not believe it was advisable to bring this pressure to bear on OPA, already probably overburdened with similar situations in other industries, and on the ground that he, the President, felt very confident that our application would be given every possible consideration at as early a date as possible and that Congressional pressure might irritate more than help and would certainly put a lot of additional work on already overburdened OPA officials. He stated that should it develop later on that such pressure might seem necessary or advisable it could be better done then than concurrently with the submission of our appeal. After lengthy discussion, participated in by many members of the Committee, it was moved, seconded and unanimously resolved that the instructions in the resolution just adopted be rescinded with respect to sending copies to Chairmen of Congressional committees, to members of Congress, and the instructions with respect to requesting manufacturers to communicate directly with their representatives in Congress, and that the matter of submitting our request for relief to any other government agencies or officials and the matter of asking industry members to take it up with their representatives in Congress be left to the discretion of the President.

Report of Treasurer

Treasurer Foy referred to the comparative balance sheet as of March 31, 1946 and 1945 and the report of income and expense for the period October 1 to March 31, 1946 and 1945 (copy attached) and pointed out that excess income over expense for the period amounted to $32,537.00 and that the surplus notwithstanding the fact that $100,000 reserve for Retirement Plan had been set aside, was $594,909 as compared to $497,202 at this time last year. He pointed out that the income trend is still up, amounting to $161,620 for the period as compared to $154,294 last year, that the budget for the period amounted to $141,845 and expenses $129,083, indicating that the Association has been operated well within the budget. The various schedules were carefully reviewed and Mr. Foy stated that the report had been approved by the Budget and Finance Committee with a recommendation for reference to the Executive Committee. It was moved by Mr. Wurtele, seconded by Mr. W. M. Clark, that the report of the Treasurer be approved. Motion carried.

Report of Budget and Finance Committee

Mr. Foy stated that the Budget and Finance Committee met yesterday and authorized him to report to the Executive Committee that the Retirement Plan, previously authorized by the Committee, had been worked out in detail and had been adopted. He stated that the plan covers all employees of the Association between the ages of twenty-five and sixty-five - that it was developed by Mr. W. M. Werber of Washington - that it was reviewed and approved by Towers, Perrin, Forster and Crosby of Philadelphia - that it provides retirement benefits (including Social Security) in an amount equal to 27% to 77% of base pay for employees, the highest percentage applying only to a basic salary amounting to $1,200 annually. Mr. Foy stated that because of some salary increases and some changes in insurance ages since the plan was originally authorized, it is now necessary to request an additional appropriation of $15,411.87 to cover the cost of past service benefits. Mr. Foy pointed out that some subsequent appropriation will be necessary to provide for T. S. Moulton and John White, two employees returned from the service, in the retirement plan. It was moved by Mr. Horn, seconded by Mr. Kelley, that the additional appropriation to cover past service benefits in the amount of $15,411.87 be approved. Motion carried.

Mr. Foy stated that future service benefits under the retirement plan will be paid for as a current operating expense and he stated that the Budget and Finance Committee recommended an addition to the current budget in the amount of $12,402.14 to cover the first annual premium of the retirement plan. It was moved by Mr. W.M. Clark, seconded by Mr. Melum, that the recommendation of the Budget and Finance Committee be approved. Motion carried.

Mr. Foy stated that the Budget and Finance Committee recommended an addition to the current budget on the basis of $4,500 annually to cover the salary of T. S. Moulton, recently elected Secretary of the Association, the salary to apply from April 1, 1946. It was moved by Mr. Bownes, seconded by Mr. Horn, that the recommendation of the Budget and Finance Committee be approved. Motion carried.

Report of Scientific Section

Mr. Sward stated that in the ten weeks since presenting his last report, the activities of the Scientific Section have been at a rather low level. The resignation of Mr. Bolton and the decision of Major Van Heuckeroth to stay with the Engineer Board left the Scientific Section with only two men in the laboratory. Mrs. Edwards, Secretary to the Scientific Section, was confined to the hospital for one month and Dr. Westgate, on account of illness in his family, and at his own request, has been granted an indefinite leave of absence. Mr. Sward stated that he had interviewed many candidates for available positions on the staff of the Scientific Section and he expressed the hope that in the not too distant future the activities of the Section might be accelerated.

Mr. Sward reported that in accordance with the Committee's plan to encourage actively the growing of drying oil crops, Mr. Scofield made a four weeks' trip through the South and Southwest as far as Texas visiting State Experiment Stations - United States Department of Agriculture Stations - College Experiment Stations - Chambers of Commerce - Railroad Agricultural Agents - Oil Producers - and members of our own industry. His discussions included soybean, castor, tung, Garcia nutans, perilla, linseed, stillingia and safflower, and he reported that though there is considerable interest in the growing of drying oil crops this interest is somewhat lessened by a shortage of manpower. In spite of the shortage of manpower, Mr. Scofield considers his trip a success and Mr. Sward reported that the Scientific Section will do everything that it can do to increase the interest of drying oil crops with the hope that an adequate supply of oils for our industry will eventually be a reality.

Mr. Sward reported that the Scientific Section Committee, at a meeting on March 13th, devoted considerable time to a discussion of the scope of the Scientific Section and had appointed a smaller working committee to develop the details. He stated that as soon as a broad policy has been agreed upon, it will be reported to the Executive Committee for consideration. He stated that the members of the Scientific Section Committee are now Messrs. E. W. Fasig - A. B. Bingham - John J. Bradley, Jr. - R. H. Everett - A. E. Horn - J. J. Mattiello - Charles H. Reed - Frank L. Sulzberger - Harry E. Stone - and Val Wurtele.

Mr. Sward stated that preliminary plans for remodeling the space occupied by the Scientific Section at Association headquarters are under discussion, but have not as yet been crystallized sufficiently to present the completed plan.

Mr. Sward stated that the proposal by the Asbestos-Cement Products Association for a cooperative study with our Association of painting Asbestos-Cement products and which he reported to this Committee at an earlier meeting has been withdrawn by the Asbestos-Cement Products Association. Under the original proposal the Asbestos Association was to furnish test buildings and painters and our Association was to furnish the necessary paint materials. In addition to the proposed study of painting these Asbestos products there was an agreement between the Association representatives to refrain from using derogatory statements in advertising regarding our respective products and Mr. Donald B. Tulloch, Jr., Manager of the Asbestos-Cement Products Association, expressed the desire that no change be made with respect to that understanding.

Mr. Sward stated that the following circulars have been issued since the last report:

712 - Oil-Rich vs. Oil-Restricted Paints - II
713 - Deferred Painting
714 - Wartime Aircraft Finishes Used by the Army Air Forces

He stated that this latter circular was written by Louis Pereny, Lt. Colonel, AAF, in response to our request to Government agencies for circulars about wartime paints.

Circular 713 "Deferred Painting" was printed for general distribution - 20,000 copies were ordered and orders are being received which indicate that the bulk of this lot will be used.

A circular entitled "Testing Insecticidal Films" written by Dr. Westgate and Alexander Bolton is now on the press for early distribution.

Mr. Sward stated that in connection with his southern trip, Mr. Scofield addressed the Farm Chemurgic Convention in St. Louis on the subject "The Future of Dehydrated Castor Oil".

In answer to a question by Mr. Foy, Mr. Sward described in some detail, the method used for improving the drying properties of soybean oil and expressed the opinion that the patent governing this process will be a public patent.

Mr. Campbell expressed the opinion that even though the Asbestos-Cement Products Association is not interested in continuing the painting tests on their products, our Association should not drop the project. He expressed the belief that the painting of asbestos-cement shingles and siding will have a definite bearing on our business generally and that a careful study should be made of the subject. Mr. Sward expressed the opinion that while glazed surfaces are being developed by the Asbestos-Cement manufacturers, their costs are higher and asbestos-cement shingles will undoubtedly be used in low cost housing and should present a real field for the use of paint products.

In answer to a question by Mr. Griffin, Mr. Sward stated that there was some interest in the Southwest in the development of flax, but that the amount grown was negligible.

Mr. Blair reported in some detail on the experimental farm development being handled near Dallas by Southern Methodist University and stated that the University is operating the experimental station for the development of crops which might be adapted for the replacement of the cotton crop in the state of Texas. He stated that the Experiment Station is particularly interested in the development of drying oil crops and believed that in safflower they have found a plant which will be of real value to the state and to industry as a whole. In answer to a question by Mr. Trigg, Mr. Blair stated that safflower belongs to the thistle family, grows three to four feet high and can be harvested by machinery. Mr. Blair stated that the seed is high in oil content and that the cake resulting from the pressing is valuable as cattle feed. In answer to a question, Mr. Blair stated that he did not know whether or not any use had been found for the stalk of the safflower plant. President Trigg reported that small quantities of Garcia nutans oil are now being received from Mexico. In answer to a question by Mr. Kinsman, President Trigg stated that a representative of the French Government together with Dr. Horace Hopkins of the DuPont Company came to Washington to discuss the possibility of trading 30,000 tons of linseed oil for some edible oil. Arrangements were made for a conference with representatives of the Department of Agriculture with the result that there is a possibility of our receiving 10,000 tons of linseed oil for a future delivery of edible oil.

In answer to a question by Mr. Sulzberger, Mr. Trigg stated that the Association had had some part in promoting interest in increased production of soybeans through publication of reading articles in the soya growing district. Mr. Griffin expressed the opinion that if through proper promotion a large enough crop of soybeans could be developed, then the soybean industry would be looking for additional markets and the paint industry would come in for its share. He stated that his company is prepared to build additional plants, if necessary, to crush the oil and he expressed the opinion that the soybean [illegible] a good crop for farmers and is easily handled. Mr. Sulzberger suggested that there is need for statesmanship in the promotion of increased oil crops because growers fear a reduction in price, if the crop is large enough to supply all demands.

President Trigg expressed the opinion that there should be a long time program for raising more flax in this country and he referred to some conversations he had had with representatives of the linoleum manufacturing industry who are interested in developing a cooperative plan for the promotion of more flax growth in the United States. In answer to a question by Mr. Shannon, Mr. Sulzberger stated that flax in the Argentine produces approximately eleven bushels to the acre. Mr. Foy stated that considerable sunflower seed is being grown in South America and that a high excise tax prevents its greater importation into this country.

Drying Oils Situation

Mr. Priest stated that while there had been considerable discussion regarding the drying oils situation there seemed to be a few gaps to be filled in. He said that linseed continues to be the controlling factor in the drying oils situation and that statistically there should be enough to support the present 75% quota for all fats and oils in the aggregate. This quota was established last fall upon the assumption that we would receive 5,000,000 bushels of Argentine flaxseed, or its equivalent in oil, during the first six months of 1946. Up to the present time, we have only about 1,250,000 bushels (seed and oil equivalent) from Argentina but on the other hand our 1945 domestic crop was actually about 4,000,000 bushels larger than the estimate upon which the quota figures were based.

He stated that there has been some delay in getting deliveries of our domestic crop because of uncertainty surrounding the price with the general agitation for the increase of ceilings in agricultural products and the promise of a crop incentive payment for the 1946 crop, which some have felt might possibly be applied to 1945 crop seed withheld from the market at this time. The Department of Agriculture has announced its program now, however, to apply only to 1946 crop seed and has urged prompt movement of the 1945 crop seed.

Of even greater concern has been the delay in shipments of Argentine seed. Mr. Jasspon of the Department of Agriculture is now down there for the second time but apparently is meeting with a great deal of difficulty in his negotiations. The Argentine government, while not repudiating the agreement concluded with our State Department a year ago, has nevertheless expressed dissatisfaction and has declined to sell seed at the low price of $1.67 provided in this agreement. This was of course the condition with which we were faced at the time of our last meeting three months ago. Since then there has been a national election and the Peron government, against which our State Department sought to turn the electorate, has been continued in office, and they are quite evidently going to make Mr. Jasspon squirm before they conclude a renegotiated agreement. In the meantime, the presence of a Russion Purchasing Commission is adding to the confusion and irritation. The Russians are not parties to the agreement calling for world wide distribution of surpluses by the Combined Food Board and succeeded in buying about half a million bushels of flax in Uruguay at about $2.25 before Mr. Jasspon appeared upon the scene and arranged for the purchase of about 4,000,000 bushels at $2.27½. The difference is that Uruguay was under no obligation to sell only to our Commodity Credit Corporation, as Argentina is under terms of the agreement made a year ago. But offers being made by the Russians have had the effect of complicating Mr. Jasspon's negotiations with Argentina and there are indications that they will not be satisfied with the price paid in Uruguay.

This can't go on indefinitely but already it has gone on so long that it is doubtful if we will benefit from further importations of Argentine seed in the second quarter. However, we understand that from 1,000,000 to 1,500,000 bushels of the Uruguayan purchase are destined for immediate shipment to this country and this quantity, together with that already received from Argentina, plus further deliveries from our own 1945 crop, should be sufficient to support the 75% quota. Then any deliveries of Argentine seed will help out in the early part of the third quarter before our 1946 domestic crop starts to move.

Mr. Priest stated that the forecast of our 1946 crop is disappointing, indicating only 28,000,000 bushels based on farmers' intentions to plant as of March 1st, as compared with 37,000,000 bushels harvested in 1945. There is of course a chance for improvement and there is usually some increment in the acreage planted but much depends upon weather conditions unsatisfactory to earlier crops and in the meantime all emphasis of the administration appears to be on food crops because of threatened famine in Europe, though of course this situation must be met as well as can be with surpluses from our 1945 crop and these countries now relying on us for aid should have crops of their own next year which, even if insufficient to provide for all their requirements, should make them much less dependent upon imports.

Three months ago, in spite of the fact that there was not then enough soybean oil for edible uses, the Department of Agriculture feared a surplus from the next crop and deliberately set the goal at about 10% less than last year. We and others protested this and the acreage was restored, on paper, by increasing the goal but again emphasis upon wheat and corn have apparently influenced the farmers in their appraisal of the economics of the situation and the report of intentions to plant as of March 1st indicates the 1946 crop will be about 12% less than the 1945 crop. The soybean oil order has recently been amended and all inedible industrial uses are now limited to the monthly consumption of one-ninth of consumption during the first nine months of 1945. The order no longer specifically prohibits the use of soybean as a drying oil but it has the same effect as such use was prohibited during the first nine months of 1945. The imports of copra or coconut oil which were expected to relieve the pressure on soybean oil have not yet materialized but when they do it should be possible to relax the restrictions on inedible industrial uses of soybean oil.

There has been considerable criticism of the Navy's use of soybean alkyds at a time when there is increasing demand for finishes from the reconversion industries. Neither the Navy nor the Department of Agriculture have felt that the Navy's use of soybean alkyds has been excessive but nevertheless they have shown the same fine spirit of cooperation as already noted in the case of titanium and have not only eliminated the use of alkyds from interior painting but have also agreed to change the specifications now calling for the use of soybean and to make them more flexible. They will not specify linseed instead of soybean as they have considered the possibility that soybean may be more readily available than linseed in another year or less, but they will eliminate the requirement for the use of soybean at this time.

The castor oil situation has improved as compared with three to six months ago but is still very unsatisfactory as compared to a year to eighteen months ago and there are no prospects for immediate improvement, due principally to the impairment of interior transportation facilities. Three months ago our crushers had withdrawn from the market for beans because the price in Brazil made it impossible to import and crush them, and offer oil for sale at our domestic ceiling prices. Since then the price has been stabilized in Brazil and CPA has authorized an increase of 1½¢ per pound on dehydrated castor to compensate for the increased cost.

There appears to be a gradual increase in the amount of tung oil coming into this country from China with arrival of the first bulk shipment reported two or three weeks ago. Some oil is still being sold to Great Britain at prices in excess of our ceilings but as larger quantities become available for shipment our imports should continue to increase and it has been suggested that they may be at the rate of about 1,000 tons per month during the last six months of the year.

The fishing season on the Pacific Coast has been very unsatisfactory and total production is estimated to be only about 70% of normal while the proportion available for industrial uses other than the vitamin trade will probably be still less.

Glycerine

Mr. Priest stated that glycerine is a by-product of soap manufacture and is important to us as a raw material for use in the manufacture of synthetic resins. Soap manufacturers are operating upon reduced oil quotas based upon civilian consumption only in 1940 and 1941 and they are also operating under the handicap of very small quantities of coconut oil, which is superior to any of the other oils used in its yield of glycerine. We had expected that by this time we would be receiving fairly large quantities of coconut oil or copra from the Philippines but these have not yet materialized. Under allocations of the Combined Food Board we received copra from Ceylon during the war but with the end of the war shipments from Ceylon were diverted to Europe with the expectation that we would be able to resume imports from the Philippines. However, up to the present time our imports from the Philippines have been less than they were from Ceylon a year ago. The situation is improving from month to month, however; F.E.A. has put trucks into the islands and the Navy has turned over LSTs for inter-island transport, thus replacing facilities destroyed or taken away for their own use by the Japanese.

Rosin

Mr. Priest reported that at the October meeting, Mr. Wells Martin had discussed the rosin situation with members of this Committee who recommended that restrictions be kept in effect until supply is in better balance with requirements and that exports be severely restricted. Since then quota restrictions have been removed and there is now a movement upon the part of the southern producers to obtain approval for the exportation of 650,000 drums during the current crop year beginning April 1st. This whole situation, with CPA estimates of production and requirements for domestic consumption, is discussed in detail in Mr. Martin's letter of April 12th to Mr. Trigg (copy attached).

White Pigments

Mr. Priest reported that though drying oils presently appear to be the limiting factor in production, it is a question whether we would have enough white pigments to permit the use of much more oil than we now have. The titanium producers are proceeding with their plant expansions which are expected to increase the rate of production from 140,000 tons per year to 180,000 tons in 1947 but delays due to the steel strike have set the program back by three or four months at least so that we are not likely to get the increase we had hoped for in the last six months of 1946.

There is no probability of significant expansion of lithopone production as many plants were dismantled before the war and those still in production have been operating at capacity. All other zinc sulfide pigments are short and so is leaded zinc, though lead-free zinc oxide is in better supply. The white lead manufacturers have just received another cut in their quotas of lead metal which they are permitted to process and further cuts appear in prospect because of the world-wide lead shortage; it is a fact, however, that even under these reduced quotas we continue to have very much more white lead available than a year ago.

In answer to a question by Mr. Bownes, Mr. Priest stated that the linoleum manufacturers took most of the shipment of contaminated oil which was received.

President Trigg stated that the gum producers in the South had rallied to their support Southern Senators who have made a great issue with CPA regarding the rosin situation. The price situation is such that gum rosin brings a higher price in export than is permitted under ceilings in this country and therefore the producers are making a special effort to have an increase in the amount permitted for export. He stated that Wells Martin estimated that buyers in this country will not receive more than 75% of their need if exporters get permission to ship the 650,000 drums they have requested. President Trigg suggested that this Committee might wish to go on record as opposing any increase in rosin export above the 250,000 drums already agreed upon.

It was moved by Mr. Jarden, seconded by Mr. Foy, that this Committee go on record as opposing any additional quota for rosin export above the 250,000 drums already agreed upon. Motion carried.

In answer to a question by Mr. Shannon, Mr. Kinsman stated that there is a 10% premium on export price of rosin over domestic price.

California Regulations Covering the Use of Precautionary or Poison Labels

Mr. Macdonald referred to the fact that at the last meeting of the Executive Committee a report was presented regarding the California Labeling Regulations which were then under consideration and he stated that the regulation was put into effect but as a result of protestation the regulation was suspended pending further review. Mr. Macdonald stated that Dr. Warren N. Watson, Secretary of the Manufacturing Chemists Association of the United States, represented our industry at the hearings on the Pacific Coast and he then read the following letter from Mr. C. H. Sondhaus of the National Lead Company in San Francisco:

> "In answer to your letter of March 26, at the present time there is no 'Labeling of Injurious Substances Safety Order' as the proposed order was suspended prior to two hearings at Los Angeles and San Francisco, which Dr. Watson attended.
>
> "I assume that since Dr. Watson's return East, he has reported to Mr. Trigg and perhaps yourself concerning developments during his visit to the Coast.
>
> "At the moment the Department of Industrial Safety of the Industrial Accident Commission is engaged in rewriting the order and when that task has been completed, another hearing will be held. This hearing has not yet been announced. We are hoping of course that the Department will authorize the use of the uniform caution label which our attorneys submitted to the Department. As soon as we can secure an advance copy of the order as rewritten we will send it to you.

"Members of the industry here have expressed themselves to me as being greatly appreciative of the assistance given by Mr. Trigg and his associates in having Dr. Watson attend the hearings in February and in other directions, and we hope for a continuance of that assistance in case the rewritten order still contains impracticable or unreasonable restrictions."

Mr. Macdonald stated that the paint manufacturers on the coast recommended the adoption of a single caution label as follows:

CAUTION

Protective coatings and related products may contain substances that are injurious to health and create fire hazards if proper precautionary measures are not used.

WARNING - FLAMMABLE - KEEP AWAY FROM HEAT AND OPEN FLAME. USE WITH ADEQUATE VENTILATION. AVOID PROLONGED BREATHING OF VAPOR AND PROLONGED CONTACT WITH SKIN. DO NOT TAKE INTERNALLY. AFTER USING, CLEANSE HANDS THOROUGHLY.

Mr. Macdonald stated that Dr. Watson had reported on his return from the Coast that he met with our industry group and their attorneys and that the group seemed to be adamant on their proposal of one label for all products. Dr. Watson was of the opinion that the California Commission was not too happy about the situation, but might agree to it as a temporary measure. He stated that the Labor Union Group in Los Angeles was critical of the proposed label and wanted the names of all hazardous ingredients shown on the label. Dr. Watson was of the opinion that there may be difficulty in covering our great variety of products with a single label if cautionary labeling is to be adopted and he felt that products containing methanol and benzol justify specific caution. Dr. Watson stated there will probably be another shorter hearing on the subject and he expressed the opinion that while they may agree on a label as a temporary solution to the problem he felt that the use of the single label would be a temporary measure.

Approval of Auditors for the Current Year

Mr. Foy stated that the Budget and Finance Committee recommended the employment of Ernst and Ernst as auditors for 1946. It was moved by Mr. Wurtele, seconded by Mr. W. M. Clark, that Ernst and Ernst be employed as auditors for 1946. Motion carried.

Membership

The Secretary stated that since the last meeting of the Executive Committee the following concerns have been elected to membership in the classifications indicated, by a mail ballot:

Class A

IDDINGS PAINT COMPANY, INC.
48-18 33d Street
Long Island City 1, N. Y.
Carl Iddings, President

C. ELWOOD MACKEY & CO.
911-913 Fifth Ave., North
Birmingham, Alabama
C. Elwood Mackey

MID-CONTINENT PAINT & LACQUER MFG. CO.
1921 Central Street
Kansas City 8, Mo.
J. B. Nichols, President

PEERLESS CEMENT CORPORATION
1144 Free Press Building
Detroit 26, Mich.
F. N. Steadman, Mgr., Paint Dept.

WEBER & SMITH, INC.
15 Pierce Street
Reading, Mass.
P. A. Smith, Treasurer

Class B

CALIFORNIA FLAXSEED PRODUCTS CO.
3135 East 26th Street
Los Angeles 23, Calif.
Otto M. Behr, Vice-Pres.

SUPERIOR OIL CO. INC.
560 Dorman Street
Indianapolis, Indiana
R. F. Johnson, Secretary

The Secretary presented applications for membership received from the following concerns in the classifications indicated:

Class A

CONTINENTAL PAINT CO.
164 South Park St.
San Francisco 7, Calif.
J. R. Tadson, Partner

CELADRI CORPORATION
652 Willis Avenue
Williston Park, L. I., N.Y.
V. S. De Lan, President

DeHART PAINT & VARNISH COMPANY
906 E. Main Street
Louisville 6, Ky.
Mr. C. A. DeHart, President

DUNN-RAINEY COMPANY, THE
14471 Livernois Avenue
Detroit 21, Michigan
G. W. Dunn, President

EVERARD PAINT MFG. CO.
1530 Carroll Avenue
San Francisco 24, Calif.
Wm. J. Everard, Owner

MIDWEST PAINT MFG. CO., THE
19 Main Street, N. E.
Minneapolis, Minn.
A. F. Swanson, President

PENINSULAR CHEMICAL PRODUCTS CO.
6795 E. Nine Mile Road
Van Dyke, Michigan
E. H. Ploe, Treasurer

STERLING CHEMICAL COMPANY
3101 W. Lisbon Avenue
Milwaukee 8, Wisc.
Roland E. Loeffler, Pres.

STILES PAINT COMPANY
439 Portage Street
Kalamazoo, Michigan
L. W. Schaefer

TECHNICAL COLOR & CHEMICAL WORKS
439 Third Avenue
Brooklyn, N. Y.
Donald Greene, President

TRI-STATE PAINT COMPANY
1203 South 4th Street
Minneapolis, Minn.
Mr. E. P. Kennedy, Treasurer

Class B

McGEAN CHEMICAL CO., THE
1106 Republic Building
Cleveland, Ohio
W. A. Ritchie

It was moved by Mr. Foy, seconded by Mr. W. M. Clark, that the applications as presented be approved. Motion carried.

The Secretary presented the recommendation of the Membership Committee for the cancellation of the following Class A memberships:

> C. H. DRAGERT CO. INC. - Dallas, Texas
> MONON RESINS & CHEMICALS, INC. - Peoria, Ill. (poor financial conditions)
> PURE OIL COMPANY - Chicago, Ill. (out of paint business)
> HUDD LACQUER CORPORATION - Rahway, N.J. (out of business)

It was moved by Mr. Foy, seconded by Mr. W. M. Clark, that the memberships as presented be cancelled. Motion carried.

New England Association By-Laws

The Secretary reported that in accordance with a provision in the By-Laws, the New England Paint, Varnish and Lacquer Association had submitted to the Executive Committee for consideration, recommendations for amendment of Sections 3 and 4 of Article III of their By-Laws and Section 5 of Article IV of their By-Laws changing the date of the fiscal year of the local association in order to simplify local administration. It was moved by Mr. Trigg, seconded by Mr. Jarden, that the amendment proposed by the New England Paint, Varnish and Lacquer Association be approved. Motion carried.

Simplification

Mr. Kurfees expressed the opinion that it might be advisable to consider the possibility of eliminating the five-gallon can from approved packages for the paint industry. The Chairman suggested that the matter be referred to the Simplification Committee by Mr. Kurfees.

Cooperative Advertising Campaign

In answer to a question by Mr. Kinsman, President Trigg stated that the Advertising Campaign is moving along a bit slower at the present time because most of the larger contracts are in, but he stated that contracts are being received regularly and that approximately $325,000 has now been subscribed by about 50% of the number of firms required.

Adjournment

There being no further business to come before the Committee, the meeting adjourned at 2:25 P.M.

Reuel W. Elton

Secretary