MINUTES
EXECUTIVE COMMITTEE MEETING
National Paint, Varnish & Lacquer Assn., Inc.
Association Headquarters, Washington, D.C.
April 26, 1939

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A regular quarterly meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association, Inc. convened at 10:30 A.M. Wednesday, April 26, 1939, in Association Headquarters, Washington, D. C. with the following in attendance:

T. J. Campbell	S. R. Matlack	C. M. Schultz
D. W. Figgis	H. A. Melum	F. L. Sulzberger
E. A. Foy	E. E. Morton	Ernest T. Trigg
E. D. Griffin	Benjamin Patterson	H. E. Webster
D. A. Kohr	J. V. Reardon	Val Wakele
deLancey Kountze	C. J. Roh	W. M. Zintl
	Harold Rowe	

ASSOCIATION STAFF

H. A. Gardner M. Q. Macdonald Reuel W. Elton

ABSENT

W. I. Longsworth Howard Kellogg

A letter was received from Mr. W. I. Longsworth indicating that his absence was due to the serious illness of his mother.

CALL TO ORDER

In calling the meeting to order, President Trigg presented Mr. Charles J. Roh, newly elected Chairman of the committee.

Mr. Roh expressed his thanks for the tribute indicated in his election as Chairman of the Executive Committee, and stated that he considered the friendships made in his long connection with the paint industry his most valuable possession. Mr. Roh expressed his thanks in accepting a framed, engrossed certificate of appreciation signed by many of his friends in the industry in commemoration of his many years as Treasurer of the industry's organization.

MINUTES OF LAST MEETING

The Chairman stated that the minutes of the preceding meeting had been mailed to all members of the committee, and that the agendum of this meeting would take care of any unfinished business carried over from the past meeting; he stated that if there were no objections the minutes would be approved without reading. It was moved by Mr. Trigg, seconded by Mr. Rowe, that the minutes of the meeting of the Executive Committee of January 10, 1939 be approved without reading. Motion carried.

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REPORT OF TREASURER AND OF BUDGET AND FINANCE COMMITTEE

The Treasurer, Mr. Matlack, stated that in view of the fact he had been unable to function as Treasurer due to illness, he had requested Mr. Roh to make the report for the Treasurer and for the Budget and Finance Committee.

Mr. Roh reviewed the comparative balance sheet as of March 31, 1939, and 1938, and the statement of income and expenses for the period October 1, 1938 to March 31, 1939, (copy attached) and pointed out that the cash position of the Association is good being about the same as last year, that accounts receivable are somewhat less than for the same period last year due to the fact that several of the larger contributors have not as yet been billed for the current year, and that when this billing is completed the indicated income for the year will be just a little lower than the income for the previous year. He stated that due to the possibility of the government taking over the property of the Association, the item of depreciation in the amount of $27,000 carried on the building should be noted.

Mr. Roh stated that some of the apparent overages in expenses over budget were due to seasonal expenses, and would level out somewhat before the end of the year. He stated that the Budget and Finance Committee had considered the report of the Treasurer carefully - had found no important differences not referred to - and expressed the belief that the report indicated a well-controlled budget.

It was moved by Mr. Zintl, seconded by Mr. Webster, that the report of the Treasurer and of the Budget and Finance Committee be approved. Motion carried.

REPORT OF THE SCIENTIFIC SECTION

Dr. Gardner, Director of the Scientific Section, presented the following report of work being conducted by his section:

> Many conferences are being held at the laboratory with various paint consuming organizations desiring advice. This includes much work with representatives of the U. S. Government. In one instance, officials of a Federal bureau had called to ascertain whether it would be satisfactory if they did not paint over 30,000 rooms which they are now constructing in 5000 dwellings. We convinced them that to leave plaster walls bare in such fashion would have a bad psychological effect upon the occupants. As a result, they have decided to paint all these rooms. Advice has also been given many other bureaus of the U. S. Government on painting projects. Many calls are received almost daily on subjects of this character.
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> Similar work is done by correspondence with many organizations having to do with construction or maintenance of buildings throughout the country. Advice regarding the painting and the proper types of paint for many different forms of construction are given frequently. It is interesting to note that even the members of the Structural Clay Products Institute (manufacturers of brick) are now becoming interested in painting brick, as a result of the program which this Association started a few years ago. At first the brick manufacturer was inclined to resent such a program rather than support it. One of them stated recently:
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> "While we have never promoted or encouraged the use of painted brickwork, because we had the feeling that it permitted the use of reclaimed and low-cost brick, we have recognized the apparent growth and demand for this type of construction, and we would like to know what information is available in connection with this."

With our limited personnel and without special funds for the purpose, we have continued our work in the planting of drying oil seeds throughout the country. For this year's work we have already sent out the seed to make plantings in 300 different locations throughout the South. These plantings average approximately an acre to a planting. We are advised that the U. S. Department of Agriculture will spend approximately $40,000 in the near future in a program to encourage the better development of flax. We are constantly advising the cooperating agriculturist as to the best methods and submitting all possible data that would be helpful to him. One of our men, Mr. Scofield, is now making a trip throughout the South to offer any possible cooperation in this work. We have also kept in touch with agricultural meetings and Farm Chemurgic meetings throughout the South during the past winter, and papers on the subject of planting oil seeds have been presented.

We have decided not to give further pronounced publicity to the peeling of paint from dwellings, due to abnormal conditions resulting from humidification and insulation programs. However, we have been active in carrying on some research work to see whether it is possible to design paints that will not blister even under the most severe conditions referred to above. Two new types of apparatus, known as blistering boxes, have been built and are now being experimented with in the laboratory. Upon these, panels which are primed with special types of porous primers, followed by porous finishing coats as well as dense finishing coats, are under test. We can get the story of blistering in about three days time in these new blistering boxes, and we are endeavoring to develop paints which will not blister under any condition. These blister boxes are very simple to construct, and are on exhibit in the laboratory for any who may wish to see them after the meeting. Similarly, work is being undertaken with newly developed types of permeability cups, and methods of securing uniform films for use in such apparatus, since preliminary experiments with permeability cups may afford much information upon which can be based the design of futuristic types of non-peeling paints. The apparatus referred to is available for inspection during this meeting.

Another comprehensive series of exposure tests on mildew resistant paints has just been completed. Over 200 panels have just been exposed in Florida and painted on the job. These are located in a shaded position adjacent to a grove of live oak trees where most intense mildew conditions prevail. Not only the usual types of mercury and copper toxics have been included, but also many new types of proposed materials, such as very dilute solutions of silver salts which lately have proved very effective as germicides, as well as many new organic chemicals which have been developed during the past year or two as possible mildew preventives.

Among the types of research now under way in the laboratory are: proper conditions for measurement of gloss--color of dry varnish films--measurements of the yellowing of interior wall paints and enamels--consistency of paste paints--browning of asphalts--plasticizers for chlorinated rubber--industrial finishes--floor finishes--painting of plywood--aging of paint films on wood--wettability of pigments and liquids--brushability studies--studies of soybean oil and new types of oil products--compatability--etc.

Our laboratory is constantly endeavoring to develop tests which can be used by any manufacturer to determine certain properties of their products.

Dr. Gardner exhibited a gloss meter recently developed in the Scientific Section, and explained its operation and stated that it would be the subject of a Scientific Section circular in the near future. In answer to a question by Dr. Kohr as to what is considered 100% gloss, Dr. Gardner stated that black glass is approximately 95% gloss, and is used as the standard in the gloss meter.

In answer to a question by Dr. Kohr as to whether or not any manufacturers are using bichloride of mercury in their products for mildew prevention, and whether or not there are any regulations governing the use of bichloride of mercury, Dr. Gardner stated that there are federal and state laws governing the use of mercurial products and that the U. S. Public Health Service will review labels to be used on products containing this material and will advise as to whether or not the label is acceptable. He stated that calomel is being used as an effective mildew preventive, and that this product is not legislated against.

In answer to a question by President Trigg, whether or not the investigations in the field of "moisture due to insulation" had been carried as far as possible, Dr. Gardner stated that the work is being carried on in our laboratories - in the laboratories operated by the insulation industry - and at the University of Wisconsin. He stated, however, that he felt the Association should not give much additional publicity to the situation at this time.

In answer to a question by Mr. Sulzberger, Dr. Gardner stated that experimental plantings for oil development are being carried on in the State of Texas.

In answer to a question by Mr. Sulzberger, Dr. Gardner stated that a very severe frost in the South this year would seriously cut down the tung oil production - the loss having run from 60% to 90% of the entire crop. He expressed the opinion that if the production of tung oil is to be successful in the South, it will be necessary to treat the trees with chemicals and to use windmills and other measures to prevent frost damage; he stated that the representatives of the U. S. Department of Agriculture are making a study of this situation at the present time, and that they are also conducting studies in connection with "grafting and budding" in an attempt to develop trees which will withstand the frost damage; he expressed the opinion that it might take five years to develop any real results along this line.

In answer to a question by Mr. Wartele, Dr. Gardner stated that there were no new developments at the present time in connection with the soy bean situation but that the Association is keeping in close touch with the work that is being done in that field.

It was moved by Mr. Webster, seconded by Mr. Melum, that the report of the Scientific Section be received and filed. Motion carried.

INDUSTRIAL DIVISION

President Trigg introduced Mr. E. E. Hoffman, recently appointed Director of the Industrial Sales Division.

LEGISLATION

Painters License Situation

President Trigg presented the following memorandum regarding Painters License Bills:

[illegible] in 27 [illegible] 1939. Mr. Pitt on April [illegible] reported the bills "dead" in [illegible] states, namely, North Carolina, New Hampshire, Indiana, New Mexico, Washington, North Dakota, South Dakota, Utah, Oregon, Michigan, Nebraska and Ohio. Such legislation he considered dead in Maine, Missouri, Texas, Pennsylvania, and Colorado.

In Minnesota two bills were introduced to repeal the Act of 1937. One was withdrawn and the Legislature adjourned without action on the other. Two other bills to amend the Act of 1937 were reported "dead".

In Wisconsin one bill to repeal the Acts of 1935-37 was killed and another was reported out without recommendation on April 13th. Another, to amend the Acts of 1935-37 was introduced on April 8th and no action has yet been taken.

The Model Bill was introduced in Colorado but met opposition of the local manufacturers.

The Model with some variation was introduced in Pennsylvania, and in Texas as a substitute for the original license bill. These bills are likewise considered dead.

This accounts for a total of 27 bills dealing with the subject of Painters license, and can be considered as a perfect score to date.

Model Painters License Bill

President Trigg stated that a painters license bill had been introduced in the State of Texas substantially different from the model bill acceptable to this Association. He stated that much correspondence had developed as a result of this proposal,- that much of the correspondence was acrimonious - and that cancellations of orders placed with manufacturers had taken place because manufacturers opposed the passage of the bill. He stated that the Association endeavored to clear the manufacturers who were involved in the dispute, and was finally advised that a new bill in accord with the model bill had been introduced, and the Association was requested to withdraw its opposition. Correspondence developed the fact that the bill was not in accord with the model bill, and Mr. Wickberg, President of the Painting and Decorating Contractors of America, was advised the matter would be referred to this Executive Committee. President Trigg read a letter received yesterday from Mr. George Stuart, Executive Director of Painting and Decorating Contractors of America (copy attached) and a statement (copy attached) forwarded by President Wickberg as the result of a conference held on the subject, and pointing out the need for changes in the so-called "model bill". President Trigg pointed out that the change suggested involved the establishment of a Board of Examiners, the point on which most discussion has been had during the past two years, and on which our committee has stood adamant, feeling that the suggested change would definitely limite the flow of paint products. President Trigg expressed the opinion that the special committee would probably feel that it had no further grounds on which to conduct further negotiations, and he pointed out that the Association has not been without criticism from our own members as the result of the support given to the model bill. President Trigg read the following resolution on the subject adopted by the Louisville Paint, Varnish and Lacquer Association:

> The Louisville Paint, Varnish and Lacquer Association at its meeting in March, 1939, passed the following resolution regarding the "Model Painters' License Bill", and forwarded a copy of the resolution to each local association affiliated with the National Paint, Varnish and Lacquer Association:

"WHEREAS, the Executive Committee of the National Paint, Varnish and Lacquer Association, has taken the stand that it would not work for the passage, but would not oppose a Model Painters' License Bill.

"BE IT RESOLVED: That the Louisville Paint, Varnish and Lacquer Association respectfully disagrees with this action of the National body for two reasons:

1. It does not subscribe to the theory that a relatively harmless, or so-called Model Bill, would effectively prevent, for any length of time, the passage of a more drastic measure. It feels that the adoption of any legislation along this line would merely be an entering wedge to which seriously objectionable amendments could be added in the future.

2. The mere fact that the National Association has approved the provisions of this Model Bill, has already become public knowledge, and will be availed of, either through studied misrepresentation, or careless ignorance to aid in the passage of decidedly more dangerous bills. This has already been attempted in the state of Texas.

"BE IT FURTHER RESOLVED: That this Club is strenuously opposed to any and all Painters' Licensing Bills for the reason that they are instigated by selfish minorities, with the intent of creating a monopoly for their members. If adopted, the sale and application of paint is made more difficult and costly, which is clearly prejudicial both to the interests of the paint industry and the consuming public.

"BE IT FURTHER RESOLVED: That the Executive Committee of the National Paint, Varnish and Lacquer Association be earnestly requested not only to rescind its tacit approval or tolerance of a Model Bill, but to oppose vigorously any legislation of this type wherever it may be introduced.

"BE IT FURTHER RESOLVED: That inasmuch as the paint manufacturers of Louisville conduct a nation-wide business, and are, therefore, concerned in the action of other states; the Secretary of this Club be instructed to send a copy of these resolutions to each member club of the National Association, accompanied by an invitation to adopt a stand on licensing legislation in harmony with our own.

"Robert P. Bonnie, Chairman
Legislative Committee"

President Trigg stated that copies of this resolution were mailed to all local associations affiliated with the National Paint, Varnish and Lacquer Association - that information has been received at Headquarters indicating that some associations have notified the Louisville Association that they approve the stand taken by the National Association on the subject,- and that no information has been received at association Headquarters indicating that any local association has supported the position taken by the Louisville Association.

Mr. Roh stated that the special committee which had worked on this subject had tried in every way possible to reach a point of view fair to both painting contractors and to manufacturersm and Mr. Sulzberg expressed the opinion that there appeared to be nothing further to discuss on the subject, and requested an expression of opinion from the members of the Executive Committee, stating that the special committee needed guidance.

Mr. Campbell suggested that he considered it advisable for the Association to stick by the model bill - or nothing; he stated that in his opinion no further modification in the bill is justifiable.

Mr. Morton and Mr. Figgis expressed the opinion that it might be advisable to discuss the situation with representatives of the painting contractors organization, even tho the answer is to be a definite no to their request for modification.

Mr. Roh expressed the opinion that the committee was justified in clearly refusing to accede to any demand made by the painting contractors.

President Trigg expressed the opinion that he felt sure the Executive Committee recognized that this matter is of first moment to the entire paint manufacturing industry - having been thoroughly discussed over a period of two years, and he felt that no such addition to the model bill could be considered. He stated that with representatives of the special committee, and with the Association's General Counsel he would be glad to discuss the situation with representatives of the Painting Contractors next week. He stated that the committee had never felt too comfortable regarding the Model License Bill but had accepted it in the belief that it might relieve us of the need for continually fighting measures proposed by the painters organizations.

Other Legislation

Mr. M. Q. Macdonald read the following memorandum regarding various legislative matters:

Drying Oils — Amendments to the salary taxing bill proposed by Senator Connally (Tex.) and Senator Gillette (Ia.) would have changed the present $4\frac{1}{2}$-cent excise tax on certain imported drying oils, including perilla, to a 5-cent tax to be paid by the processor (paint manufacturer).

The Gillette amendment appeared in the Congressional Record Saturday morning March 4 and was called for hearing Monday morning March 6. There was no time to submit the matter to the Tariff Committee but the chairman of that committee was reached by telephone on Sunday. He agreed that the amendments should be opposed and this was done. The background of these proposals was a surplus of cottonseed and soybean oils. They were vigorously supported at the hearing by more than 20 farm groups.

The bill would have increased the tax on oil 1/2 cent a pound and would have nullified last year's successful effort to reduce the taxes on oil seeds so as to permit domestic crushers to produce oil in this country. This would have been the result of taking off the excise tax on imports and imposing the tax on the processing manufacturer, leaving the domestic crusher in competition with the Japanese. In addition, no exemption was provided for floor stocks which already carried the $4\frac{1}{2}$-cent import excise tax. Such floor stocks would therefore have carried a total tax of $9\frac{1}{2}$ cents per pound. On the basis of 1937 consumption the increase in the cost of perilla oil alone would have amounted to about $160,000 annually. The cost of the 5c tax on floor stocks could not be computed in the absence of information as to quantities on hand.

Our Local associations were called on for assistance and responded promptly and effectively, but it appears likely that the final rejection of the amendments by the Committee was due to the fact that they would have violated some of the existing reciprocal trade agreements and therefore brought about the opposition of the State Department and threat of veto if passed. Without that we might have had a favorable vote in the Committee, but with the farm vote on the floor the bill would have passed.

Flaxseed -- On January 19, Senator Lundeen (Minn.) introduced S. 846 making appropriations of $100,000 for seed-flax investigations in Minnesota, North Dakota, South Dakota, Iowa, Kansas, Illinois, Washington, Oregon, and Texas. The contemplated investigations would include plant-breeding, place of flax in crop rotation, areas best suited for flax production, physiology of flax, chemistry and biology of oil formation, utilization of flax straw, linseed meal proteins and carbohydrates, and the possible place of linseed oil in human nutrition.

On February 20 Mr. Magnuson (Wash.) introduced a companion bill in the House. Both were referred to Appropriations Committees. On March 2, Senator Lundeen made a speech in support of the bill which has not as yet been called for a hearing. (Record, p. 3045-48). The speech covered the dependence of this country on foreign sources for drying oils, and the classification of flaxseed as a critical material in time of war. In that connection the House passed a bill for the purchase of Strategic and Critical Materials yesterday. Flax is a "Critical" material.

Vegetable Oil Statistics — On January 3, Mr. Fulmer (S. Car.) introduced H. R. 50 to amend an Act authorizing the Director of the Census to collect and publish statistics of cottonseed and cottonseed products and for other purposes. (Referred to Committee on the Census)

The title does not indicate the scope of the bill. It provides for monthly reports from manufacturers and others, not only of cottonseed on hand, but of "vegetable oils".

A similar bill was vigorously opposed and defeated in Committee last year on the ground that vegetable oil statistics are quite adequate and that this bill would, without sufficient compensating advantages, place another burden on manufacturers.

The bill has not so far been called for hearing. It has considerable agricultural support.

Alcohol -- On April 4 Senator Gurney (South Dakota) offered an amendment to the salary taxing bill the effect of which would be to amend the Internal Revenue Code by relieving manufacturers of gasoline from the federal tax when the gasoline contains 10% or more of anhydrous ethyl alcohol produced from agricultural crops grown in the United States. The purpose is to consume surplus grain and other farm products. Senator Harrison, Chairman of the Senate Finance Committee, induced Senator Gurney to withdraw his amendment on the assurance that some other form of revenue legislation will come before the Senate which will provide another opportunity to offer this proposal, and pointed out that it would complicate consideration of the salary taxing bill to press it at this time. (Record, p. 5240)

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The proposal was favored by Senators Lucas (Ill.), Vandenberg and Wiley (Wis.). (Record, p. 4435-38, 4487)

We are advised by counsel for the Industrial Alcohol Institute that there is no danger in this proposal as written but that it must be watched carefully to guard if possible against further amendment.

In this connection it may be noted that Senator Lucas, who a year or two ago secured passage by the House of an amendment providing for the taxation of blackstrap molasses,- noting that Senator Gurney stated that "power alcohol can be produced most cheaply from blackstrap," said:

> "Since the able Senator has spoken of blackstrap molasses, will he not agree with me that in order for the amendment to be effective in the manner he desires, it would also be necessary for the Congress to pass a law placing an excise tax upon all blackstrap molasses which is shipped into this country from tropical countries, which comes in at the present time duty-free?" (Record, p. 4437)

For alcohol production, blackstrap molasses comes first; corn, barley, wheat, potatoes and fruit following in order. A blackstrap amendment to the Gurney amendment therefore appears logical.

It was estimated, I believe, that the proposal which passed the House under the guidance of the then Representative Lucas would have increased the cost of our alcohol about 5¢ a gallon.

The situation is being watched carefully.

Indications of Foreign Origin — On February 1, Mr. Flannery (Penna) introduced H.R. 3532 to require more informative advertising of imported articles. (Referred to Committee on Interstate and Foreign Commerce). It provided among other things that no person "shall advertise, in any form or manner" any imported articles unless such advertising shall contain in legible English words, in a conspicuous place a statement definitely indicating the country of origin. It covers any article, "The substantial portion of which was imported."

It provides that in radio advertising the announcer "shall at the beginning and end of each broadcast period clearly state the country of origin of the articles so advertised."

Some of the products of this industry come from the 4 corners of the world, and such announcements would be impracticable.

The bill was brought to the attention of the National Association of Advertisers who appear to be neutral, or perhaps in favor of the bill as their members as a whole might benefit from it.

It has not yet been brought to a hearing.

Missouri - Transportation of Explosives and Inflammables — On February 8, Missouri House Bill 12 was introduced, to require truck drivers transporting explosives or inflammable substances to stop before crossing steam or interurban tracks, and also limiting the quantity which might be transported.

NCA 0 02372

There could probably be no objection to the "stop" requirements, although there is some disagreement among traffic experts as to this; but the bill would have prohibited the transportation of inflammables, combustibles or explosives in liquid form in any quantity in excess of 1200 gallons; or in solid form in excess of 500 lbs. There was no attempt to define or classify inflammables, combustibles or explosives. Twelve hundred gallons or 500 pounds is far in excess of the quantity of some explosives carried today and the bill would therefore have failed to protect the public as to these, and would have unnecessarily reduced the quantity of others below the pay load.

The matter was taken up with every member of the Roads and Highways Commission urging, in the interest of uniformity in state regulations, that they await the regulations of the Interstate Commerce Commission which will shortly be promulgated. It was also taken up with the Governor.

The objectionable feature was eliminated.

Miscellaneous State Legislation -- Mr. Pitt reported on certain miscellaneous legislation as follows:

North Dakota bill for Registration of Brands of Paint and Varnish - $50. fee for each brand. "Dead".
Ohio - Liquid Fuel Tax - Continues exemption of raw materials for Paint Industry. Passed.
Ohio - Prohibiting use of certain types of paint sprayers. No progress - consider dead.
Nevada - Registration of trade marks - Payment of fee or risk appropriation by others who might register them. "Dead".
Illinois - Formula labeling - no report of status.
Illinois - Bill to regulate plastering, stucco and cement finishing introduced April 17th. No report of status.

The Chairman expressed the committee's thanks to Mr. Macdonald for the legislative report.

Wisconsin Painters License Law

Mr. Sulzberger stated that he had been having some correspondence with Mr. Pitt, Mr. Griffin, and others regarding a court case in Wisconsin involving a violation of the Wisconsin Painters License Law, under which a woman was fined and threatened with imprisonment for papering a friend's house without having received a license authorizing her to conduct a paperhanging business. He expressed the opinion that our Association would be in a strong position if through an appeal on this case the Wisconsin Painters License Law could be declared unconstitutional. He expressed the opinion that it might be desirable for the Association to authorize up to a certain limit the finances necessary to carry the case to a higher court if further investigation indicated that procedure advisable. Mr. Sulzberger further expressed the opinion that the matter could be handled through Mr. Pitt without involving the Association in the controversy.

It was moved by Mr. Campbell, seconded by Mr. Foy, that the President be authorized to take such action as may be deemed advisable, and to make such expenditures as may be necessary in connection with this situation. Motion carried.

Title I - F.H.A.

At the request of the Chairman, the Secretary read the following memorandum regarding the extension of Title I of the National Housing Act:

> The House on April 12th passed a bill extending the life of Title I of the National Housing Act which provides for modernization, repair and painting loans. The bill has the following provisions:
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> 1. Extension of Title I until July 1, 1941.
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> 2. Limitation of amount of insurance to $2500.00 for both modernization and new structure loans.
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> 3. Time limit of three years and thirty-two days on modernization loans.
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> 4. Premium charge to financing institutions not to exceed one percent.
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> It is expected that a bill now before the Senate covering this legislation will receive prompt and favorable action.

CHINA WOOD OIL SITUATION

Mr. Kountze stated that following the announcement of a loan in the amount of twenty-five million dollars by the United States Government to the Government of China, he had called upon representatives of the Treasury Department to find out whether or not any action could be taken through our Export-Import Bank to bring about a release of stocks of china wood oil now in storage at Chinese ports. He stated that the Universal Trading Corporation, an American corporation financed with Chinese money, had been organized to develop commerce between the United States and China, and he stated that discussions with representatives of the Treasury Department and the Universal Trading Corporation had developed the fact that the interests of the United States Government, the Universal Trading Corporation, and the members of our industry are identical, namely, that the manufacturer shall be able to get as much tung oil as he needs at a stabilized price.

Mr. Kountze stated that the Universal Trading Corporation has purchased 1,000 trucks, which are now on the way to China, which will be used to transport China Wood Oil from the farming districts to Burma and other available seaports and possibly later through Russia for shipment to the United States. It is claimed by representatives of the Universal Trading Corporation that the cost for delivering tung oil in New York over this route is approximately 19¢ per pound, 13¢ of which is represented in transportation. The Chinese Government will subsidize much of the cost of transportation, and while it is not the intention to establish a price for China Wood Oil, it is hoped that in time an ample supply may be available at a price around 11¢. The Universal Trading Corporation will not sell direct to consumers, but will operate through the regularly established importers, thus protecting their position in this market. Mr. Kountze stated that it is the hope of representatives of the Universal Trading Corporation that this program will eliminate speculation in tung oil - will provide a reliable market for Chinese farmers - and will provide an adequate supply of oil at a reasonable price for American manufacturers. Mr. Kountze stated that the Universal Trading Corporation has a small supply of tung oil on hand at this time, but that they hope to build up a reserve so that manufacturers can go to them through

NCA 0 02874

a committee to be set up in our industry with assurances that an adequate supply of oil will be available at a stabilized price. In answer to a question Mr. Kountze stated that the Japanese do not have control of the tung oil producing area in China and also that the trucks which have been supplied to the Universal Trading Corporation have been furnished with the assurance that they will not be used for military purposes.

President Trigg stated that our industry has been requested by the Treasury Department through Mr. Kountze to organize a committee to cooperate with the Universal Trading Corporation and that he had requested the following representatives to serve on that committee: deLancey Kountze, Chairman; Messrs. A. W. Steudel, E. D. Griffin, Jos. Hoenann, L. F. Conklin, N. W. Kelley, W. T. Longsworth, J. Heath Wood, and Howard Kellogg. Mr. Kountze stated that the control of the tung oil situation would eventually really be in the hands of this committee working in conjunction with the United States Government. He stated that the Universal Trading Corporation expected ultimately to publish the price at which tung oil would be available from day to day or from week to week.

President Trigg stated that our industry uses approximately 90% of the tung oil imported into the United States, and Mr. Kountze stated that the Chinese government was very anxious to hold this market for the benefit of her people.

President Trigg reported on his visit to Gainesville, Florida, and described a tung oil crushing mill recently built by Mr. Larsch which he said is modern and up-to-the-minute in every respect; he stated the mill was built for the benefit of the entire community to encourage the developers of small tung groves. Mr. Trigg explained that complete arrangements had been made for caring for the interests of the small growers even to the point of arrangements with Gainesville banks to advance loans on oil in storage being held for more favorable markets.

President Trigg stated that members of the industry would be kept advised regarding developments in connection with the Universal Trading Corporation situation and he read a letter which the Committee was considering sending to the members of the industry and which has been approved by the representatives of the United States Treasury Department and by representatives of the Universal Trading Corporation. (copy attached)

In answer to a question by Dr. Kohr, Mr. Trigg stated that the term "China Wood Oil" was used instead of "Tung Oil" by custom and Mr. Kountze suggested that in the letter which it is proposed to send to the members of the industry it might be advisable to follow the first reference to China Wood Oil with the term Tung Oil in parenthesis.

CLEAN UP AND PAINT UP

At the request of the Chairman, the Secretary read the following memorandum regarding the 1939 Clean Up and Paint Up Campaign:

> The Clean Up and Paint Up Campaign is experiencing one of the most active years in its history.
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> The Handbook, a copy of which is attached, presents a history of the Campaign and gives complete instructions for conducting local campaigns. Six thousand copies of this book have been mailed out this year - on request only - to approximately 4,000 communities. These requests are received from Chambers of Commerce - Mayors of Cities and Towns - Fire Chiefs and School Superintendents.

NCA 0 02875

More than 700 newspapers throughout the country have this year requested approximately 30,000 mats for use in connection with the Clean Up and Paint Up advertising. Newspaper representatives are, in a sense, field men for the Clean Up and Paint Up Campaign since they call on the merchants to use the mats furnished by our Campaign headquarters to tie their advertising in with local Clean Up and Paint Up Campaigns. The newspapers actually using the Clean Up and Paint Up material this year represent 40% of the total number of newspapers receiving the Campaign announcement.

In order to keep the cost of promotion material to a minimum it is customary in the Clean Up and Paint Up Campaign to print a sufficient quantity of each item to take care of a normal two-year need. This year in spite of the fact that printing orders were increased 10% to take care of an expected increased demand, inventories have been so reduced that it has been necessary to reprint eleven of the thirty items sold by the Campaign Bureau - several of the items going on the press for a reprint more than one time. Two new window streamers which it was estimated should run about 5,000 each have reached a demand of approximately 30,000 each.

Because it is not possible, economically, to print in small quantities some of the items which carry several colors in their make-up, it has been necessary for the Association to notify some communities that material ordered was out of stock.

The Clean Up and Paint Up Campaign is undoubtedly one of the most effective mediums for the promotion of paint sales ever conducted by the National Association and manufacturing members of the Association would do well to direct their local representatives to cooperate to the fullest extent with Campaigns being conducted in their communities.

EMPLOYEES REPORT

President Trigg presented a summary of the replies received from manufacturers on the "Employees Report" as of November 30, 1938 (copy attached) and stated that it was presented as a matter of information only.

LEAD INDUSTRIES CAMPAIGN

The Chairman referred to a letter which had been mailed to members of the Executive Committee under date of April 11th (copy attached) regarding the advertising campaign now being conducted by the Lead Industries Association and stated that there should now be a correction made in the last paragraph of that letter in view of the fact that the first advertisement of the Campaign when it was actually printed did not carry the reference that "the paint manufacturer recognizes that good paints should contain lead", this phrase having been deleted from the copy as first prepared.

Mr. Rowe (National Lead Company) offered to leave the room if the members of the Committee wished more freedom in discussing the campaign of the Lead Industries, but President Trigg stated that he felt sure members of the Committee would prefer to say anything which they might have to say in Mr. Rowe's presence than otherwise. Mr. Rowe explained that the Lead Industries Campaign originated with the miners and corroders and that while it was a campaign primarily to promote the use of lead, the campaign would be conducted in such manner as not to be objectionable to any of the various interests which might be affected. Mr. Roh and Mr. Trigg expressed the belief that all factors in the campaign are endeavoring to maintain the splendid relation which exists between white lead and mixed paint representatives. In answer to a question by Mr. Webster regarding the nature of the objection to the statement that "the paint manufacturer recognizes that good paints should contain lead", President Trigg stated that the Committee felt that the Lead Institute should not tell the paint manufacturers via the public how they should formulate their products.

1939 CONVENTION

President Trigg reported that the Committee appointed to complete arrangements for the 1939 Convention had accepted the invitation extended by the West Coast representatives of the Association and had made arrangements with the Fairmont Hotel, the Mark Hopkins Hotel and the Palace Hotel of San Francisco to house the convention to be held in San Francisco, November 1st, 2d and 3d (later changed to October 31, November 1 and 2).

STATE TRADE BARRIERS

Mr. Kountze stated that many industry representatives are becoming much worried as a result of the "Trade Barriers" being set up by various states, which are in the nature of individual State tariffs. He stated that Mr. Walter White and Mr. Prentiss Coonley of the Business Advisory Council have gathered considerable information on the subject which undoubtedly would be available to representatives of our Association.

In answer to a question by Mr. Figgis, Mr. Macdonald stated that there has been some legal decisions supporting State Trade Tariffs and that there is considerable literature on the subject available at the present time. After some discussion it was suggested that Mr. Macdonald be prepared to report to the next meeting of the Executive Committee on the effect of these Trade Barriers on the paint industry.

MEMBERSHIP

The Secretary reported that the following firms have been elected to membership by mail vote of the Executive Committee since its last meeting on January 10, 1939:

Class "A" Members

GRAND RAPIDS PAINT & ENAMEL CO., Grand Rapids, Mich.
GRAND RAPIDS VARNISH CORP., Grand Rapids, Mich.
MER-Q-REE, INC., Bethesda, Md.
UNITED CHROMIUM, INC., Waterbury, Conn.

Class "B" Members

R. J. BROWN COMPANY, St. Louis, Mo.
CARBOGEN CHEMICAL CO., Garwood, N. J.
CROWN SPRAY GUN MFG. CO., Los Angeles, Calif.
GENERAL ELECTRIC COMPANY, Bridgeport, Conn.
INNIS SPEIDEN & CO., New York, N. Y.
SCHALK CHEMICAL CO., Los Angeles, Calif.

The Secretary reported the receipt of applications for membership from the following concerns:

Class "A" Member

BRADLEY MANUFACTURING CO., Boston, Mass.

Class "B" Members

THE BARRETT COMPANY, New York, N. Y.
CANS, INCORPORATED, Chicago, Ill.
CHAS. ROSS & SON COMPANY, Brooklyn, N. Y.
UNION OIL CO. OF CALIFORNIA, Los Angeles, Calif.
WACKMAN WELDED WARE CO., Chester Pa.

It was moved by Mr. Rowe, seconded by Mr. Reardon, that the applications be approved and that the firms be elected to membership in the classifications indicated. Motion carried.

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

Class "A" Members

ANCHOR PAINT & VARNISH CO., Glendale, N. Y.
CHEESMAN-ELLIOT CO., INC., Brooklyn, N. Y.
JOHN C. DOLPH CO., Newark, N. J.
FORMAN, FORD & CO., Minneapolis, Minn.
KUHN PAINT & VARNISH WORKS, Houston, Texas
LACLEDE PAINT MFG. CO., St. Louis, Mo.
MONTANA PAINT MFG. CO., Billings, Montana
PRATT PAINT & VARNISH CO, Dallas, Texas
SOLAR CORPORATION, Milwaukee, Wis.
VARNISH PRODUCTS CO., Brooklyn, N. Y.

Class "E" Members

M. BUTEN & SONS, Philadelphia, Pa.
MILLER WALLPAPER CO., INC., Louisville, Ky.
PAINT STORES, INC., Detroit, Mich.

It was moved by Mr. Trigg, seconded by Mr. Zintl, that the cancellation of the memberships as presented be approved. Motion carried.

The Chairman announced that the memberships elected since the last meeting of the Executive Committee represent an increase in annual income of approximately $1500.00 over the losses caused by cancellations during the same period.

COST OF PAINTERS ACTIVITIES

President Trigg reported that a survey had been made which indicated that paint manufacturers spend approximately two hundred and thirty thousand dollars a year in support of painters activities. Mr. Kountze suggested the possibility of a thorough survey in this field looking to the possible reduction of some of these expenses so that some of the promotions conducted by the National Paint, Varnish and Lacquer Association might be extended for the benefit of the manufacturer, the painter and the public. He expressed the opinion that the paint industry could do itself - the painters - and the country as a whole a great deal of good by conducting an effective campaign promoting the use of paint. President Trigg stated that this matter had been

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considered by the Trade Sales Steering Committee who were not as yet ready to make a recommendation, but that the matter was one which would be given careful consideration. Mr. Kountze stated that he had nothing definite in mind on the subject, but that he had felt for some time that the paint industry should go direct to the consuming public with the paint story. He expressed the opinion that the Clean Up and Paint Up Campaign is one of the finest contacts the industry has with the consuming public, and he stated that a real dent might be made on the industry's prospective markets, if this campaign could be properly extended.

Mr. Norton stated that through the Paint and Oil Club of New England, New England manufacturers had made an arrangement with painters organizations through which they were relieved of much of their former participation in painters advertising books - exhibit space, etc. in exchange for cooperation in connection with the conduct of painters conventions. President Trigg referred to an outline of the New England plan (copy attached) a copy of which had been mailed to each local association.

Mr. Reardon stated that the water paint manufacturers had discussed plans for the conduct of an advertising campaign in 1940, but he expressed the belief that water paint manufacturers would rather support a general advertising campaign being conducted as an entire industry project.

Mr. Roh stated that following a suggestion made by the Steering Committee of the National Trade Sales Committee, President Trigg would communicate with some of the manufacturers to get their ideas regarding an industry-wide advertising campaign and would report his findings to the next meeting of the Executive Committee.

INDUSTRY SALES FIRST QUARTER

President Trigg reported that according to figures furnished by the U. S. Department of Commerce total sales for the entire industry for the first quarter of 1939 are 10.8% ahead of the first quarter of 1938 - trade sales are 5.3% ahead - and industrial sales are 26.4% ahead.

ADJOURNMENT

There being no further business to come before the committee the meeting adjourned at three P.M.

Secretary

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