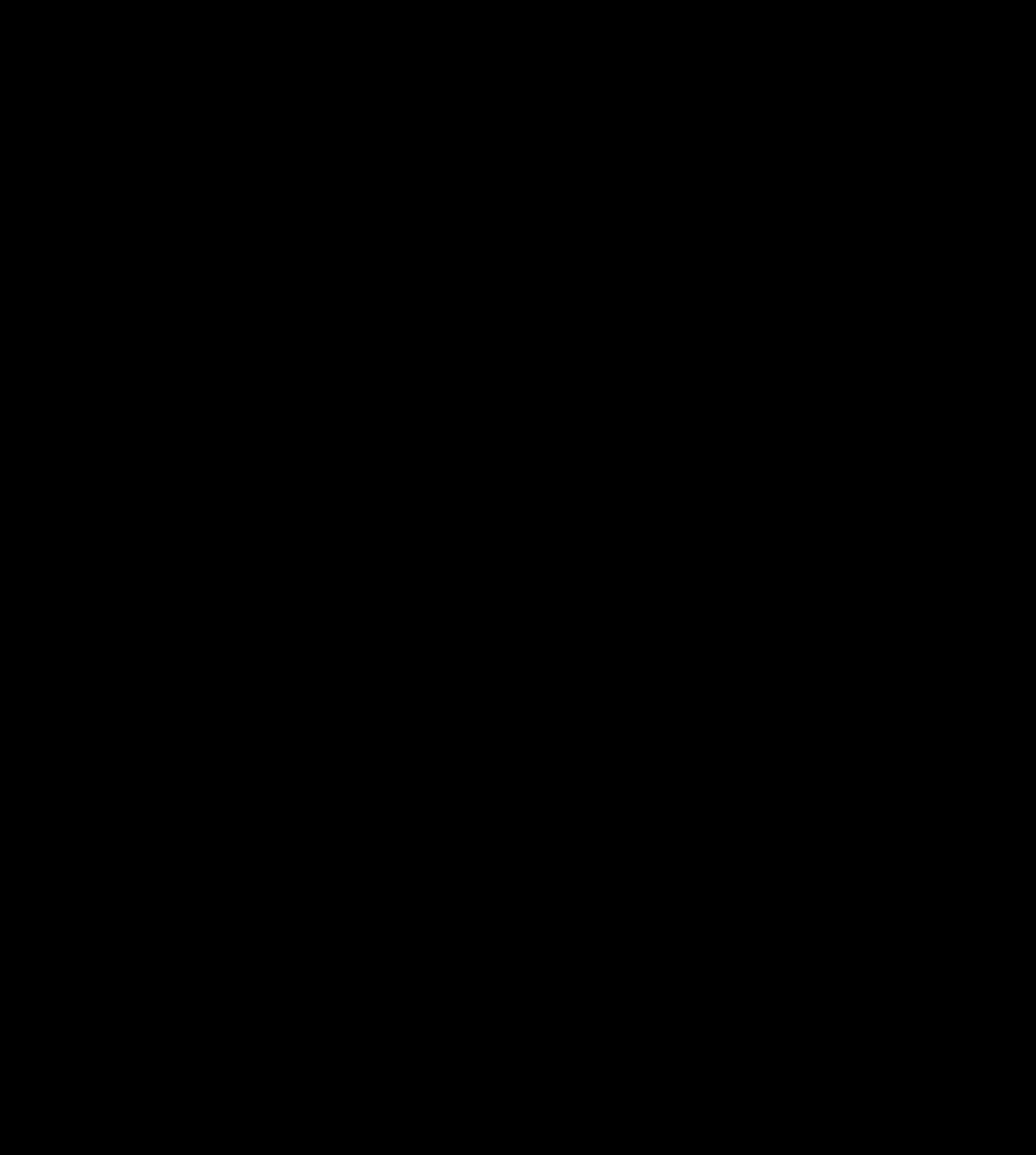




P R O C E E D I N G S

FIFTY-EIGHTH ANNUAL CONVENTION

NATIONAL PAINT, VARNISH AND LACQUER ASSOCIATION, INC.

November 6/7, 1946
Hotel Traymore
Atlantic City, N.J.

The MASTER REPORTING COMPANY, Inc.
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FRIDAY MORNING SESSION

November 8, 1946

The meeting convened at ten o'clock, President Trigg presiding.

PRESIDENT TRIGG: In the interest of completing our program as early as we can, we had better start, even though it is a little early for some who were up late.

On our program this morning you will find that we have provided for recognition of those who have passed along since our last regular meeting. Mr. Alpers, who is the Chairman of that Committee, unfortunately is ill and is not able to be here this morning, so I am going to ask Mr. Elton if he will be good enough to present the report of the Memorial Committee.

[Mr. Elton read the report as follows:

unselfishly to the upbuilding of our Association. It is to the unfaltering and devoted efforts of such men as these that our organization continues to maintain its steady onward march of progress.

In reading their names, therefore, we desire to pay tribute to them, to express our sympathy to those they left behind, and to record their passing in the official proceedings of this Convention.

DIED

	A. J. Anderson	
Werner G. Smith Division of Archer-Daniels-Midland Co.		August 1, 1946
	David Andrew	
Ferbert-Schorndorfer Co.		December 28, 1945
	Stephen C. Babcock (Retired)	
Babcock Testing Lab.		Date Unknown
	Albert C. Bailey	
Grasselli Chem. Co.		June 8, 1946
	Sweetman Berry	
Continental Can Co.		February 22, 1946
	Wm. C. Beschorman (Retired)	
National Lead Co.		March 28, 1946
	Arthur Bittong	
Valentine & Co., Inc.		December 20, 1945
	Maurice Blair	
A. C. Horn Co.		May 20, 1946
	Charles A. Blatz (Retired)	
Blatz Paint & Varnish Co.		August 25, 1945
	Harry A. Bonyun	
Benjamin Moore & Co.		November, 1945
	Kenneth E. Burgess	
Columbian Carbon Co.		February 10, 1946
	Sol. L. Buschmann	
National Can Corp.		September 24, 1945
	George W. Burgesser	
Valentine & Co.		January 21, 1946
	Wm. R. Carnegie (Retired)	
Berry Bros., Inc.		October 22, 1945
	Robert Cathcart	
Lino Paint Co.		April 16, 1946
	W. S. Clement, Sr.	
Clement Coverall Co.		September 30, 1946
	A. E. Clerihew	
Forman, Ford & Co.		July 15, 1946
	Lee Coleman	
Devoe & Raynolds Co.		June 14, 1946
	Thomas T. Cook	
Cook Paint and Varnish Co.		August 16, 1945
	Wilmer H. Crawford	
W. H. Crawford Chemical Co.		August 6, 1946
	Leonard H. Davis	
Union Carbide & Carbon Corp.		February 19, 1946

National Lead Co.	Geo. De Stefano	February 15, 1946
Adelphi Paint and Color Wks.	Issar Einhorn	April 28, 1946
Devroe & Raynolds Co., Inc.	Harold B. Enright	March 2, 1946
Kreuter-Faasen Co.	John V. Faasen	Date Unknown
Falk & Co.	Maurice Falk	March 18, 1946
Impervious Varnish Co.	Edward H. Fay	June 6, 1946
General Electric Co.	Edgar L. Feininger	June 9, 1946
Gibson-Homans Co.	Edward J. Forth	December 28, 1945
Wooster Brush Co.	Oscar H. Foss	August 9, 1946
Manufacturers Agent	Oscar J. Friend	April 24, 1946
Imperial Paper & Color Corp.	Adolph Fuchs (Retired)	August 30, 1945
Johns-Manville Co.	Lionel Herbert Geisenberger	May 15, 1946
H. J. Gettmuller & Co.	Wm. H. Gettmuller	December 24, 1945
Gibbs Paint Mfg. Co.	Fred Gibbs	December 10, 1945
Reynolds Metals Co.	Wm. G. Golden	October 29, 1945
Dewey & Almy Chemical Co.	Wm. E. Gott	January 27, 1946
The Glidden Co.	Harold G. Grabill	April 27, 1946
Oil, Paint & Drug Reporter	Horace Cutler Graves	July 23, 1946
Pittsburgh Plate Glass Co.	Arthur R. Haley	February 14, 1946
Pittsburgh Plate Glass Co.	John A. Hanley	August 24, 1945
J. W. Edgerly & Co.	W. T. Harper	September 19, 1946
Sturgeon's Ltd.	W. George Helliar	August 19, 1945
Absorene Mfg. Co.	H. R. Henderson	September 1, 1946
Celanese Corp.	Wm. Rankin Holland, Sr.	October 29, 1945
E. I. duPont de Nemours Co.	Louis J. Holly	January 27, 1946

T. J. Ronan, Inc.	Edward A. Hofheins	Date Unknown
American Can Co.	Hal E. Howe (Retired)	July 12, 1946
Sargent-Gerke Co.	Frederick G. Jeffrey	Date Unknown
U. S. Paint, Lacquer & Chem. Co.	C. Drummond Jones	December 31, 1945
American Cyanamid Co.	Dr. Louis C. Jones (Retired)	December 29, 1945
Barrett Div., Allied Chem. & Dye Corp.	John A. Kenney	July 12, 1946
Devoe & Reynolds Co., Inc.	de Lancey Kountze	October 2, 1946
Chas. Moser Co.	Frank Kreideler	April 15, 1946
Calco Chemical Div., American Cyanamid Co.	N. Arthur Laury (Retired)	January 26, 1946
John D. Lewis, Inc.	John B. Lewis	September 1, 1945
Samuel H. French Paint Co.	Edward T. Longstreth	February 9, 1946
Glidden Co.	Philip Lotz, Sr.	May 19, 1946
McDougall-Butler Co.	John L. Ludwig (Retired)	November, 1945
McCloskey Varnish Co.	Harry McCaughey	February 5, 1946
Hercules Powder Co.	Ralph B. McKinney	September 21, 1946
Crown Cork & Seal Co.	Charles E. McManus	June 3, 1946
United Color & Pigment Div., American Cyanamid Corp.	J. J. Mangin (Retired)	May 11, 1946
Sherwin-Williams Co.	Laurence E. May	March 1, 1946
L. Martin Co., Inc.	Luther Martin	March 8, 1946
Cook Paint and Varnish Co.	D. E. Morehouse	December 4, 1945
Jewel Paint & Varnish Co.	D. A. Murphy (Retired)	March 9, 1946
Murphy Varnish Co.	John J. Nicholson (Retired)	April 23, 1946
Pratt & Lambert, Inc.	John J. O'Donnell	October 31, 1945
The Lowe Brothers Co.	Charles W. Parrott	October 22, 1945
Porter Paint Co.	Claude T. Porter	May 22, 1946

Black Diamond Paint & Varnish Works	Edward J. Reardon	August 23, 1946
E. I. duPont de Nemours & Co.	Henry A. Reddy	September 3, 1946
Hugh Reilly Co.	Hugh Reilly, Jr.	September 15, 1946
Ansbacher-Siegle Corp.	John Reinhardt	May 1, 1946
Robbins Varnish Co.	Clarence A. Robbins, Jr.	July 8, 1946
Benjamin Moore & Co.	George A. Rogers	September 21, 1946
T. J. Ronan, Inc.	A. T. Ronan	August 1, 1945
Parament Chemical Corp.	Israel Rosenblum	March 26, 1946
James B. Sipe & Co.	L. C. Sadd	February 18, 1946
National Lead Co.	William L. Schroeder	September 21, 1946
National Lead Co.	A. W. Scott (Retired)	November 9, 1945
Charles Moser Co.	Frank Shrader	June 2, 1946
Johns-Manville	Harvey S. Smalley, Sr. (Retired)	August 15, 1946
Harry C. Smith Co., Inc., Southern Shellac Mfg. Co.	Harry C. Smith	June 12, 1946
National Lead Co.	Cecil B. Stott	September 20, 1946
Continental Can Co.	Harvey P. Thelen	August 24, 1946
Thompson & Co.	Edward Thompson (Retired)	November 7, 1945
Toch Brothers, Inc., Standard Varnish Wks.	Dr. Maximilian Toch	May 28, 1946
Lilly Varnish Co.	Jessie L. Tungate	Date Unknown
Excelsior Varnish Co.	Edward W. Tylee	August 24, 1946
Flint Paint & Varnish Co.	Theodore A. Wade	June, 1946
Linde Air Products Co.	Frank S. Warzeski	December 21, 1945
E. I. duPont de Nemours & Co.	Frederick A. Weaver	August 17, 1946
Resinous Products & Chemical Co.	Theodore Wenzel	November, 1945
Acme White Lead & Color Wks.	Homer Addison White	April 28, 1946

W. W. Lawrence & Co.	James White	February 20, 1946
Acme White Lead & Color Works	Louis S. White	September 10, 1946
Hanlon & Goodman Co.	John Gilbert Wright	March 10, 1946

Respectfully submitted,

W. A. ALPERS, Chairman, Cleveland
 R. F. ADAMS, Chicago
 W. S. AUCHINCLOSS, New York
 G. B. HECKEL, JR., Philadelphia
 A. F. VOSS, St. Louis

REPORT OF PUBLIC RELATIONS COMMITTEE

To the President and Members of the National Paint, Varnish and Lacquer Association, Inc.:

The Public Relations Program of your National Association has been maintained and geared to the economic conditions which have prevailed during the past year. While keenly cognizant of the material shortages which have inhibited as much emphasis upon exterior painting as normally would be in order, a consistent effort has been made to maintain the paint consciousness of the public, while looking forward to the expansion of our public relations program in keeping with the improvement in paint supply which we hopefully anticipate will occur in 1947.

The practice of public relations as we conceive it in our National Association is much more than just direct publicity—although that is a high essential. Concurrent with direct publicity, there is the cultivation and education of strategic contacts through personal service to a degree that will cause others to understand us and voluntarily help to advance our cause in a spirit of public service.

With that end in view, our public relations office at National Headquarters in Washington, has continued to cooperate with editors, writers, publishers, radio stations, educators, government officials and government agencies, civic agencies, other industries and other interests suited to cooperate with our industry.

This work entails the assembling and sifting of essential information from many sources which it would be impractical or too complicated for the average individual or company to keep pace with, and to disseminate this information by selective methods. Some of the material is of primary interest only to the members of our industry; other material has application to selected outside interests, while still other material has interest and educational value both for the industry and for the public.

The principal channels of service from our public relations office in Washington now include:

1. "Your Weekly Letter"—issued every week except those weeks in which "The Open Door" is issued.
2. "The Open Door"—issued monthly, except during the summer months,

when a monthly "statistical supplement" is sent out with "Your Weekly Letter" to maintain the sequence of the paint sales figures.

3. Weekly Public Relations Releases. These Public Relations Releases are intended primarily for the information of the public, and are sent only in answer to requests, except to a small list of such officers of the Association and committee members who logically should be interested in them. However, any member of our National Association who desires to receive the Public Relations Releases regularly can have his name put on the mailing list by sending a request to National Headquarters in Washington.

These releases are intended, in the course of the year, to reflect the various factors in our industry. Recently, considerable attention has been concentrated upon specialized product and maintenance finishes and their significance to industry and to the public. Concurrently, interior painting has been stressed to home owners more than exterior painting, in view of the relatively greater scarcity of exterior paint. However, exterior painting has not been ignored, but has been dealt with from time to time with a view to maintaining full paint consciousness on the part of the public.

4. Short News Items Releases. These are short articles or paragraphs intended for the use of editors as "fillers" for odd spaces which are left when newspapers and other publications are made up. Editors like to have them available for that purpose, although many of the items are published anyway, because of their intrinsic interest. The Short News Items releases regularly accompany the longer Public Relations releases.

At present, the weekly Public Relations mailing list approximates 750 addresses, of which approximately 200 are newspapers, 150 school instructors and miscellaneous writers and educators who have requested them, including trade journals, magazines, and various specialized publications.

5. Special articles. Your public relations office has frequent occasion to respond to requests for special articles on different phases of industry, desired by newspapers, magazines, educational publications, and for radio broadcasts and other public addresses.

6. Statistical and other specialized data. A constant flow of requests is received for statistical data and for miscellaneous information. These are all handled as promptly as possible by personal correspondence. A much larger volume of statistical information than it is practical to publish in "The Open Door" and "Your Weekly Letter," which carry only what is considered to be of relatively general interest, is kept on hand. This reservoir of accumulated information is available for replying to individual inquiries.

It is gratifying to report that your public relations office in Washington is in very frequent receipt of highly complimentary letters, both from editors and from members of the industry, in appreciation of our Association's public relations service.

It is our earnest hope that an early betterment in the supply of materials for the manufacture of the products of this industry in a volume more nearly adequate to meet the pressing public demand will justify

PRESIDENT TRIGG: In recording this, may we do so by standing for just a moment in silence.

[The members stood in silent tribute.]

We will have the final report of the By-Laws Committee, Mr. Stodder, Chairman.

MR. C. K. STODDER: President Trigg, Members of the National Paint, Varnish and Lacquer Association: Your Committee on By-Laws recommends for your consideration the following proposed amendment to the By-Laws:

Article II, Section 3. Change the last sentence from "They are entitled to membership in regional or city associations on payment of the regional or city association dues not including the National Dues," to "They are eligible for membership in regional or city associations and upon election shall pay the regional or city association dues, but shall not be required to pay additional National dues."

Article II, Section 4. Change the last sentence from "They are entitled to membership in each regional or city association on payment of the regional or city association dues not including National dues," to read, "They are eligible for membership in regional or city associations, and upon election shall pay the regional or city association dues but shall not be required to pay any additional National dues."

Respectfully submitted,

C. K. Stodder, Chairman
H. W. Hock
S. French Reeves.

PRESIDENT TRIGG: The By-Laws require that any changes made must be announced at the opening session of an annual convention, and finally presented at the last meeting. We have complied with those requirements.

May we have a motion to approve the report of the Committee?

[A motion was made, duly seconded and carried, that the report of the Committee be approved.]

It is unanimously adopted.

Now we will proceed to the Raw Material Forum. We have quite a number of important raw materials which will be reported upon this morning by men who have been selected in the respective fields and who are authority and thoroughly competent to bring to you the latest word with regard to the situation as to current and future supplies as completely as circumstances will permit them to do so.

In the interest of not taking too much time, but, nevertheless covering the ground, it has been arranged with each one of the men who will talk on raw materials this morning to confine their remarks to approximately 10 minutes and five minutes for discussion. We have twelve speakers on raw materials this morning, and in order that we may live up to the schedule, unless there is objection from this meeting, I will watch the time and call it to your attention when the fifteen minutes are up.

We will have to change the order a little. I am going to call first on Mr. William H. Zinsser to come up and talk to us about that very interesting subject of Shellac.

MR. WILLIAM H. ZINSSER: You heard the warning to be brief. I was told to deliver a paper, and here it is (referring to a telegram).

Shellac has survived two wars, which I think is quite astonishing, because there has never been more interest displayed in the synthetic field; there have been great efforts made to replace shellac by some other natural gum or synthetic. The last war was fairly short; the chemists didn't catch up with us. This war was fairly long, and the chemists didn't catch up with us, either.

It is rather surprising, and you will be interested to know that in the first nine months the shellac industry produced more shellac than in any year in its history, except the years 1939 and 1941, which were very big years. Even at that, we were, as you, limited to supplies, steamer strikes, riots in Calcutta, and limited to all kinds of shipping difficulties.

The prices of shellac today are very high, and we have to blame our old friend OPA on that. We had a ceiling on shellac that went back to almost Pearl Harbor up to July. We were supposed to be selling shellac at 41 cents a pound when the raw material cost us more money than that. We went

to Washington successfully several times, calling attention of the OPA to the fact that shellac was going up from 38 to 45 to 50 to 55, and we weren't allowed to buy any. When the OPA died on the first of July, we thought it was a permanent death. We were rather glad of it in a way. We went out to India and bought our heads off at 60 cents a pound, raw material. The OPA came back and told us to sell it at 41.

Anyhow, things worked out all right. It was lucky we went to buy the shellac at 61. The OPA, after considerable study, allowed us as an industry to sell it at prices which were limited at the time the OPA was not doing any business. So that will explain to you why the price of shellac, which doubled in India--we could have bought all the Indian crop at 40 cents, 50 cents, but the Indians were smart enough to know the OPA was off, the country was short of shellac, and we had to pay an average of 60 cents a pound for it.

Everybody now asks me since I have been down here, which way are things going? That reminds me of a story about a fellow who was slightly tight. He left his car at the curb and went into a bar and said he would like to have a double Manhattan. The bartender asked how he liked it. He said he would like to have three slugs of rye, three slugs of gin, three slugs of absinth, two cherries, seven olives, and a rubber band. The man said to him he would be very glad to

prepare the drink, but what was the rubber band for? He said, "That is to hold the hair on my head."

This fellow staggered out and got back to the car. He grabbed the rear door and found himself in the car. A cop saw him and said to him, "You are in no condition to drive this car, young fellow."

He said, "I am in no condition to walk, either."

The cop said, "Let me see your license."

He said, "You mind your own business, officer. If you want to be so terribly efficient, why don't you find the fellow who stole the steering wheel?"

The country has lost its steering wheel. The Republicans are going to get hold of it. They won't be able to run the car right straight from the very beginning any too fast, but which way is our country going? How much of a market are we going to find for five-dollar paint and five-dollar shellac? How long can these levels last? Will the public continue to buy material? To us it seemed, and probably to all industries, that the higher we put the price, the more we sold. I am inclined to think those days are gone. On the other hand, what is to bring the market down, particularly like shellac, where the market is in India, sixty days away?

As far as I know, there are just two things that will affect the shellac market. One, if some shellac house would be a public benefactor and buy its head off at these

extraordinary prices and bring in a lot of shellac and cause the market to fall because of a glut of shellac in this country after five years. I don't think many of us are going to do that. So that we are keeping our inventories low, telling our customers to keep their inventories low. You probably are advising your customers to be conservative.

It looks to me as though prices for a while were fairly well stabilized at high levels. If, however, labor is told to take it a little easier, if people like the General Electric Company allow them to earn more than one cent on their earnings, which they declared the third quarter of the year, as against \$1.26 last year, if there is a willingness of labor to work, which we haven't seen in five years, if one man will again do the job of one man, why, I think the present levels can continue, because we will have production and volume to counteract price. If we don't, and big industry shuts down because they will not be shoved around by labor any longer, and we have slight direction in that particular way, as far as the country is concerned, then we may have a temporary halt in the large business we have all been doing, and, incidentally, that always amuses me because we certainly have been bellyaching about our business, but I haven't met anybody down here who wouldn't like his balance sheet for 1947 to be the same as it was for 1946. Nobody knows what they made that stuff out of, but it seemed to go all right.

Those days are going, too. Tests will come back. You won't be able to put anything in the Lilly cups that you used to put in cans, that is, if the can people will give us the cans. That is the way it is to go all along the line.

All I can say is that I can't see how industry can suffer a great deal, at least our industry. There may be plenty of refrigerators, there may be plenty of luxuries, but we, fortunately, are in a non-luxury line, and I don't possibly see how, except for a slight recession or a slight hesitation at today's high prices, I don't see why the paint industry shouldn't go sweeping along for the next few years as it has in the past.

Thank you very much. [Applause]

PRESIDENT TRIGG: Does anyone wish to ask Mr. Zinsser any questions or make any comments on this statement of his?

Bill, you seem to have done a perfect job. Thank you very much.

It has been suggested that we present the subject of pigments before the oils. Is Mr. Neumann in the room? Will you come up and talk to us on Zinc Oxide Products?

MR. RALPH M. NEUMANN: Gentlemen, I have been answering questions all week, and probably many of you in the room have heard what I am going to say at the present time.

The situation with regard to zinc oxide and zinc sulfide pigments is the subject of this talk. I have given

the matter a lot of thought as to what to say to you. The situation is very confusing. The paint industry is a large consumer of all these pigments and there are other industries that are large consumers of all these pigments, but summing up the situation, as far as we can see at the present time, and as far as it can be prophesied for 1947, we must say that the supply of all of these products, including lithopone, which primarily is a zinc pigment, is to be limited to the current production, and the demand from all industries, as far as we can learn, will undoubtedly be greater than the supply for the first six months, at any rate, of 1947.

The producers of zinc oxide and all of these pigments will probably go into the new year with practically no stocks on hand, and probably the consumers will have very limited stocks.

There is no outlook for an increase in the current production, so that all of these pigments, at least for the first six months of 1947, will necessarily have to be distributed on some kind of quota basis.

I have said this to many of you all through the week, and up to the present minute there is no change in that picture.

Thank you! [Applause]

PRESIDENT TRIGG: Any questions or comments? Well, I guess everybody has got all the zinc oxide they want.

Now we will hear about lead products, Mr. Felix E. Wormser. Mr. Wormser is the Secretary of the Lead Industries Association and is doing and for a long time has done a very excellent job for them and the lead manufacturers. Those in our industry who are interested felt that they would like to have Mr. Wormser present the situation with respect to lead, and I have great pleasure in calling on you, Felix.

[Mr. Felix E. Wormser read his prepared paper, as follows:

ANNUAL CONVENTION

National Paint, Varnish & Lacquer Assn., Inc.

Traymore Hotel, Atlantic City, N. J.

November 6, 7, 8, 1946

Room: Ralph W. Emerson, Director of Public Relations

Appendix Room

TO BE HELD STRICTLY CONFIDENTIAL
UNTIL AFTER DELIVERY ON CON-
VENTION FLOOR FRIDAY, NOV. 8,
1946

LEAD PRODUCTS

An Address by Felix Edgar Wormser, Secretary

Lead Industries Association,

At the 58th Annual Convention of the National Paint, Varnish and
Lacquer Association, Inc., Traymore Hotel, Atlantic City, N.J.

Friday, November 8, 1946

Although the topic assigned to me is LEAD PRODUCTS used by the paint industry, such as white lead, red lead, basic lead sulphate and other lead pigments, I intend to speak almost entirely on the pig lead situation because it is the root of your current inability to procure all the lead pigments you might like to utilize.

The pig lead shortage today is an excellent illustration of what Government controls on prices, profits, production, distribution and imports can do when they supplant the operations of a free market in a commodity of international importance. The elements in the lead situation are easy to grasp. In the first place, lead has wide application in industry and is so extraordinarily useful that in times of great business activity, as today, the demand for it is exceptionally strong. For example, the automotive industry needs large quantities of lead for the construction and continued operation of automobiles, in storage batteries, solder, bearing metals, brake linings, and in the very gasoline which propels them. The building industry, as you well know, requires large amounts of lead in the form of paint, both white lead and red lead, in plumbing, and in sheet lead wherever sulphuric acid is used. The public utility industry consumes large quantities in cable sheathings for telephone toll and power lines.

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Even the food industry in the United States needs large tonnages of lead, both as the insecticide - lead arsenate - for spraying fruit trees, and as ammunition for the farmer to supplement his food supply and to cut down depredations by predatory animals. There are a number of other important uses, too detailed to mention here. In the aggregate I estimate that, if it were available, industry could consume today, in the United States alone, between 1,000,000 and 1,250,000 tons of lead per year. This continued the wartime trend which set a mark of well over 1,000,000 tons per year for a period of six years, from 1940 to 1945 inclusive.

To satisfy such a huge demand for the metal there are four sources of supply open:

1. Domestic mine production,
2. Domestic scrap or secondary lead recovery,
3. Imports, and
4. Government Stocks, or private stocks.

The fourth source we can dismiss at once, as the Government stockpile is only around 30,000 tons and I do not think the military authorities will look with much favor to an impairment of that modest supply.

Let us analyse the situation in each one of the other available sources of supply as shown on the table following:

U. S. LEAD SUPPLIES (1937 - 1946)
(In Short Tons)

	<u>U.S. Mine Production of Lead</u>	<u>Secondary Lead Production</u>	<u>Imports (Lead Content)</u>	<u>Total Supply</u>
1937	456,000	275,000	41,000	781,000
1938	370,000	225,000	64,000	659,000
1939	414,000	242,000	87,000	742,000
1940	457,000	260,000	282,000	1,000,000
1941	461,000	397,000	381,000	1,240,000
1942	496,000	323,000	492,000	1,312,000
1943	453,000	342,000	319,000	1,115,000
1944	417,000	331,000	321,000	1,070,000
1945	388,000	363,000	300,000	1,051,000
1946 (Estimated)	350,000	300,000	125,000	775,000

1. Domestic Mine Production - By dint of extraordinary effort and the sacrifice of their ore reserve position, many lead mines were able to keep production keyed up to a relatively high pitch during the war and succeeded in producing close to 500,000 tons in 1942. Thereafter, however, owing to progressively serious labor shortages, production declined until this year only about 350,000 tons of lead are expected to be produced. Only about two-thirds the labor necessary for capacity production is now working in the mines, and it is doubtful whether the lead mines may expect much relief so long as we have "full employment" in the United States.

In addition, lead mines have been operating under a subsidy system whereby most mines have been paid a bonus above the ceiling price of 8.25¢ per lb. The bonus may range from 1¢ up to 7.50¢ so that the top price received by some mines is 15.75¢, but the bonus is only paid on production above a quota determination of the Government for each individual mine. Some American lead mining companies, however, are not receiving one cent in subsidy but are compelled to sell their lead at 8.25¢ while the Government at the same time is purchasing lead from Mexico and other countries at 10.25¢, selling it at 8.25¢ in this country and absorbing the loss, a discrimination against some of the citizens of our country in favor of the nationals of another.

Moreover, the mine quota is subject to change at one month's notice, so that after it has been set, and if a mine should redouble its efforts to increase its profits, the quota would be readjusted speedily. This is not a system calculated to produce the utmost from American lead resources.

2. Domestic Scrap or Secondary Lead Recovery - Now let us turn to secondary or scrap lead production. This is an extremely important source of lead and generally accounts for a fairly steady annual tonnage of between 300,000 and 350,000 tons of lead per year. Please note that this tonnage corresponds closely

A most interesting situation developed during the OPA "holiday" which has partly dried up this source of lead. During the OPA "holiday" an open market prevailed and the price of lead rose to 9.50¢, but when the OPA was restored to life, it rolled back the price to 8.25¢, with the immediate result that scrap dealers had no desire to sell their accumulations to the smelters and refiners at the ceiling price, knowing full well that the OPA statutes would expire on June 30, 1947, and that the price of 8.25¢ was far below the world market. As a matter of fact, the world market is around 10.25¢ today. In other words, the scrap dealer was taking a very small gamble indeed in sitting on his lead rather than to dispose of it at a sacrifice price. In addition, some ores and concentrates and scrap, which were bought at 9.50¢ by the smelters during the OPA "holiday" are frozen today as the purchasers naturally do not wish to sell this material at a loss, at 8.25¢. So much for the scrap situation.

3. Imports - Now let us look at the third source, namely, imports.

A great change has taken place in the lead economy of the United States. Before the war lead production and consumption were in balance and imports were of minor significance. During the war, however, American industry demonstrated its capacity to consume such large amounts of lead that the United States mines, plus the scrap, were no longer able to supply the demand, so large tonnages of lead in both merchantable pig form and in ores and concentrates were imported. In 1942 close to 500,000 tons were imported in that fashion and for the six years 1940 to 1945, imports averaged 349,200 tons per year.

Here, again, however, an important Government control stepped in, a control that is largely responsible for the partial paralysis existing in lead consuming industries. The Government became the sole importer, during the war. Private imports were forbidden. Recently it was revealed that the Government has some sort of an informal understanding with England to limit its imports into the

lead coming into the United States in 1946 will total only 125,000 tons and this despite the fact that lead is available in Mexico, Canada, Australia, Peru and elsewhere if American companies were permitted to buy it. Several companies, desperately needing lead for the conduct of their operations, have appeared in Washington and requested permission to purchase lead from Mexico, or other countries, at admittedly higher prices than the domestic ceiling price, but expressing a willingness to observe domestic ceilings on resale here. Their pleas have been uniformly denied. The power of the Government to continue import restrictions expires on March 31, 1947, under the Second War Powers Act, and I hope it will not be renewed.

In view of the facts in the lead situation as I have given them above, I suggest a simple remedy, i.e., that the Government decontrol lead and lead products. They are all negligible items in the cost of living of the American people but of tremendous significance in our industrial economy. A free market would then be restored and enable users of lead to bid for the metal internationally as well as nationally. It seems odd to me that meat, dairy products, and other commodities of vast importance in the daily cost of living should be decontrolled whereas lead must continue under strict controls.

If we are not to have decontrol, the Government might at least advance the ceiling price to the world market price so as to unlock the present frozen stocks of ores, concentrates and scrap and to encourage the steady and free movement of scrap to smelters.

If this isn't done, then more lead should be imported into the United States by the Government and the premium price system modified so as to introduce incentives rather than restrictions on production. Until Government controls on lead are terminated the lead shortage will be with us.

From a long range point of view, let me reassure my listeners that the
Higher postwar prices of

lead will, I am confident, so stimulate prospecting and exploration throughout the world that new sources of production will be discovered, as in the past, and existing sources intensively exploited.

In this connection, considering the Bureau of Labor Standards commodity price index, lead is not expensive currently. In fact, 11¢ is the price at which it should sell in relation to other commodities today, if the index is used as a standard. The ceiling is 8.25¢.

Higher postwar prices will no doubt cause lead to lose some existing markets to substitutes but it is a contingency that must be borne under our competitive free market system while the period of necessary readjustment occurs.

What all of this will mean to the future of lead in the paint industry is a matter largely of conjecture. I do feel, however, that as the paint industry is only one of numerous important lead consuming businesses, paint makers should press the Government for a supply of the raw material so long as Government controls remain, just as other lead consuming industries are doing. Some lead pigments were understandably sacrificed during the war so that more batteries, ammunition and other war products could be made, but that situation no longer exists. It is, therefore, I believe, a sound policy for the paint industry to protect its interests in demanding a fair peacetime share of the available domestic and foreign supply, or it may be lost in the scramble.

PRESIDENT TRIGG: Thank you, Mr. Wormser. Are there any questions or comments? Well, I would like to make one, Mr. Wormser and gentlemen.

During the war, we had the military necessities and emergency which had to come first, and I think that most of us accepted those things, realizing that parceling out critical materials, making way for war necessities, had to come ahead of everything else.

The war is over and I think you will all agree with me that we object to the continued controls that were necessary during the war and that we should get back on to a peacetime basis of free distribution and action. The Government is constantly telling us and telling the world that what we need is more and more and more production, and we agree. But while the Government is doing that in various ways and in various departments, the OPA organization is definitely curtailing production, at least so far as our industry is concerned.

White lead is an outstanding example of it. We are not getting our proportionate share in the paint industry of the white lead. That is correct, is it not, Mr. Wormser?

MR. WORMSER: Yes, that is right.

PRESIDENT TRIGG: We are not getting our proportionate share. The Government is still continuing to control the distribution of lead products, giving to some industries which

they think are more important than some other industries a greater percentage of it.

I would like to ask this meeting this morning whether you would approve a resolution coming out of this body representing the whole paint industry, protesting against the continued price control on pig lead and the continued control on distribution of the products of pig lead. If that strikes a popular note, I would be very glad to have a motion made to that effect, with the understanding that the resolution will be properly couched to express what I have just said to you.

MR. H. L. WILKINSON [Debevoise Company, Brooklyn, N.Y.]: I so move, Mr. President.

[The motion was seconded by several members.]

PRESIDENT TRIGG: Are there any comments on the motion? All in favor, please say "aye"; contrary, "no." It is adopted.

Thank you very much, Mr. Wormser.

Now, titanium, by Mr. Robertson!

[Mr. D. W. Robertson read his paper, entitled, "The Supply Outlook for Titanium in 1947," as follows:

THE SUPPLY OUTLOOK

An Address By D. W. Robertson, Vice President
at the 58th Annual Convention of the National Titanium Producers
Traymore Hotel, Atlantic City, N. J.

TO BE HELD STRICTLY CONFIDENTIAL UNTIL
DELIVERY ON CONVENTION FLOOR FRI., NOV. 8, 1946

At the request of Mr. Trigg, your President, Mr. Weismuller, Assistant

General Manager of the Pigments Department of E. I. duPont de Nemours & Company and I have undertaken to obtain available information from all of the producers and forecast the prospects for an increased supply of titanium pigments during the year 1947, and make a guess with respect to the adequacy of this supply in relation to demand. This statement, therefore, represents a joint opinion, from which any differences in views have been eliminated and is derived from information supplied by all producers.

First it should be recognized by everyone that as much titanium pigment is being supplied the paint industry now as in any pre-war year. In other words, there is no shortage based upon pre-war standards and unlike many other commodities which are being produced in smaller quantities, the output of titanium, at this moment, is as high as at any previous time.

Ore is not involved in the immediate outlook for titanium, that is, one to two years, although other raw materials may be a serious problem. The definitely limiting factor is plant capacity and it is not expected that capacity will be adequate to meet demand in 1947.

It is believed that the reasons for this lack of capacity can be made quite obvious. In the first place, titanium manufacture is a very complex operation which requires equipment from a large cross section of the country's industrial fabricating facilities, which means that plant construction requires considerable time under the most favorable conditions, and under present circumstances, may be extended by strikes or other production stoppages and delays in the plants and mines of literally hundreds of different fabricating and material sources of supply. Under existing conditions, therefore, the time required for additions to capacity may range from one and a half to a possible three years, depending upon the size of units involved and the conditions which exist through the period of construction.

For example, at this moment, the best estimate for delivery time on some equipment is eighteen months and this pre-supposes no delay due to strikes or other interference with production.

In addition to the time factor, the same complexity of pigment plant requirements is directly reflected in capital investment per unit of production. Titanium dioxide probably requires a larger capital investment per unit of production than any other basic raw material entering into the paint industry. It is quite obvious that this combination of time for plant construction and the extremely high capital cost tend to restrict rapid expansion and perhaps properly so. For example, over expansion, followed by a decline in demand for pigment, with consequent idle capacity might easily increase the cost of titanium dioxide by a substantial percentage.

Another important factor in the present situation is the very rapid rate of growth in the use of titanium. Titanium is a comparatively new commodity which had not reached a static condition in use when war interrupted expansion. The consequence was that pressures were built up to expand use, in the face of a Governmental halt to expansion of facilities. Actually, present requirements are that the war accelerated demand be met immediately by a comparable increase in supply. While this is not possible, the past record of the manufacturers of titanium pigments appears to warrant confidence in their effective application to the problem. For example, in the ten year period 1932 through 1941, the time of our entry into war, the production of titanium pigments was increased ten fold.

The foregoing is presented as a brief contribution to a background of facts and a better understanding of the actual situation which exists and which is beyond the control of the producers. It is not offered as an excuse or alibi, for the good reason that production would have been much greater today than is the case, if Government restrictions had not prevented the installation of more adequate facilities which the industry was ready and willing to undertake over the past three or four years. Individual producers exerted every effort to get this restriction relaxed, especially during the last year of the war when the present situation was clearly foreseen and the

importance of some preparation for post-war demand was recognized. In this effort, Mr. Trigg and the Association lent their full support.

One other point should be made clear. The paint industry has always been the largest consumer of titanium pigments, taxing about 70% of the total production. This percentage has remained substantially unchanged during the past several years except for a slight increase during the war, when the rubber industry was not taking its quota. You can, therefore, be assured that no other class of consumer is profiting by a more adequate supply at your expense. We see no reason for believing that this condition will change during the coming year.

Based upon projects under way and sufficiently well advanced as to be reasonably certain of completion during 1947, it is expected that there will be an addition of about 25% to the present plant capacity before the end of next year and that this increase will be distributed in increments from about January to the end of the year. All calculations are on the basis of the titanium dioxide content of both prime and composite pigments.

D. W. Robertson

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PRESIDENT TRIGG: Are there any questions? I would like to take this occasion to say to Mr. Robertson and other titanium producers that our industry by and large recognizes the splendid and equitable job you have done in distributing your product without Government controls. This is an outstanding example of how industry can handle its job better than the Government can do it for them. There was quite a battle at one time with the Government agencies with respect to this particular question of titanium and its control, and they were very definitely informed and made to understand that after the Government got what it needed for war purposes, the remainder of the production could be more equitably and more satisfactorily and intelligently distributed by the producers than would be possible through Government machinery. The Government finally permitted the distribution to be made that way and our industry, Mr. Robertson and the other titanium manufacturers, have benefited by it, and we appreciate the job that you did. Thank you very much! [Applause]

Now, I would like to go over into the field of solvents. Mr. Frank E. Bennett, who is the Acting Director of the Chemicals Division of CPA, formerly WPB, as you know, has been good enough to come here at our invitation to talk to you on the general subject of solvents. Mr. Bennett has been in this job with the Government for some time. It has been our privilege and our benefit to work with him rather

closely and I want to take this opportunity again to express to Mr. Bennett the appreciation which the industry feels to him for the very intelligent job which he has done under difficult circumstances. Mr. Bennett! [Applause]

MR. FRANK E. BENNETT: I appreciate the kind words Mr. Trigg has been good enough to say about me.

Regarding solvents, I believe that our situation is growing better every day. If we can get along from now on without any further work stoppages, I believe your difficulties so far as solvents go will be pretty nearly at an end.

Butyl alcohol and the acetates have been in short supply due to the unavailability of molasses, and the reluctance on the part of producers to use corn. We have today the largest corn crop in the history of the country, and while the prices for butyl alcohol and butyl acetate may be higher than those for molasses, our facilities for the production of butyl alcohol should be operating at their limit. One large producer of butyl alcohol today is utilizing surplus potatoes and I believe the problem is pretty well licked as far as using this raw material is concerned.

Ethyl alcohol is short for the same reason that butyl alcohol is short, because we did not have enough molasses to operate the alcohol plants at their full capacity, but we have had the good fortune to have a very large stockpile of industrial alcohol owned by the Government that will

tide us over until the corn crop comes in.

There are ample facilities for the manufacture of ethyl alcohol, as you well know. During the war, we produced 650 million gallons of alcohol a year for the smokeless powder and synthetic rubber program.

Facilities for the production of acetone have been working at their limit right along, but the demands for acetone have increased tremendously from a rayon production as well as a solvents production standpoint due to the shortage of ethyl acid.

The petroleum solvents, methyl ethyl ketone and methyl isobutyl ketone--the facilities for the production of these solvents have been working at their full capacity, but they have been slightly tight in the past few months for two reasons: The Army has been putting to bed its equipment and they have used a tremendous quantity of strippable coatings which are made of vinyl acetate and require these petroleum solvents. With the shortage of butyl alcohol and butyl acetate, the lacquer manufacturers had to turn to the petroleum solvents, and that is another reason why they have been tight. But I am reliably informed that the strippable coating program of the Army and Navy has reached its end and that the situation as far as the petroleum solvents are concerned should ease considerably.

Methanol is in a very tight position at the moment.

I believe that it will remain that way, too, until the middle of 1947. This year is the first year in five years that methanol has been used for antifreeze purposes, and the producers of antifreeze have been very anxious to get as much as they could in that program. The coal strike, closing down one of the largest producers for about two months, has also created a shortage of methanol and we have not recovered from that as yet.

I think that covers the matter of solvents, Mr. Trigg. [Applause]

PRESIDENT TRIGG: Thank you, Mr. Bennett. The meeting is open for questions. Mr. Bennett is here and I am sure he would be glad to answer any questions that are asked. I guess last Tuesday satisfied us pretty well in a lot of places, so we haven't got many questions left, Frank.

We now come to cellulose materials, by Mr. Yeager. Is Mr. Yeager here?

MR. J. R. YEAGER: Mr. Trigg, Ladies and Gentlemen: Mr. Trigg has asked me to talk about cellulose products and do it briefly. I shall certainly try to do so.

As you probably know, nitrocellulose has been in very tight supply all through the year. There have been doubts when it will be possible to increase capacity due to shortage of containers, and a number of plants have been shut down due to the shortage of steel drums. As a result of

those shutdowns, there have been times when it has been required to ask you people at least to be careful on stocking of drums, either empty or full. However, we think that condition is gradually improving. Drums are beginning to trickle through and we hope that the coming year, we will not be forced to too much difficulty on that particular line.

Another step that has been taken is to iron out the bottlenecks in the resin capacity which exist, and fairly good progress is being made there. In fact, this past month of October was the largest production and shipment of nitrocellulose in the history of the industry. I think probably you all felt the effects of that. Also, new plants for the production of nitrocellulose are under way and should come into production sometime next year, so we feel quite optimistic about the future of nitrocellulose in general.

Of course, we have all been worrying about the source of supply for Parlon and Parlon X and that is still going to be tight all during 1947. We are, however, quite fortunate in the fact that wood cellulose is interchangeable with the cotton liner supply, so with two sources of supply, we feel fairly sure that next year will be as easy, at least, and certainly a lot better than this year. I think that is certainly an encouraging viewpoint.

Ethyl cellulose, in which a number of you are quite interested, is certainly going to be short all through 1947.

There have been wonderful steps made in increasing present production; in fact, one producer has increased the capacity for ethyl cellulose four times the size that it was in 1941 and that increase is going to continue through 1947 and there will be considerably more available in that period. However, the indication is that demands are increasing at the same time and we feel sure that ethyl cellulose is going to be considerably tight during the next year of 1947.

Cellulose acetate is in pretty much the same category. It is going to remain tight all during the next year, and while steps are being taken by practically all of the producers of this material, there will be at least twice, we feel, the production in 1947 as there has been in the past year. But even that is going to fall far short. Probably you are familiar with the estimates that have been made by the plastics industry alone. These estimates claim that the plastics industry alone will use, or could use, two and a half to three times as much cellulose acetate as is being produced in 1946, and that is apparently going to increase, so that would indicate there is going to be a definite shortage of cellulose acetate in the coming year.

The supply of sodium carboxymethylcellulose, in which some of you are interested, has been very tight all during the year. The main reason for that is that most of the production equipment might be classified as a large-scale

product-type of production. However, within the next month or so, a plant should come into production or come into the picture so there will be quite a number of plants in present production of CMC or sodium carboxymethylcellulose; so next year there will be a much larger percentage of that material available, although we do not expect that it will satisfy the entire demand--basing that, of course, upon forecasts of what people are expected to use next year. We hope it won't be like the automobiles. Somebody told us yesterday that he had purchased four automobiles. At least the picture is bright on that.

I was asked to talk on cellulose products in general. There are two other groups of products that fall pretty much into the same class of discussion. One of those is the chlorinated rubber. We have heard a number of reports that a much larger supply of rubber is coming into this country next year. We think that is true but we still think there will be a very distinct shortage of these chlorinated products.

There is one factor that is going to help the situation in that present capacity can produce more chlorinated rubber from the natural product than it can from the synthetic, so that is a help in the right direction.

The other chlorinated product, in which some of you may be interested, is the chlorinated paraffin, and there again it is the same story as on the nitrocellulose; that is,

we think that is going to continue to be in fair supply for all the different types that are consumed by the industry in the next year. Thank you, [Applause]

PRESIDENT TRIGG: Thank you. Any discussion or questions?

Synthetic resins, by Mr. Charles J. O'Connor.

[Mr. Charles J. O'Connor read his paper on "Synthetic Resins," as follows:

Gentlemen, you have invited me down here to give a report on the state of the Synthetic Resin Industry. It's to be 10 minutes of report and 5 minutes of questions and answers. I accepted and I am sticking my neck out a mile ... I know it ... so here goes ...

There was a time when a man could be a successful manufacturer without knowing too much about his raw materials. If the raw material suited the production department and the price was attractive, he merely had to make a telephone call and PRESTO, his supplies were available. But times have changed ... and how they have changed ... For example, a manufacturer friend of mine told me the other day that he had made a big change in his organization to meet the change in today's conditions. He said he had taken all his salesmen, his "extroverts" he called them, and put them in his purchasing department, and he had taken all his purchasing agents, his "introverts", and put them out calling on the trade. He did this so that he would have his "yes" men in the office being nice to the people who had anything to offer him, and his "no" men out in the field being tough with his customers. He said it was working too!

But seriously, today's successful Resin manufacturer must do a lot more things than just manufacture. He must trace all of his raw materials right down to their origin. He must learn all about the total available manufacturing

capacity in the country. He must find out how much of the material can be imported, how much of the various raw materials will be available next year, and who are the other claimants for these materials.

Today in the Synthetic Resin Industry, we are confronted with many shortages -- the most serious shortage being that of Alkyd Resins. And the reason why it is the most serious is because it not only affects our industry but it affects our whole industrial economy. Without Alkyd Resins or Nitrocellulose, mass production would be impossible ... and a shortage in these materials is bound to create a shortage in many other manufactured products. Now let's see why this shortage exists ...

An Alkyd Resin is made from Phthalic Anhydride, Glycerine and oil. With one exception, Phthalic Anhydride is made from Naphthalene, which is a product of the coke ovens. Therefore, a steel strike reflects itself all the way down to industrial finishes ... many people don't seem to realize this.

Another reason why there has been a critical shortage of Phthalic Anhydride is because many of the Phthalic plants were badly in need of repairs because of being worked at peak capacity all during the war. Another contributing cause is that a good percentage of the Naphthalene has been going into moth balls in recent months, rather than into Phthalic Anhydride, because

there is more profit when Naphthalene is sold as moth balls. It may interest you to know that our company recently bought approximately a million pounds of moth balls and converted them back into Phthalic Anhydride at a considerable increase in cost. We did this in order to keep our plant running and, in turn, keeping industry going. In Detroit the greatest sin you can commit is to shut down the production line. On the brighter side, perhaps DDT will come along and give the "knock-out" blow to moth balls and make more Naphthalene available for Phthalic Anhydride. However, this shortage is bound to be serious for at least the first half of 1947 because there is not enough Naphthalene available to operate our Phthalic Plants at capacity.

The Oronite Chemical Corporation of California makes Phthalic Anhydride from ortho-xylene, a product of their parent company, the Standard Oil of California, and there is sufficient amount of ortho-xylene available for expansion, if necessary. However, most of the manufacturing plants in the country would need additional equipment to enable them to use ortho-xylene in their processes.

Now, we come to the real bottleneck -- Glycerine, which is a by-product of soap manufacture. The amount of Glycerine available is dependent upon the amount of fats used in making soap. We need somewhere in the neighborhood of 230 million pounds of Glycerine to satisfy our industrial requirements. Soap manufacturers have never produced as

much as 200 million pounds in any one year, falling slightly short of this in 1944 when we were really saving our fats. This year the production figures will hardly reach 150 million pounds, and it is doubtful if they will ever produce more than 175 million pounds in any one year -- not because there aren't more demands for soap or because the production facilities are not available, but because chemical detergents known as "soapless soap" are coming into the market in large quantities, and when these soapless soaps are made there is no glycerine as a by-product. If during 1947, 175 million pounds of glycerine is produced, we can only expect about 15 million additional pounds from outside countries, which will leave at least a 40 million pound shortage during 1947, so glycerine will be the limiting factor in Alkyd Resins during 1947.

About the only satisfactory substitute for glycerine in the Synthetic Resin field is Pentaerythritol, which is made from Formaldehyde and Acetaldehyde. There has been a serious shortage on Formaldehyde which has curtailed the production of Pentaerythritol. In some formulations, Pentaerythritol is superior to Glycerine, and if both materials were readily available, the Resin manufacturers would probably use 70 per cent Glycerine and 30 per cent Pentaerythritol. There is some hope of an increased production of Penta during the last half of '47, but not

enough to satisfy all our ^{Demand} requirements. However, there is hope that by 1948 we will be in a position to satisfy all of our requirements because synthetic Glycerine has been made successfully in a pilot plant, and I believe an important announcement will be made on this within the next ten days. In fact, we are looking forward to a buyers' market on Glycerine in 1948.

Maleic Anhydride Resins, used largely in the furniture industry, have been in short supply mostly due to inadequate plant facilities. This shortage will remain with us for the first half of 1947, but there is plant expansion underway and it is believed during the later half of '47 this resin will again be available in sufficient quantities to at least take care of the sanding sealer requirements in the paint and varnish industry. At the present time, there is a serious Phenol shortage, and while it was felt in some quarters at the close of the war we had over-expanded, there have been so many new uses for Phenol, such as lubricating oil additives and insulating materials, that an actual shortage has resulted.

Aspirin is made from Phenol, and the demand for Aspirin has grown considerably of late. This might be attributed to OPA, the stock market, the Scotchless Scotch, or a combination of all three. It will be difficult to supply enough of the one hundred per cent Phenolic Resins, but it is believed that the industry will be able to supply you with the required amount of modified Phenolic Resins to

Urea Formaldehyde Resins are in short supply, and this will continue for sometime which can be traced back to the Formaldehyde and Methanol shortages.

I grant that this report is not very cheerful, but I can promise you that resourceful resin manufacturers will still be "in there" doing their level best and supplying products to their customers. It is high time that we quit burying our heads in the crying towel and instead get busy and exercise all our ingenuity to carry us over the hump of the next 12 months. And what's even more important, we should get together now and organize our planning in such a way that we don't get caught in these shortages again.

The Synthetic Resin Industry, so far as Paints are concerned, is only twenty-one years of age. It has grown and prospered, not entirely because of super brilliance in management or super salesmanship, but to a large degree the success has been -- to use a seven dollar word, which before decontrol formerly cost only two dollars -- technological, or the work of our so-called "crazy chemists". Now our managements have an opportunity to prove themselves, and we are confronted with a real challenge. We have induced you to use our products in your formulations, and while many of these shortages are beyond our control, it is our obligation to see that these raw materials so necessary for your industry are produced in quantities

large enough to satisfy your requirements. To merely state that the going in 1947 will be tough would be an understatement. If our industry recognizes its obligations, we should, barring acts of God and rule or ruin labor dictators, have you back in a buyers' market in 1948.

All right Gentlemen, there you have the report ... and there you have my neck ... does anyone want to take a whack at it? ... Are there any questions? ...

PRESIDENT TRIGG: Are there any questions? Thank you, Charlie.

Now I am going to call for some information on Oiticica oil by a man who will talk to you on that subject and is in a splendid position to do so. Before bringing him up here on the platform, I just want to make the remark that no industry ever had connected with it a supplier more faithful and more loyal and more intelligent in his service to the industry than Mr. Eisenschiml is. Otto, would you come up to the platform, please?

[Mr. Otto Eisenschiml read his paper, entitled, "Oiticica Oil," as follows:

OITICICA OIL

Address by Otto Eisenschiml, Manager, The Scientific
Oil Compounding Company, at 58th Annual Convention of
National Paint, Varnish & Lacquer Association, Inc.,
Traymore Hotel, Atlantic City, N.J., Friday, Nov. 8, 1946

The Oiticica Oil picture during the current year has not been altogether a pleasant one. To start with, heavy tropical rains, which set in much earlier than usual, just when the crop is normally gathered, interfered with initial harvesting operations. Since the carry-over from last year's crop was small, Oiticica Oil was not available in large quantities at the beginning of the year. When shipments did begin, a large cargo boat foundered near the Brazilian coast, causing an irretrievable loss of from 700 to 900 tons of oil which was badly needed in the United States. This represented a substantial percentage of the entire crop.

For a few weeks, things ran fairly smoothly, until European buying competition made itself felt. Within a short time, these foreign buyers drove the Brazilian price above our ceiling price, thereby shutting us off from the market. Urgent requests to have our ceiling price brought into line with the Brazilian market were denied by the O.P.A.

Some consumers then made arrangements to buy their own oil in Brazil, but by that time found supplies nearly exhausted. At the present time the current crop seems completely sold out. Not until considerable time after the turn of the year can we expect new crop oil to reach us. The price at which it will be offered is anyone's guess, but it will naturally be governed by the general price level for oils prevailing at that time. In the meantime, there remains the possibility - rather remote, it is admitted - that some old crop oil may still be held by speculative buyers. If so, the present high prices ought to bring it out soon.

Considerable fears were entertained for a while that the delay in gathering the nuts and the continued wet season in Brazil would lead to dangerously high acid values in the oil, but fortunately this fear was

realized only in isolated cases. It has been the custom of the trade to accept 5% Free Fatty Acids as a maximum, and although some shipments came in with as high as 11%, this was the exception, not the rule. Curiously enough, late shipments proved better in that respect than those received in the middle of the year.

During the year Mexico exported to us a few carloads of Cacahuanancho Oil, an oil which has been on the market on and off for several years, and played some part in our wartime economy. At that time we proposed to the government authorities to call this oil "Mexican Otiticica Oil", for the simple reason that it has taken us five years to teach our stenographers to spell Otiticica Oil, and we were not willing to spend another five years adding Cacahuanancho Oil to their vocabulary. The suggestion was adopted, and it is hoped that it will remain in force. Mexican Otiticica Oil is heavier in viscosity than the Brazilian product, which is considered a disadvantage, but this disadvantage is offset by a lower heat test.

The scarcity of drying oils has worked to the advantage of Otiticica Oil. Driven by necessity, many varnish houses have adopted it in their formulas, and so Otiticica Oil has won new friends more by force of circumstances than by special sales efforts on the part of suppliers.

The future for Otiticica Oil looks bright. Railroads will eventually be restored to former efficiency or better, new roads into the interior of Brazil will undoubtedly be built, and new territories may be expected to be tapped from time to time to yield additional supplies of nuts. It would be desirable to have better drums put into use, which also is only

a question of time. During this year, as during past years, a small amount of oil was shipped into the United States in wooden barrels, but this practice should not be encouraged and probably will be abandoned. Oil shipped in wooden packages is acceptable in the United States, if bought on landed weights, and if it arrives during the cold months, but even then it cannot very well be shipped into the interior, as the railroads will not issue a clean bill of lading, and any damage would be for buyer's account. This is a dangerous possibility which no sensible buyer would willingly shoulder. The port cities of course are better situated in this respect.

I cannot close without once more calling attention to the necessity of changing our present system of specifications, and this remark does not only apply to Citicoma Oil, but to all other products as well. There is nothing wrong with the specifications of the American Society for Testing Materials, which we all follow, so long as things run normally. When unexpected conditions arise, however, these specifications are apt to fail us, and I can envision some very unpleasant situations arising, especially in a period of falling prices. During the war, for instance, when we stored large quantities of Wood Oil for the Government, its chemical composition gradually changed, until it violated the ASTM specifications. Nevertheless, the oil remained of high quality, and in ordinary times might even have commanded a premium as aged and well-settled oil, but temporarily it ran afoul of the official specifications, because its iodine value had sunk slightly below the minimum. On a technicality, a rejection of such oil would be justified under these conditions, which were entirely beyond seller's control. Similar conditions arose with the high acid Citicoma Oil this year, and are likely to arise again and again in various com-

modities. I have suggested, and suggest again most earnestly, that for once the barn be locked before the horse is stolen. I have recommended that all commodities in which the paint and varnish industry is interested, be governed by the specifications of the American Society for Testing Materials as heretofore, but that a special committee of experts in each product act as a board of review to take care of unusual situations. This board should consist of two technical representatives of buyers, and two of sellers. The fifth man should be a chemist of high standing, preferably a government chemist from the Bureau of Standards or the Bureau of Mines.

I do not want to be an alarmist, but I can foresee the possibility of very disagreeable disputes over contracts, unless this matter is properly taken care of. None of us want a dispute on our hands, certainly not with our customers or supply houses. There is no cheaper insurance against such a contingency than the simple remedy which I am proposing.

Otto Riesschmal,
Scientific Oil Compounding Co.,
Chicago, Illinois

PRESIDENT TRIGG: I am glad Mr. Eisenschiml made that last point. It is a matter which he has been discussing with us, and, as you know, we have taken the matter up with the Bureau of Standards, and we hope that it may be possible for you some time before too long to come down and sit in and see if we can't work out the principle of what you have in your mind.

Are there any questions on oiticica oil? The expert is here now if you want to ask him anything.

Thank you very much.

We want to go on to the subject of Tung and Fish Oil. Mr. Rocca from San Francisco has been good enough to come on to present that subject to you. Mr. Rocca spent most of the war years in Washington, having had charge of the imports of oils, where he did a very splendid and most useful job. He is back in his own business now, but he comes here particularly well qualified to talk to us on the subject on Tung and Fish Oil.

MR. B. T. ROCCA: Mr. Chairman, Ladies and Gentlemen: Wood oil has had the unique distinction in recent months of being the only oil that was obtainable at the simple expedient of calling up your dealer and placing an order. More recently it has had the still more unique distinction of being the only oil that is still obtainable at the old ceiling prices after ceiling prices have been

removed. The answer, of course, is that the ceiling price of wood oil was so high as to amount to no ceiling at all, in effect. Supply and demand were relatively well equated all during the war, except during the early stages.

Before the war--by that I mean prior to 1940, because the Chinese were at war long before we were--in normal times wood oil was second only to linseed oil in importance to your industry. Total consumption amounted to approximately 120,000,000 pounds a year. With the shutting off of the supplies from the Far East by the Japanese, it was necessary to bring the oil out over the Burma Road, and supplies dwindled very rapidly, and the price advanced accordingly.

At the time of Pearl Harbor, shipments were shut off completely, and the industry was entirely dependent upon the supplies of oil which were already in the country, most of which at that time were in the hands of the Chinese Government purchasing agencies. These stocks were transferred to the Commodity Credit Corporation, and together with small domestic production which was just at that time coming in to take care of the industry during those early years. It was necessary for the Government to impose restrictions on use in order to keep the oil for those uses which were considered essential to the war effort, such uses as electrolytic varnishes, castings, interior can coatings, waterproof paints, and the like.

Under Government restrictions, the consumption of wood oil was reduced to about 15 million pounds a year at the start. As substitutes were developed, this use fell to a low point of 500,000 pounds a month. That is about 6 million pounds a year, and by 1944, domestic production was in excess of this figure. In view of this, it was necessary first of all to remove the use restrictions in order to permit the marketing of the coming domestic crop without breaking the price. Subsequently, it was even necessary to make wood oil ex quota and at this time the use began to rebound from the low point of 6 million pounds a year and eventually reached a level of about 2.5 million pounds a month, or 30 to 35 million pounds a year, about 25 per cent of what we used normally.

The Government stocks were completely exhausted in '45, and then we were dependent upon our domestic production plus imports. Argentina had shipped small quantities of wood oil to the United States in 1945, and early in 1946. We had the largest domestic production we had ever had, about 10 or 12 million pounds this year, but that was almost all gone by June. So from June forward, we were dependent upon China wood oil supplies to take care of our requirements.

These supplies have been coming in in increasing volume, leveling off at about 3 million pounds a month. It is my estimate, and it is only an estimate, because no

statistics are available that we are going to have about 30 million pounds of imported China wood oil available this year, that is, provided the maritime strikes are ended and we can get delivery of the oil, which is being shipped to us and a large part of which has already arrived.

Wood oil, like all other oils, are still subject to allocation by the International Emergency Food Council. These allocations are implemented by import controls, which you have already heard will probably be terminated on March 31st, if not sooner.

The allocations this past year allowed about 60 per cent of the total Chinese production to come to the United States. However, this was not a limiting factor, as until recently it was not possible to sell China wood oil as fast as it could be purchased in the Orient and the surplus stocks went elsewhere. Russia got about 5000 tons; the United Kingdom got about 4000 tons and the balance went to European countries, all European countries obtaining small supplies.

About 85 per cent of the Argentine supply this year has been allocated to Europe, and it is probable next year the same situation with respect to moving Argentine oil to Europe and moving China wood oil to the United States will prevail. The prospects for it for 1947 are for slightly increased supplies, but still far from normal. Our domestic production will be at least 15 million pounds, according to the estimates

given me by our domestic tung oil producers. This is the largest crop we have ever had, and apparently that crop will continue to grow through the years. Argentine production will be slightly larger, probably 5 to 6 million pounds total available for export, but as I indicated earlier, most of that is expected to go to Europe.

The situation in China is still extremely unsettled. Our Chinese friends advise us that they think that shipments will be larger next year, although not materially so. The difficulties inherent in the Chinese situation are definitely limited supplies. Production is down from 25 to 50 per cent. Nobody knows for sure, they do not have any statistical services in China, but press reports were frequently found during the war years of Chinese farmers cutting down their tung trees to manufacture charcoal, or taking them out in order to put in more remunerative crops. However, production is not the main problem, at least next year. It will be transportation. The three railroads most important to the China wood oil industry are completely immobilized, making the industry dependent upon water transportation. River craft on the Yangtze were almost all destroyed by riots, our B-29s, or by the Japanese themselves. What were left were subject to commandeering by the Chinese Government.

On the face of these difficulties, it is probable the total Chinese exports next year will not exceed 75 million

pounds. Of that quantity, we should get 50 million pounds.

Summing it all up, then, we can expect about 65 million pounds of wood oil in 1947 on the basis of present estimates. This would be, roughly, 50 per cent of our prewar consumption, but nearly twice the quantity of wood oil which the industry has consumed this year, and I am sure that this increased availability will be more than welcome to all of you, especially in view of the fact that wood oil is now priced in line with other commodities.

On fish oil, the situation is very bad indeed. The total catch of fish as of November 1st was less than 20 per cent of the quantity caught to the same date last year. It is estimated that fish oil production did not exceed, on November 1st, 300 tank cars as compared with over 1000 tank cars as of the same date last year. Fishing in Northern California waters has almost ceased. In San Francisco, they are not doing any fishing at all. In Monterey about 20 per cent of the boats are left. In Southern California, they are catching fish, but from a fish-oil production point of view, at least, Southern California is much less important than Northern California.

There is one possible bright side to this picture, and that is that the short supply has made the price so high that the fish oil this year will go primarily into those commodities where it can compete with linseed oil. It is very

unlikely that any fish oil will go into the soap kettle which used to take a very large quantity. It is also unlikely that it will go into dog food or vitamin needs or things like that, that under OPA ceiling prices accounted for a large part of the consumption.

Mr. Trigg, you asked me to speak a word about Perilla oil, and I told you not to put it on the agenda because at the time you wrote to me, I didn't know anything about it, and so far as I knew, nobody else did. Since then, word has been received from the American Consul in Darien. According to the information that he has been able to gather by sending 15 investigators into the field, there were about 38,000 tons of Perilla oil seed produced in Manchuria this past crop year. This is only about 25 per cent of the quantity of Perilla seed produced before the war, but it is good to know that they have not forgotten how to grow the crop. We have been trying to find out if any supplies are now available from this crop, and apparently there are not. We don't know just what happened to them; probably the Russians took a large quantity, as it is known they took all of the soybeans out of the last crop, and possibly a large quantity was used for their own requirements in Manchuria.

However, we do hope that we will obtain supplies of Perilla oil next year for the United States. The Chinese Nationalist Government has not yet established itself in

Darien, and the city is a dead port. Until law and order is established, of course business is quite impossible.

In closing, I would like to just say a word in support of what Mr. Eisenschiml had to say with respect to this question of specifications. We who are importers are very much concerned about it particularly at these high prices. During the war it was necessary for the Government in buying overseas to provide in their contracts that merchandise which did not meet specifications was not to be rejected, but was to be accepted with an allowance to be mutually agreed upon or determined with an allowance. I believe that something along the lines that Mr. Eisenschiml has suggested is going to be mandatory if we are to maintain stable marketing conditions at these high prices.

Thank you very much. [Applause]

PRESIDENT TRIGG: You brought us a very interesting report, and we appreciate it.

Now we are going to hear from Mr. Acer on Castor Oil, and he, too, as you all know, is well able to talk to us on that subject.

MR. V. A. ACER: President Trigg, Ladies and Gentlemen: A fellow said to me this morning that of all the subjects to be talked on here, mine was the most moving of all. [Laughter]

My paper was prepared, according to instructions from

Washington about two weeks ago, and conditions have changed to some extent since then, as we all know, but not sufficiently to void anything I have had to say. At the time I prepared this paper, we were starting to emerge from a controlled economy to a free economy. Now we have taken the last step, or practically the last step.

[Mr. Acer read his prepared paper as follows:

CASTOR OIL

An Address By V. A. Acer, Vice-
President, Spencer Kellogg & Sons, Inc.
at the 58th Annual Convention of the National Paint, Varnish & Lacquer Assn., Inc.
Traymore Hotel, Atlantic City, N.J., Friday, Nov. 8, 1946

If a prize or award of any sort is ever given to that industry or business which has suffered the most through bureaucratic regulation and interference, the castor oil business will be in the running for first prize.

During the war and since its actual, although not official, conclusion, we have had almost every combination of government control that can be imagined. We have seen castor seed free from price controls and most other restrictions with oil prices fixed. We have seen all three products, including castor pomace, freed from price control but with restrictions on imports and we have seen many abortive attempts to maintain price controls on seed, oil, and pomace with business completely tied in a knot.

As this is being written - about two weeks before its presentation to the convention, - we see castor seed just freed from OPA price controls.

We see the first pressing called C.P. or No. 1 castor oil free from price control, No. 3 castor oil free from price controls, ^{as now} but ceiling prices ^{have been}

^{taken off} ~~maintained~~ on dehydrated castor oil ^{but remain} ~~put~~ on castor pomace.

In thinking over the history of this rather brief period, we feel like the Irishman who was asked by a friend of his, "Who gave you that black eye". The Irishman replied, "Nobody gave it to me, I had to fight like hell for it".

In the past several years needs for castor oil have grown tremendously. During the ten years of the 1930's, castor seed imports into the United States ranged from 38,000 long tons to 97,000 long tons per year, with a yearly average of between 55,000 and 60,000 long tons. In 1941 to 1945, both years inclusive, imports ranged from 110,000 to 174,000 long tons with a yearly average of about 140,000 long tons. Castor seed imports during the first nine months of 1946 have been only 70,000 long tons.

During these same periods, castor oil production has paralleled seed imports. During the decade of the 1930's, production ranged from a low of 37,000,000 to a high of 75,000,000 pounds with an average of from 55,000,000 to 60,000,000 pounds. In 1941 to 1943 production ranged from 121,000,000 to 156,000,000 pounds with an average of something like 140,000,000 pounds.

During 1943 we had ceiling prices on oil and pomace but seed prices were free. On February 13 ¹⁹⁴⁶ the OPA decided prices on castor seed were too high so they fixed a ceiling price of \$95.00 a long ton f.o.b. major Brazilian ports and at the same time a ceiling price of \$.143 for C. P. castor oil in bulk f.o.b. crushers' mills on the Atlantic Coast and also a ceiling price on castor pomace. This tied things up and during March, April, May and June the industry pleaded with the OPA for decontrol or realistic ceilings.

They took no action but we had an OPA holiday during July and August at which time seed could be bought at the world price levels and it was bought at prices up to \$50.00 or \$60.00 per ton over the former ceilings. Some oil moved during this period but a major factor in the industry had its plant closed down by strike.

When OPA ceilings were reimposed in August, the industry could buy no seed because we were \$50.00 to \$60.00 per ton below the world values and oil prices 5¢ or 6¢ a pound too low.

On September 18 after weeks of pleading with the OPA to decontrol all castor oil items, they gave ceilings of \$142.00 per ton f.o.b. main Brazilian ports and a ceiling of \$.195 per pound on oil. Since the imposition of these ceiling prices, ^{and the decontrol the other day} I can say that the company I represent has bought not one ton of seed because the world market has ranged anywhere from a few

dollars to about \$60.00 per ton over these ceiling prices and European countries and South American countries have taken the seed away.

On October 24, just two weeks ago yesterday, the OPA decontrolled castor seed and No. 1 and No. 3 castor oil but did not decontrol dehydrated castor oil or castor pomace.

All our reports indicate that during this period since OPA was reinstated, the United States has lost much more seed to other countries than we can afford to lose and we fear now that castor oil of all types and grades will be in relatively scarce supply for some months to come unless the extremely high prices for beans open new supply sources in the interior of Brazil.

Prices of seed and oil are much too high but supply lines will have to be filled up to some extent before we can expect to see a reversal of the trend.

V. A. Acer

October 25, 1946

PRESIDENT TRIGG: Any questions?

QUESTION: I would like to ask what the prospects are for domestic crops of castor oil.

MR. ACER: I am afraid they are very poor. They tried it to a degree of very, very moderate success during the First World War. They have tried it since. It doesn't seem practical, due to the size of harvesting the seed.

Is that sufficient of a reply? I could go on and talk about it at some length. I doubt if it will be successful.

QUESTION: What quantities were they able to get from this Government project during the war by encouraging trading with Mexico.

MR. ACER: As I recall it, our Government entered into an agreement with the Mexican Government by which the Mexican Government is going to furnish something like 75,000 tons of castor beans. Just how much of that was finally brought in, I don't recall offhand, but I would guess it was less than 10 per cent. It never amounted to much of anything.

MR. ROCCA: I can answer that; it was 17 tons.

PRESIDENT TRIGG: Anything else? Thank you very much, Mr. Acer.

Now we are down to linseed oil. Mr. Daniels has been giving this subject, from the industry's standpoint, attention for a long time. As Chairman of the Flax Development Committee, he has been carrying on splendid work both in the

field in the Northwest and also in Washington. I know you are all glad Mr. Daniels is here this morning to talk to us on this very important subject.

MR. T. L. DANIELS: Mr. Trigg, Ladies and Gentlemen: It is a great pleasure for me to address you today. I have a sentimental reason for liking the job, because my father was President of this Association long years ago. He had great pride and pleasure in being the head of your body.

This is a pretty controversial subject, and I will be very glad to welcome questions afterward from the floor. I hope you don't throw too many cabbages my way.

[Mr. Daniels read his prepared paper as follows:

58TH ANNUAL CONVENTION
National Paint, Varnish & Lacquer Assn., Inc.
Traymore Hotel, Atlantic City, N.J.
November 6, 7, 8, 1946
From: Ralph W. Emerson, Director, Public Relations
Chippendale Room

TO BE HELD STRICTLY CONFIDENTIAL UNTIL AFTER DELIVERY
ON CONVENTION FLOOR
FRIDAY, NOVEMBER 8, 1946

LINSEED OIL

By

T. L. Daniels, Chairman, Flax Development Committee
Friday, November 8, 1946

On October 29 the government announced the end of price control on linseed oil. On October 17 flaxseed and linseed meal were decontrolled. As far as our domestic linseed oil supplies are concerned, therefore, it may be said that we are back in an era of free markets. The same cannot be said, however, for importing flaxseed or linseed oil. From Argentina our government has agreed to accept 32,000 metric tons of linseed oil from the total purchase made by the International Emergency Food Council of 120,000 tons. This lot, which is the first lot of linseed oil to be received from the 1945-46 Argentine flax crop, is according to agreement with the Argentine government to be shipped not later than December 31, 1946. How this Argentine linseed oil is to be allocated among consumers in this country has yet to be determined. From Canada 7,000 short tons of linseed oil purchased by our government are to be allocated to crushers in the United States for eventual distribution. Similarly, an approximate 2,000,000 bushels of Uruguayan flaxseed, good for approximately 39,000,000 pounds of linseed oil, has during the present year, July 1, 1946 to June 30, 1947, been allocated by our government to American crushers. The fourth item on the import list is a lot of 300,000 bushels of Mexican flaxseed, equivalent to a little under 6,000,000 pounds of linseed oil, to be distributed to Pacific Coast crushers. We are advised that as far as India is concerned, although the flaxseed crop there appears to be about normal, all of the flaxseed will be retained for home use.

Our supplies of linseed oil available for consumption during the present crop year, according to our calculations, total 545,000,000 pounds against a disappearance during the 1945-46 year of 720,000,000 pounds. It must be pointed out that the 1945-46 disappearance of linseed oil was on a restricted quota basis. The main items that go to make up the total amount of linseed oil available for consumption this year are as follows:

1. The existing factory and warehouse stocks of linseed oil and stocks of flaxseed, which, when reduced to a linseed oil equivalent basis, totaled 189,000,000 pounds.
2. We have estimated that from this year's domestic crop of flaxseed, now estimated by the government as 23,723,000 bushels (October 1), we should receive for consumption 366,000,000 pounds of linseed oil.
3. The imports discussed in the previous paragraph total 128,000,000 pounds.

The total supply, accordingly, amounts to 684,000,000 pounds of linseed oil. We must always calculate a carryover for the end of the crop year, and in this case we have estimated that carryover at an irreducible minimum of 139,000,000 pounds.

There is one other angle that must be considered, and that is the question as to how much, if any, Argentine linseed oil or flaxseed we may expect for shipment to this country after January 1, 1947. It seems evident that the Peron government

will hold whatever stocks it considers available for export at a high price, If this year's pattern is followed, sales will be made to an Inter-Allied Committee and total purchases will be allocated by that Inter-Allied Committee to various countries. As Argentina is practically the sole source of supplies for Europe and Great Britain, the pressure to send the bulk of Argentina shipments there will be very great.

During the first two months of the present crop year, namely July and August, disappearance of linseed oil, according to our calculations, amounts to 123,885,000 pounds. At this monthly rate of disappearance the total available supplies of linseed oil will last a little under nine months. In other words, we will run out of linseed oil completely by the end of March. We will have to depend on further supplies, upon arrangements made by international action with Argentina.

While I have not been asked to discuss here the supply situation of other drying oils, I would like to point out that in general the quantities of tung, perilla, and fish oils during the present season will be sharply less than those during the prewar years. Soybean oil, though in good supply, is in demand for edible purposes and may not be looked upon for too much help in the present crisis.

The hopeful feature of the present season is that government control, which certainly last year proved a more serious menace to the domestic flax crop than all the diseases to which it normally fell heir combined, is now out of the situation. It will take the wholehearted cooperation of the government, industry, and the farmers of this country to produce a flax acreage in 1947 that will bring us out of the supply difficulties which now face linseed oil consumers. After the turmoil of the last few months, I feel convinced that the government is prepared to assume leadership in the effort to produce a substantial flax acreage. We in industry are glad to pledge our own support to such a government project.

To be more specific about the support to be offered by industry to the government in flax development work, I would like to call your attention to the Flax Institute of the United States and to the Flax Development Committee which forms a part of the Institute. For over ten years the Flax Development Committee has endeavored to bring to the farmers of the Northwest the best possible information on cultural seeding practices and has through its contact with farmers, county agents, farm school officials and federal agricultural authorities worked for the improvement of flaxseed varieties, for the planting of flax on better lands, for the control of weeds, and for better growing conditions generally. The work planned for the ensuing year has been enlarged through the generous support of the paint, varnish and linoleum industries and particularly to the work of your Association. We are glad to welcome on the Flax Development Committee as addition to the former membership two members of the Association representing paint and varnish, and an additional representative of the linoleum industry. The Flax Development Committee hopes to expand its work to include other areas besides the Northwest and to bring its program to the flaxgrowers by a more extended advertising campaign.

(Linseed Oil)

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FLAXSEED AND LINSEED OIL SUPPLIES

STOCKS, July 1, 1946:

Flaxseed:

Factory-Warehouse stocks 2,789,000 bu.
Commercial storage stocks 1,025,000 bu.
3,814,000 bu.

Flaxseed stocks: 3,814,000 bu., oil equivalent . . 73,610,200 pounds
(using 19.3 pounds oil per bu., 6-yr. avg. yield)

Linseed oil: Factory-Warehouse stocks 115,468,000 pounds

T o t a l S t o c k s, oil equivalent 189,078,200 pounds

FLAX CROP 1946-1947:

Production October 1, 1946 estimate 23,723,000 bu.

80% of production estimated to be marketed 18,978,400 bu.
(based on 14-yr. average marketings)

P r o d u c t i o n in terms of oil equivalent 366,283,120 pounds
(18,978,400 bu. at 19.3 pounds oil
per bu. 6-yr. average yield)

IMPORTS:

Argentina (32,000 metric tons linseed oil purchased) 70,000,000 pounds
Canada (7,000 short tons linseed oil purchased) 14,000,000 pounds
Mexico (est.) 300,000 bu. at 19.3 lbs.yield per bu.) 5,790,000 pounds
Uruguay (est.) 2,000,000 bu. at 19.3 lbs. yield ") 38,600,000 pounds

I m p o r t s, oil equivalent 128,390,000 pounds

TOTAL SUPPLY 683,751,320 pounds

L E S S : Minimum Carryover July 1, 1947:

Flaxseed: oil equivalent 38,600,000 pounds

(Factory-warehouse stocks plus commercial
storage; 2,000,000 bu. at 19.3 pounds oil
per bu. 6-yr. avg. yield)
(1929-1945 average 17 years 3,300,000 bu.)
(Lowest, 1935 1,800,000 bu.)
(Highest, 1944 9,000,000 bu.)

100,000,000 pounds

Linseed Oil:

(10-yr. avg. 1935-1944 170,307,000 lbs.)
(Lowest, 1935 104,949,000 lbs.)
(Highest, 1944 337,385,000 lbs.)

T o t a l C a r r y o v e r

138,600,000 pounds

BALANCE AVAILABLE FOR CONSUMPTION AS OIL DURING 1946-1947
CROP YEAR

545,151,320 pounds

Disappearance 1945-46 on restricted quota basis 720,050,000 lbs.
Monthly Average disappearance 60,000,000 lbs.

002110

(Linseed Oil)

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At this disappearance rate (60,000,000 pounds monthly), total available supplies (545,151,320 pounds) will last for 9 months, or from July 1, 1946 to April 1, 1947, at which time, except for minimum carryover and working stocks, there will be no linseed oil in the country unless consumption is arbitrarily reduced or increased supplies made available, if any can be found. Even with no carryover or working stocks, an unheard of and impossible situation, supplies would only be good for an additional $2 \frac{1}{3}$ months of until June 10, 1947, when the United States would be entirely bare of oil with a shutdown of all plants and industries consuming drying oils, which means virtually all types of industry from foundries to furniture factories.

In these calculations we have disregarded farm and country elevator stocks. There has never been an actual determination of these stocks, and if a larger acreage is proposed for 1947, any increase over normal in these country stocks will be needed for seeding. It will require $4 \frac{1}{2}$ million bushels to seed 6 million acres.

These calculations also assume that all seed from the 1946-1947 crop will be marketed by April 1, 1947. This has never been done, and will not be done this season. We estimate marketings by April 1 will be 10 to 15% short of the total; hence, supplies should actually be exhausted in early March 1947 instead of April 1.

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PRESIDENT TRIGG: May I add to what Mr. Daniels has said with regard to raising of our own flax to a greater extent, I think you will agree with this, Tom, that we have demonstrated that we can do it. It can be done, because in 1945 we raised 52 million bushes of flaxseed, so we can do it, and when somebody reports such information as Mr. Daniels has referred to, it refutes itself by the facts.

This committee of which Mr. Daniels is the head has a real program. If time would permit, I know he would have been glad to come here prepared to go into a lot of detail as to what they intend to do, but I think I am correct in saying that the two real, basic jobs that you have and will work on is increasing the acreage and increasing the production of flax per acre. It all comes down to something as simple as that, and on the second point of increasing the production per acre, again it has been demonstrated that that can be done, because in areas where the average for the whole area has been only eight bushes per acre, some farmers in that area have raised as much as twelve or fourteen bushes per acre, so it can be done.

There is a grand job to be done here to put ourselves on a more independent basis with respect to our supply of flaxseed and linseed oil, and we know the job is in the most competent hands, and we are just depending on you and your associates to keep on with the good work. You can be assured

of the paint industry's support in a wholehearted way.

QUESTION: May I ask Mr. Daniels to be a little bit more specific about the arrangements made yesterday concerning the distribution of the Argentine oil, the method of distribution and price?

MR. DANIELS: I wasn't present at that meeting yesterday, but I talked to men who were there. I understand that the oil will be allocated to the crushers on the historic basis of their imports, and it will be allocated to them on the basis of market price.

Our understanding is there is nothing in it for the crushers except to make a rapid distribution to you people, just as rapidly as we possibly can.

PRESIDENT TRIGG: Are there any other questions?
Thank you!

After we get all these pigments and liquids and oils and resins and solvents and everything else, cellulose products, we have got to have something to put them in, so I am going to call now on Mr. W. C. Stolk to talk to you about Containers.

MR. W. C. STOLK: Mr. Trigg, Ladies and Gentlemen: I am sure that you fully expect that anything I may say about container needs or supplies for 1947 must of necessity have many "ifs," "ands," and "buts," because the picture is entirely beyond the control of the can manufacturers. Nevertheless, I think that now and for the first time since the beginning of the war, there are some very good signs which should mean and result in more containers for the paint industry in 1947.

To understand fully the situation for the immediate future, I think it is necessary to look back for a moment over the year 1946, and I hope you will permit me one or two minutes. I should like to do this for two reasons.

First, your industry, as you know, is one of the large consumers of metal containers. In my opinion, you are entitled to all of the pertinent facts at our disposal.

Second, I feel the can industry, despite many difficulties this year, has done an outstanding job on an overall basis. While I would doubt that there is a member of your industry who could not have filled and sold more cans than he has received this year, it is only fair to say the paint industry ranks next to the packers of perishable foods in deliveries of metal containers. The excellent efforts of your organization in Washington are responsible in a large measure for this result.

The steel shortage brought about by the war, and the war itself, left us with depleted inventories. The steel and coal strikes during the early part of this year, with resultant losses in production, preceded a series of the largest packs in the history of food canning, and the greatest demand ever to be made on the can manufacturing industry. As you, of course, know, Government orders give perishable foods a priority over all other container requirements.

To give you an idea of what happened up to September first, the packers of perishable foods, with the exception of the two largest uncompleted packs, had packed 241,162,000 cases as against 181,488,000 cases for the corresponding period of 1945--a difference of 59,674,000 cases or 1,500,000,000 cans. Here is a partial list--and there are many more, but I will call off some of the ones that indicate the tremendous increase in the packs which brought about, of course, this shortage of steel and which you felt very definitely:

Apricots	135%
Berries	90
Cherries	41
Cranberries	195
Figs	234
Grapefruit Juice	19
Orange Juice	44
Blended Citrus Juice	55
Tomato Juice	90
Corn	96
Beets	89
Tomatoes	63
Tomato Soup	173
All other soups	79
Baby Food - 'way up and still going strong!	

These tremendous demands, under the priority rulings, explain why more plate and hence more cans were not available for the paint industry. I could talk at some length about the problems that confronted us and the expense involved in meeting the demand for this year on the tremendous food packs, and to the credit of the can industry I must say I do not know of any perishable food that spoiled due to lack of containers.

Let's see what 1947 holds for you, which is what I know really interests you.

It should be understood that the facts and figures I am about to give you regarding possible production in 1947 are predicated on Pollyanna hopes that there will be no important labor stoppages during the year. While it is difficult to feel very optimistic on this score, I personally believe there are some favorable signs on the labor and political fronts. I hope time will justify my optimism.

For some months, we in the can industry have been attempting to obtain decontrol. One of the recognized methods is to convince OPA that the supply in our industry balances the demand.

This has resulted in very thorough studies made at the request of the OPA Advisory Committee by a committee of the Can Manufacturers Institute to determine if the estimated demands for 1947 can be met by the can industry's ability to

produce. These studies have been made in tons of steel and only the total figures for each industry are available. The figures I will give you for the paint industry, while in tons, should serve our purpose today in presenting a fair picture of what to expect.

In 1941, your industry consumed 99,803 tons of plate for cans. The Can Manufacturers Institute's committee estimates that the 1947 requirements of your industry will approximate 150,000 tons, or an increase of 50 per cent over 1941. The can industry is equipped to process 210,000 tons, or double the can production of 1941; so it can clearly be seen that the availability of steel and not can-making facilities will determine whether you receive the number of containers you will require next year.

But next, let us look at the steel forecast for 1947 and see if there will be sufficient tonnage to take care of the cans for paint, varnish and lacquer. In 1941, the can manufacturing industry consumed 2,800,000 tons of steel of the so-called tin mill product classification, which are the gauges used in the manufacture of cans. The Can Manufacturers Institute's committee estimates the can requirements of all industries for 1947 on a non-restricted basis as 3,470,000 tons, or an increase over 1941 of approximately 25 per cent. To this must be added about 100,000 tons for caps and closures. The expected production of tin mill products by the steel

industry is calculated to be 4,200,000 tons, leaving a margin of about 700,000 tons over the estimated requirements for cans. Out of this margin or safety factor must be supplied the tonnage which may be allotted for export by State Department directives. By using 1946 as a guide, it is possible that such directives may amount to 500,000 tons.

If everything goes perfectly, you see, production and requirements will be just about "even-Steven," but when you realize that no allowance is made for work stoppages, you can see that this is slicing things pretty thin.

There are, however, other favorable signs which should tend to widen this margin. Steel mills are planning increased production, though the time at which the new facilities will be ready is still uncertain. Any reduction which the State Department might make in its allocation of 500,000 tons for export would, of course, be of help to the overall picture. In fairness to the steel companies, I would like to say that I think we all can understand why the steel people would be reluctant to ship any export tonnage needed for domestic use except by Government directives.

There are also certain factors in regard to the fruit and vegetable outlook which may react to the advantage of your industry. Recent market reports already begin to indicate that the large 1946 pack is rapidly filling the channels of distribution, which will tend to eliminate the

necessity for filling "pipe lines" in 1947 and thereby reduce the demand to actual consumer requirements. The law of supply and demand should influence the canners' packing plans, even though nature may provide the abundant crops that were available in 1946, and any slacking up in the food pack would, of course, mean a proportionate flow to other industries.

So, you see, there are many factors to be balanced one against the other. There is ample capacity in the can manufacturing industry to meet your estimated needs. Predictions are that, given the opportunity for continuous production, there will be enough steel. The big question mark is whether there will be industrial peace, and one of us, I believe, is as good a judge as another as to that development.

I feel sure the can manufacturers will see that you are in possession of all the facts at their disposal, and regret that the only guarantee I can offer at this time is the industry's desire to serve you to the best of its ability.

[Applause]

PRESIDENT TRIGG: Thank you, Mr. Stolk. Are there any questions or discussion? Thank you, Bill.

I want to say that our first order of business after this Convention is over will be to print and distribute throughout the industry copies of all of these raw material statements that have been made here this morning. We think they contain a lot of important information for you and for

others who are not here, and that you will want to have them before you to refer to from time to time.

There is a matter I would like to talk to you about this morning. I just want you to know that we have been constantly emphasizing with the Government agencies that the surest way to get the fullest possible measure of production was to get the industry back into some kind of a balance with regard to production, instead of having some things we no longer make at all or maybe make only in a limited way, because of artificial price regulation. Therefore, we have said to them that the surest way of getting a balance, getting what is needed of various types of materials and to get the largest possible supply, subject to our raw material limitations, is through decontrol, and we have assured them that under decontrol we were confident that the prices would be no higher than they would have to be if they attempted unofficially to set up prices on this, that and the other item, and they might even be lower because the spirit of competition is still rising in this industry, which is today at least four-hundred manufacturers and maybe sixteen or eighteen hundred; there is no way of telling exactly.

We have met with various reactions, but I think I can say to you that so far as OPA is concerned today, they realize the truth of what we have said to them and if they were completely free agents in the situation, our industry

would be decontrolled not only on industrial finishes but on trade sales as well. Unfortunately, for the good of the country, the National Housing Administration has stepped into the picture and, being fearful that because of the shortage of linseed oil and some other raw materials maybe they would not get all of the house paint that they required, regardless of the requirements of other branches of industry, they have said, "No, it must not be decontrolled."

Yesterday, those of you who were present at the Industrial Finishes meeting in the afternoon will remember that a resolution was introduced and passed to take proper steps to insist further with CPA and with the Government that industrial finishes should be decontrolled. I am glad they did that; I think it is a proper thing.

I want to suggest to you this morning, if you see fit, if it meets with your approval, that somebody make a motion, which will have to be properly worded and in good strong language, that the best interests of the Government and the economy generally will be served if all material is decontrolled.

Now, I told you that they know that. We have been driving it home to them in season and out of season and intend to continue to do so, but formal action by a large group of people carries weight in the considerations in Washington, and so I am suggesting and asking you if anyone cares to move

that such action be taken, and if you want to act favorably upon it, it might help.

MR. SHELTON: I move you, sir, that this Convention go on record that all paint material, industrial finishes and paint sales be decontrolled. *[5 min decontrolled announcement 1/1/66]*

[The motion was seconded by several members.]

PRESIDENT TRIGG: Is there any discussion? If not, all those in favor, please say "aye"; contrary, "no." I didn't hear a single "No." [Laughter]

Ladies and gentlemen, Mr. Melum is the Vice-President of our organization. He has long been a very faithful and useful worker in our common cause. He had expected to take a considerable part in our deliberations this week but, unfortunately, he developed last Tuesday night, as he got here in Atlantic City, a bad cold which made it impossible for him to do so. While he is not feeling any too well this morning, he was good enough to come down here to take over the gavel for just a few minutes, because we want to see him in action and want you to see Mr. Melum and know what a grand fellow Helmer Melum is. [Applause]

[Vice-President Helmer A. Melum assumed the Chair.]

CHAIRMAN MELUM: I will entertain a motion to approve the actions of the Executive Committee since the time of the last Annual Meeting. Do I hear such a motion?

[Upon motion regularly made and seconded, it was

unanimously voted to approve the actions of the Executive Committee since the last Annual Meeting.]

CHAIRMAN MELUM: We now have the report of the Nominating Committee, by Mr. William Zintl.

MR. W. M. ZINTL: Mr. Chairman, Ladies and Gentlemen: Since the preliminary report of the Nominating Committee the other day, there have been no changes. Therefore, we submit this list of nominees:

Vice-President	- J. Heath Wood
Treasurer	- E. A. Foy, Jr.
Divisional Vice-President	- T. A. Flynn
Regional Vice-Presidents:	
New England	- F. J. Lane
Eastern	- H. Braith Davis
Southern	- E. L. Gott
Central	- Bernhard Mautz
Southwestern	- Alfred J. Knapp
Western	- W. W. Holt

Executive Committee, for three years:

S. C. Dunning
George W. Jenkin
H. S. Margetts
Robert W. Matlack
Fletcher W. Rockwell
F. G. Weed

And, finally, for President, Ernest T. Trigg!

I make a motion that this list be duly elected.

[Applause]

CHAIRMAN MELUM: Is there a second to the motion that has been made?

[The motion was seconded by several members.]

CHAIRMAN MELUM: Are there any other nominations? If not, all those in favor signify by saying "aye"; contrary, "no." It is unanimously carried.

I will now turn the meeting back to our new President, Mr. Trigg, and ask him to install the newly elected officers. Congratulations, Mr. Trigg!

[President Trigg resumed the Chair.]

PRESIDENT TRIGG: Thank you for this further evidence of your confidence. It will not be abused.

Is Mr. Wood in the room? Would you come up here and let everybody take a look at you? This is your new Vice-President, gentlemen, Pete Wood! [Applause]

MR. J. HEATH WOOD: Thank you very much, gentlemen. Needless to say, this is an honor that I very much appreciate, and also the privilege of being so closely associated with Mr. Trigg and the other officers and the Executive Committee of the National Association. Frankly, I don't know just what the duties of the office are, but whatever they are, you may be sure that I will assume the obligations to the best of my ability. Thank you very much! [Applause]

PRESIDENT TRIGG: I think you would like to see your Treasurer, the fellow who is responsible for all of the funds. Nobody knows him very well. I said "very well." Where is Ed Foy? Come up here, Ed, and give an account of

your stewardship.

MR. FOY, JR.: I am sure you realize now that treasurers are perennial things; they go on and on and on. Please let me assure you that since I am elected to the office, I will do everything possible to further the interests of the Association. [Applause]

PRESIDENT TRIGG: Is Mr. Flynn here? He is the Divisional Vice-President for the Wholesale Division.

Is Braith Davis here? They will have to be docked.

Is Ed Gott here?

Bernhard Mautz? Mr. Mautz must be here. Come up here a minute and let's have a look at you. [Applause]

Frank Lane? I guess he stayed up too late last night.

Alfred J. Knapp?

Mr. Holt of California is not here.

Stanley Dunning, Executive Committee member?

George W. Jenkin, Executive Committee member?

Herbert Margetts of San Francisco is not here. He had to come to Washington last week on a special Advisory Committee meeting and he couldn't be here again this week.

Robert Matlack? I guess they must have ganged up on us.

Fletcher W. Rockwell? [Applause] We are glad to have you back with us.

Fred Weed, are you in the room? [Applause] Come up here and say a word or two, won't you?

MR. F. G. WEED: I regard this honor, Mr. Trigg, as a very definite recognition of Detroit's interest in our Association's affairs.

While Detroit is known principally for automobiles and unions, paint is Detroit's fifth industry, being but four slots below the automobile in dollar value. Its voice in the councils of the Association, therefore, need not be a mumbled one.

While I am not bringing the wisdom and vision of Tom Neal and Eddie Foy and others of Detroit's pioneer contributors in the Association's history, I hope it may be my privilege to measure up to what you who have chosen me may expect, and I pledge my earnest effort at all times in the Association's interest. Thank you very much! [Applause]

PRESIDENT TRIGG: Would someone like to move that an expression of appreciation to the speakers on our program this week be extended to them? Would somebody make such a motion?

[Upon motion regularly made and seconded, it was unanimously voted to extend an expression of appreciation to the Convention speakers.]

PRESIDENT TRIGG: Gentlemen, that concludes our business--

VICE-PRESIDENT MELUM: Mr. President, I would like to say something.

Ladies and gentlemen, I have been asked to present a matter to you in behalf of the Executive Committee of the Association for the past year. It is very seldom that we have the opportunity to express our appreciation and thanks to those who are carrying on the affairs of our industry at Headquarters in Washington and particularly to our President, Mr. Trigg [applause], who has given so unselfishly of his time and effort in behalf of the interests of the industry throughout these troublesome years that we have passed through.

We see how all of this effort has taxed him and what it has meant to him. We have seen how tired he has become at times, and yet, how faithfully he has continuously carried on.

It is the recommendation of the Executive Committee, therefore, that we express this appreciation in a measure to him by a resolution today that will ask him again, if you please, to take at least a month's vacation and to take a trip possibly on the ocean some place, a cruise of some kind, where he can completely relax and regain some of the strength that he has lost in the effort that he has put forth particularly during the past year, and that he take this vacation at the expense of the Association. I would like to have someone make

a motion to that effect.

MR. FLETCHER ROCKWELL: If you will change that word "ask" to "insist," I will so move.

VICE-PRESIDENT MELUM: Thank you. I will be very glad to do that. We have asked before; that is the reason why I ask again. We will insist upon it this time, Mr. Trigg. Is there a second to that motion?

[The motion was seconded by several members.]

VICE-PRESIDENT MELUM: May I ask for a rising vote on that resolution?

[The members arose and applauded.]

PRESIDENT TRIGG: Mr. Melum, Ladies and Gentlemen: This embarrasses me. It comes very much as a surprise, and I am naturally very much affected by it. I very sincerely appreciate it because I am confident of its sincerity. Thank you. My work is a pleasure to me. I love this industry.

Gentlemen, the Convention is over now. We were fortunate in getting through a little earlier than we expected. However, the buffet luncheon which is referred to in the program is ready now in the Rose Room, which is just outside the door and up that short flight of stairs in the rear of the building, and it is on the house, so come and get it.

This Convention is adjourned!

[The Convention adjourned at 12:35 p.m.]