MINUTES
EXECUTIVE COMMITTEE MEETING
National Paint, Varnish and Lacquer Association, Inc.
Hotel New Yorker, New York, N. Y. — January 31, 1946

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The organization meeting of the Executive Committee of the National Paint, Varnish and Lacquer Association convened at 10:00 A.M. Thursday, January 31, 1946 in the Hotel New Yorker, New York, N. Y. with the following in attendance:

Frank Bo[illegible]s	A. E. Horn	Harold F[illegible]o
T. J. Campbell	Wm. H. Jarden, Jr.	E. J. Shannon
W. M. Clark	M. W. Kelley	Arthur W. Steudel
R. C. Clark	J. Warren Kinsman	W. C. Stolk
E. A. Foy, Jr.	H. A. Nelun	Frank L. Sulzberger
E. D. Griffin	Elliot S. Phillips	Ernest T. Trigg

Guests

Roy B. Anderson	Wells Martin	Charles L. Raffi
Jack Daley	Bernhard Mautz	D. W. Robertson
J. Frank Kurfees, Jr.	Ralph H. Neumann	W. H. Zintl

Association Staff

Reuel W. Elton	H. C. Macdonald
George H. Priest	G. G. Sward

Absent

H. L. Havey	Harry A. Kuhn	Val Wurtele

Call To Order

The meeting was called to order by President Trigg who explained that this was the organization meeting of the Committee and he introduced the new members of the Committee and the guests who were in attendance.

Election of Chairman

It was moved by Mr. Foy and seconded by Mr. Phillips that Mr. Thurlow J. Campbell be reelected Chairman of the Executive Committee for the ensuing year. Motion carried. Mr. Campbell thereupon took the chair.

Election of Vice-Chairman

It was moved by Mr. Nelun, seconded by Mr. Phillips, that Mr. E. D. Griffin be elected Vice-Chairman of the Executive Committee for the ensuing year. Motion carried.

Election of Advisory Members

President Trigg explained that the by-laws provide for the election annually of advisory members of the Executive Committee who may not serve more than three consecutive terms of one year each. He stated that Mr. Charles W. Eastwood and Mr. H. S. Margetts are the present advisory members of the Committee and pointed out that Mr. Eastwood has served three consecutive one year terms and is therefore not eligible for reelection. President Trigg placed in nomination for election as advisory members the names of H. S. Margetts and Charles J. Roh; the nomination was seconded by Mr. Nelun and Mr. Margetts and Mr. Roh were unanimously elected advisory members of the Committee.

Election of Executive Vice President

President Trigg stated that at the annual meeting of the Association in October the by-laws of the Association were amended providing for the election of an Executive Vice President as recommended by the Executive Committee at its last meeting. It was moved by Mr. Sulzberger, seconded by Mr. Walter Clark that Ernel W. Elton be elected Executive Vice President of the Association. Motion carried.

Minutes of the Last Meeting

The Secretary stated that the minutes of the previous meeting had been mailed to all members of the Committee and that the agendum for this meeting would take care of any unfinished business carried over from the last meeting. The Chairman stated that if there were no objections, the minutes of the last meeting would be approved without reading and there being no objections, the Chairman stated that the minutes of the Executive Committee meeting held October 6, 1945 are approved.

Report of the President

President Trigg stated that as his report, he would comment on several items appearing on the agendum.

Brand Names Research Foundation -- President Trigg stated that following approval given by members of the Executive Committee, he has accepted appointment as a member of the Board of Directors of the Brand Names Research Foundation and will attend a meeting of that Board next week.

American Standards Association -- President Trigg stated that this item is on the agendum as a matter of record only. See attached copy of letter dated January 8, 1946, addressed to American Standards Association, New York 17, N. Y. - which letter voices the industry's objections to the application of standards to the products of the paint industry. (Exhibit No. 1)

University of Michigan Paint Course -- President Trigg stated that this item is included on the agendum as a matter of record and he referred to the attached letter dated January 11, 1946, addressed to members of the industry, announcing the establishment of graduate and under graduate paint, varnish and lacquer courses at the University of Michigan. (Exhibit No. 2)

Advisory Committee Meeting -- President Trigg stated that the members of the Advisory Committee met for a discussion of the oil situation and he referred particularly to a letter addressed to members of the industry dated January 11, 1946 reporting "Imports from Argentine Hold Key to Oil Situation". (Exhibit No. 3)

Titanium -- The subject of titanium will be discussed later by representatives of the titanium producing concerns but attention was invited to the minutes of a meeting held January 2, 1946 with representatives of the Navy, Army, etc. (Exhibit No. 4)

Cooperative Advertising Campaign -- President Trigg reported that slightly more than three hundred thousand dollars has now been subscribed to the cooperative advertising campaign and he stated that Laurence Kiefer of the Association Staff is now on a trip which will include all of the principal paint centers of the country and during which he will call on individual prospective subscribers to the campaign.

CPA - President Trigg stated that the Association is getting strong pressure from many manufacturers to urge CPA to authorize an increased price ceiling on paint products and he referred to a letter recently sent to members of the industry explaining the CPA position and pointing out that CPA considers only an entire industry- and that industry must be able to show that it is earning less money at the present time than it earned in the base period 1936-1939 in order to get relief. He pointed out that this consideration is "before taxes" and stated that the industry has been unable to make a case on that basis and he stated that the Association has endeavored to present a convincing case to CPA but had "been firmly but politely laughed out of court". President Trigg stated that he would appreciate the receipt of any suggestions from members of the Executive Committee who thought it might be possible to present a successful argument. In answer to a question by Mr. Sulzberger, President Trigg stated that insofar as he had been able to learn the CPA plan did not take into account percentage return on capital investment. Mr. Kinsman expressed the opinion that the CPA plan should be based on percentage of return on investment and pointed out that while many manufacturers handled more dollars in their transactions, this past year, their percentage of return on capital investment decreased. He expressed the belief that a manufacturer should not be expected to continue to operate at a loss - and that the industry as a whole should make application for relief rather than having individual companies make such application. Mr. Horn suggested the possibility of making an effective appeal on the basis of public loss through the discontinuance of production of items on which a profit cannot be made. Mr. Kinsman expressed the opinion that unreasonable controls should be discontinued and he expressed the belief that free competition would prevent inflation. President Trigg recommended that a committee of three be appointed to make a thorough study of the situation and a motion for the appointment of such a committee was made by Mr. Kinsman, seconded by Mr. Lane and after some discussion was unanimously approved. During the discussion Mr. Steudel expressed the opinion that it might be advisable to delay action on this matter for approximately thirty days during which a pattern in the price situation will undoubtedly be developed. President Trigg expressed the belief that the committee should be appointed in order that it might have time to consider a possible appeal for the industry and to be ready to present that appeal when the time is ripe.

Unfair Competition Committee

President Trigg pointed out that the by-laws of the Association provide that "The Unfair Competition Committee shall be appointed by the President in collaboration with the Chairman of the Executive Committee, subject to approval by the Executive Committee". He stated that in accordance with this provision and with the collaboration of the Chairman of the Executive Committee he recommended reappointment of the present membership of the Unfair Competition Committee as follows: Charles J. Roh, (Chairman) Interchemical Corporation-Finished Division; W. C. Dabney, Jones-Dabney Company; O. J. S. deBrun, Egyptian Lacquer Manufacturing Company; Matt Denning, E. I. duPont de Nemours & Company, Inc.; E. D. Griffin, Pittsburgh Plate Glass Company, W. I. Longsworth, Lilly Varnish Company; T. J. McDowell, Sherwin-Williams Company; Carl J. Shumann, Hilo Varnish Corp.; H. E. Webster, Pratt & Lambert, Inc. It was moved by Mr. Phillips, seconded by Mr. Bownes, that the recommendation of the President be approved. Motion carried.

Flax Institute - President Trigg stated that for a number of years the Association has been making a subscription to the Flax Institute which is carrying on an educational program in an effort to increase the flax production of the country and he recommended that the subscription be continued. It was moved by Mr. Sulzberger, seconded by Mr. Melum, that a subscription in the amount of $1,000 to the Flax Institute be approved. Motion carried.

Recommendation to Navy Regarding Aluminum Paint -- President Trigg stated that in discussions with the Navy regarding a possible reduction in the amount of titanium to be used in painting ships, the Navy had requested suggestions and one suggestion submitted by the Association was the possibility of substituting aluminum paint for some of their requirements. He referred to a letter dated January 23rd, addressed by the Association to Rear Admiral Roger W. Paine of the Army and Navy Munitions Board. (Exhibit No. 5)

1946 Convention -- President Trigg stated that the subcommittee appointed by the Executive Committee has not as yet held a meeting in view of the fact that as yet no suitable accommodations have been found. He stated that reports to date indicate all accommodations in Atlantic City, New York and Chicago have been sold out but he expressed the opinion that suitable arrangements for the convention will be developed.

California Paint Labeling Regulations

Mr. Macdonald reported on paint labeling regulations in California. If similar regulations are adopted in other states they will constitute a burden on the industry. During the Summer of 1944 California Industrial Accident Commission proposed a safety order regulating labeling of products containing any of a great variety of ingredients, many of which are used in this industry. Disclosure of the name of the hazardous material and a warning or poison notice would have been required. The regulation was vigorously opposed. For some time thereafter California manufacturers made use of a general caution label which they hoped would comply with the intent of the proposed order.

The matter was reopened and a revision of the original proposal was issued, to be effective January 1, 1946, later postponed to April 1. The situation is disturbing. Similar commissions or boards in other states may follow the lead of California. Oregon has already done so, but fortunately its regulation, at present at least, applies to chemicals and not to our products. California members have appealed to this Association for assistance.

The proposed labels follow closely recommendations of the Manufacturing Chemists' Association intended for labeling of chemicals. The regulation, however, applies to finished products containing any of the listed chemicals "in any percentage". A hearing will be held February 14, and attended by our California members and by Dr. Warren N. Watson of the Manufacturing Chemists' Association which is dissatisfied with the regulation. Dr. Watson will support our industry's opposition, and its proposal that one general caution label be applied to our products containing the listed materials, instead of a special label for each product as provided in the suspended regulation. Although a general label in use was rejected by the Commission, it is believed possible to make progress in this direction if the Commission can be induced to separate our products from "chemicals" as such and consider the two groups separately on the theory that the hazards are quite different.

Activity in the matter of safety regulations is reported also in Ohio where a proposed code on industrial public health hazards is under consideration. They would apply to every place of employment. Fear has been expressed that in the form proposed the regulation would apply to painters applying paints in residences under average conditions. Members in Ohio are in close touch with this situation.

President Trigg acknowledged the fine cooperation our Association has received from the Lead Industry Association and from the Manufacturing Chemists' Association and he referred to Mr. Macdonald's letter of January 25th, addressed to Mr. H. S. Margetts. (Exhibit No. 6)

Linseed & Other Drying Oils

Mr. Priest stated that because of the shortage of other drying oils, linseed now accounts for 80 percent or more of our total consumption of drying oils and our 1945 crop, while close to 37,000,000 bushels as compared with 23,000,000 bushels in 1944, comes far short of providing sufficient oil to support the 75 percent over-all quota imposed by WFO-42a. Hence our situation during the next six months will be determined by the amount of flaxseed or oil we are able to get from Argentina.

He stated that at the meeting of the WPB Industry Advisory Committee last September, there was substantial agreement between representatives of the Department of Agriculture and members of the Committee that for the twelve months ending June 30, 1946 there would be available for all uses about 835,000,000 pounds of drying oils, including 120,000,000 pounds of linseed oil from 6,000,000 bushels of Argentine seed, of which 1,000,000 bushels was expected to arrive before the end of the year and the other 5,000,000 bushels during the first six months of 1946. Mr. Priest said that the Committee went on record at that time with a recommendation for immediate revocation of the order and this recommendation was formally presented by a subcommittee to Mr. Jasspon of the Department of Agriculture on the following day. At that time Mr. Jasspon convinced them that revocation of the order would weaken his trading position as a member of the Combined Food Board in an effort to obtain a larger allocation of Argentine seed, and accordingly they urged that the quota, which was then 45 percent plus exempt uses, be raised to the highest possible level consistent with reasonable expectations and that all exempt uses be eliminated. This was done and the 75 percent quota upon which we are now operating was established on that basis.

As previously stated, however, it is based upon the assumption that we will receive 5,000,000 bushels of Argentine seed which can be converted into oil in time for use during the first six months of 1946, and this is not a certainty, though there is a possibility of receiving even more. There is no free trading in Argentine flaxseed. As the result of an agreement completed between our State Department and the Argentine government last spring we have contracted for the entire exportable surplus from the 1945 and 1946 Argentine crops. In this transaction however we are acting as agents for the United Nations and such purchases are subject to allocation by the Combined Food Board, which thus far has sent the greater portion to Europe. Internal transportation in Argentina is said to be in a bad way and right now, after having given priority to movement to the ports of flax during December, wheat for Europe is receiving first consideration. Nevertheless there are 18,000,000 pounds of linseed oil due to arrive next week; it is contaminated oil containing perhaps 4 or 5% of fuel oil and until samples are received it will not be known whether it is suitable for our use, but otherwise it can be used in floor coverings or in core oil so that the net result will be to make an equivalent amount of domestic oil available for our use. There were also 350,000 bushels of flax purchased for shipment in January but this has not yet been shipped because of a dock strike.

Mr. Priest reported that the political situation in Argentina is much confused and there have been published reports that the Argentine government finds itself unable to meet its commitments because of the low price provided by the agreement with our State Department. The farmer gets $1.28 at the port and we pay $1.66. In the Department of Agriculture they tell us they have received no official confirmation of this report but nevertheless it appears that the Argentine government is not selling and our government is not buying. There is an election due in Argentina within the next thirty days and it has been suggested that the present government does not wish to embarrass its successor but that, if reinstated, it will seek to renegotiate for a higher price.

He stated that the people in the Department of Agriculture appear to be fully alive to the seriousness of the situation and are doing everything they can to help. Mr. Jasspon has been down there for the past two months and is now on the way back; in fact, conversation with his office by telephone this morning has revealed that he is in Miami today and will be back in Washington within the next day or two. In his absence, his associates have been unable to get down to an intelligent analysis of the prospects for the next few months without a definite knowledge of the amount of flaxseed we are going to get from Argentina and when we are going to get it. This will be developed shortly after Mr. Jasspon's return and we shall of course arrange to see him and to review the entire situation.

It should be pointed out said Mr. Priest that even though, at the worst, it is not possible to obtain the 100,000,000 pounds of oil from Argentine seed during the first six months of this year upon the assumption of which the 75 percent quota was based, there has been a material improvement in the domestic situation. The estimate made last September included only 548,000,000 pounds of oil from our domestic crop. This was reached by taking 83% of the July estimate of 33,000,000 bushels as the amount which would probably come to market, based on the experience of recent years, and figuring 20 pounds per bushel on the resulting 27.4 million bushels. The last and final estimate of the crop in December was 36.8 million bushels, and upon the same basis this would indicate a total of 610,000,000 pounds of oil instead of the 548,000,000 entering into the original estimate. On the other hand we are told that the farmers appear to be holding back a considerable quantity, possibly in anticipation of an increase in the ceiling. It has also been suggested that the Department of Agriculture has been withholding final announcement of its 1946 crop incentive plan for fear farmers might be holding back some 1945 flax in an effort to cash in on it in 1946, the preliminary announcement in November having stated that the price would be supported, by acreage payments or otherwise, at $3.60 per bushel at Minneapolis, which is 50¢ a bushel in excess of the present ceiling.

He stated that it is also possible that there may be lesser quantities of some of the other drying oils available than was contemplated in the September estimate. The California fish oil crop is said to be short by 20 or 25%. Castor oil has been scarce and for a time recently was withdrawn from the market. While it is understood that there have been internal transportation difficulties in Brazil which are responsible in part at least for the smaller quantities of castor beans available for shipment, our ceilings for oil are based on beans at $75.00 per ton and the price has gone to $100.00 or more so that it has been impossible for crushers to buy beans at this price and to sell oil at our ceiling price without taking a loss. Recently, in the belief that their appeal to OPA for an increase in price would be granted they have been making some deliveries on open billing, not to exceed 2¢ a pound above the present ceiling, after OPA has finally acted upon the appeal. Soybean oil is prohibited for use in protective coatings except as a plasticizer for lacquers and in the manufacture of synthetic resins. After the end of the war the use in resins increased markedly and because there is still insufficient oil to meet edible requirements the Department of Agriculture issued an order limiting monthly use in the manufacture of rein to 1/6 of the quantity so used during the first six months of 1945.

Recent arrivals of small lots of tung oil from China have given rise to many conflicting reports concerning the resumption of large shipments. We have been unable to develop any accurate information concerning the quantities available for export in China and the probable date of shipment. It appears likely that the small lots of 40 to 50 tons which have been received and are in transit have been held at the ports during the war and are just coming to light, and reports of the analysis of the oil which has been received appear to bear out this conclusion. Apparently there is much left to be done in the way of stabilization of currency, establishment of bank credits, and restoration of transportation from the interior to the ports before we can look for shipments in substantial quantities.

Glycerine

Mr. Priest stated that glycerine, used in the manufacture of synthetic resins, is a by-product of soap manufacture and is currently very tight. Like ourselves, the soap manufacturers are operating under a quota, and prior to the end of the war had exempt military uses but with the cancellation of military contracts their consumption of oil and production of glycerine was greatly reduced. Soap manufacturers have always used considerable quantities of coconut oil from which the yield of glycerine is greater than with other fats and oils, including lard and tallow. During the war we got some coconut oil from copra from Ceylon but that is now all going to Europe in the expectation that our requirements will be met by the Philippines. Three or four months ago we were told that we might expect 50,000 tons of Philippine copra in November and December, but actually received only about 3500 tons. The Japs took away all the trucks used for internal transport on the islands and also the inter-island steamers used for taking copra to the Philippine refineries or shipping ports. We are now getting some of our trucks into these islands and efforts are being made to improve water transport so that it now appears that we may expect 75,000 to 100,000 tons in the first six months of the year and possibly twice that in the last six months, as compared with normal receipts of 500,000 to 600,000 tons per year.

Surplus Paint Materials

Mr. Priest stated that up to the present time at least the surplus paint materials which have made their appearance have not created the serious problem that was anticipated and it is possible that it will not prove to be a very serious problem at any time. We began our discussions with the Treasury Department, which was originally designated as the disposal agency, more than two years ago. Then the Reconstruction Finance Corporation came into the picture and for a time it appeared that there might be a division of authority, with the Treasury Department handling consumers goods or trade sales items and RFC taking the specification finishes, many of which would require reprocessing. We were successful in our representations to both Treasury and RFC that there should be no division of authority and it finally all wound up in the hands of RFC.

Of course they have only what is declared to them as surplus and up to the present time most of the material which has been offered has created little interest. In the beginning we circularized several lists for them among manufacturers but they are now making their own distribution and because of the criticism directed at the Army for negotiated sales they have felt that they had to advertise and otherwise offer these materials for sale to the highest bidder. There were several million pounds of dry powder cold water paints that were used to reinforce levees on the Mississippi. There has also been a quantity of resin emulsion camouflage paint, some of which has been sold in South America. Most of what they have now is in two specifications for which there appears to be no market. We have urged its use on Navy and Maritime Commission, but thus far without success. As for specification finishes for automotive transport, etc., it appears that disposition may have been made in the course of contract termination; at any rate there have been no large declarations and there may be none. Cantonment paints are also noticeable by their absence and are probably being held for maintenance.

He said it is interesting to note that in a recent meeting with members of our Association Committee on Surplus Materials, the representatives of the government themselves expressed the opinion they would obtain best results by seeking out the original manufacturer and offering it to him and, if not interested, asking his advice as to uses to which it might be properly put, which is in effect the original recommendation of the Committee two years ago.

Rosin

President Trigg stated that he had invited Mr. Wells Martin, Chief of the Plastics and Protective Coatings Branch of the Chemicals Division of the Civilian Production Administration to attend this meeting to bring the Committee up to date on the subject of "Rosin". Mr. Martin stated that known stocks of all twenty or more grades of gum and wood rosin as of December 31st, 1945, in the South, according to the Department of Agriculture, amount to 185,000 drums and that the estimated stocks in consumers' hands amount to 270,000 drums, or a total of 450,000 drums as of December 31st, 1945 in comparison with 388,266 as of March 31st, 1945 - 572,839 drums as of December 31st, 1944 and 794,736 drums as of March 31st, 1944.

He pointed out that in spite of severe restrictions, both on domestic use and on exports, the short position on rosin has shown little or no improvement during the past twelve months - and that no worthwhile increase in production has been shown throughout the past eighteen months despite various price advances from OPA, secured by the gum producers for the stated purpose of assisting them to increase production. He pointed out that notwithstanding a price advance on K-grade of gum rosin from $2.10 per 100 pounds on December 31, 1940 to $6.80 on December 21, 1945, gum rosin production has not improved. He expressed the belief that this was probably due to labor shortages and adverse weather which were both beyond the control either of the industry or of the government.

Mr. Martin stated that up until last week no evidence existed of any substantial return of labor to the woods, and he pointed out that Gum Naval Stores work is hard, disagreeable labor and that those who do return to timber areas prefer logging and pulp work to Naval Stores work. He reported that expert opinion is not encouraging in its estimate of the number of men who will return to Gum Naval Stores work, provided other work is available and provided also that a certain class of these workers has any money left.

Mr. Martin stated that the heavy production of gum rosin occurs in June and that the percentages by months from January through June run as follows, according to the Department of Agriculture: January 2% - February 2% - March 2% - April 8% - May 11% - June 16%. Mr. Martin pointed out that gum rosin production has already been hampered in some areas because of unusually severe rains in the woods during the past several weeks and he expressed the opinion that the production between now and June, plus current wood rosin production, cannot meet current needs by the rosin consuming industry and he expressed the belief that to meet requirements during the next few months, use quotas under M-387 should be maintained at present levels and exports should not be increased. He pointed out that it is a physical impossibility for many large individual users to keep a five-months inventory - and that a great many small users either do not or cannot keep a five-months inventory. He stated that past experience would indicate that there is a large unreported disappearance of rosin.

Mr. Martin stated that the period between now and July 1, 1946 is a critical period for rosin and other resins and he pointed out that the removal of all restrictions within that period could result in a chaotic condition - since there are no complete substitutes for rosin. He pointed out that larger users could take up practically all rosin available and that export demands alone could take up most of the rosin within sixty days.

Mr. Martin expressed the opinion that the problem now is how to carry the comparatively small stocks of rosin in the South. He stated that Uncle Sam had carried the stocks until the government stockpile was exhausted, having been drained from 1,500,000 barrels down to 6,000 barrels in less than four years time and he expressed the opinion that this condition belied the statement that there was too much production and not enough demand in this country. He stated that the dealers carried the stocks when it was speculatively advantageous from them to do so but pointed out that the speculative angle is not now present. The Commodity Credit Corporation cannot offer an attractive solution based on present gum rosin prices and he pointed out that total rosin stocks in this country are at about their low point in almost fifty years.

Mr. Martin stated that the heavy increase in anticipated wood rosin production - so widely prophesied - depends on the completion of plants, the largest of which is still in the drawing board stage and he pointed out that no heavy increase can come in either gum or wood rosin production before the period July to September 1946. He expressed the opinion that the highest possible increase for the year in both gum and wood rosin would be 400,000 drums and stated that based on past experience it is more likely to be around 300,000 drums, from which 200,000 drums will be required for export and 50,000 drums for rubber and he pointed out that any discussion of large production increases should be considered in the light of experience during the past three years since weather and labor conditions are still factors which have to be taken into consideration.

Mr. Martin stated that the tight situation on rosin is bound to continue throughout this calendar year - and there is not enough rosin in existence to meet the requirements this year - and that the Civilian Production Administration is deeply concerned about the whole situation.

Mr. Martin stated that these facts had been presented to Congress but that it was apparently considered as not pilitically expedient to continue the rosin order in effect. He expressed the opinion that within forty-eight hours the order might be revoked but stated that CPA will endeavor to hold the line on export against an anticipated demand for increased export. He pointed out that the paper industry's demand for rosin during 1946 will be from two to three times as high as it was in 1945 and that the demand from the rubber industry will be increased 50% over their last year's use.

In answer to a question, Mr. Martin stated that CPA is trying to stay out of the titanium situation and he expressed the opinion that the titanium industry had done a swell job during the war years and was being asked to continue its method of distribution.

In answer to a question by President Trigg, as to what our industry could do to stem the growing tide of rosin export, Mr. Martin stated that he did not know what the industry could do at the present time but would keep the Association advised of any developments. He stated that CPA has an agreement from FEA that they will stay within their quota for the next two months and would continue to work with CPA in handling the situation; he pointed out that FEA is under tremendous pressure from foreign countries for increased export. President Trigg asked if an expression from this Committee as to how it felt regarding the situation would be of any value and it was moved by Mr. Horn, seconded by Mr. Sulzberger that the Committee express itself to proper authorities regarding its position on the question of rosin export. Motion carried.

Mr. Martin stated that a letter has been sent to the Navy Department requesting a reduction in their use of titanium.

In answer to a question by Mr. Kinsman, Mr. Martin stated that the new production of titanium is to be handled by the producers in the same manner as production during the war years was handled; he pointed out that the demand at the present time for titanium is 200% of present production, but he expressed the belief that the manufacturers will be very fair in their demands and that the producers of titanium will be successful in their handling of the situation. Mr. Neumann expressed the opinion that in view of the veteran preference, titanium manufacturers would find it very difficult to govern the situation.

American Standards Association

The Secretary stated that the American Standards Association is a federation of some eighty national technical societies - trade associations and government departments which has as its main job the development of national standards through the cooperation of all groups concerned with that particular field. He stated that some members of the Association have expressed the belief that it might be beneficial to the paint industry if the National Association held membership in the American Standards Association so that our industry could be kept advised regarding all proposals for standards which might affect the paint manufacturing business and so that proper steps could be taken to prevent detrimental action. It was moved by Mr. Foy, seconded by Mr. Melum, that the National Paint, Varnish and Lacquer Association apply for membership in the American Standards Association. Motion carried.

Report of Treasurer

Treasurer Foy referred to the Comparative Balance Sheet as of December 31, 1945-1944 and the Report of Income and Expense for the period October 1 to December 31, 1945-1944, (Exhibit No. 7) and pointed out that the Investment Account is up approximately one hundred thousand dollars, that there is an increase of Income over Expense amounting to twenty-eight thousand dollars - that the surplus after an appropriation of one hundred thousand dollars for the Retirement Plan is practically the same as it was last year - that Income from Dues for the quarter year are approximately ten thousand dollars in excess of last year and that the various expense items are well within the budget.

President Trigg pointed out that the fourth quarter year is normally low in expense as compared to income which explains the rather large excess of Income over Expense. Mr. Sulzberger suggested the possibility of adjusting the annual budget so that expense items would be allocated to those periods in which the expenses occur but President Trigg pointed out that the present system has been operating satisfactorily for many years and expressed the belief that no change should be made at this time.

Mr. Foy stated that the Budget & Finance Committee had reviewed the financial statements yesterday and recommended acceptance. After a careful review of the various schedules, it was moved by Mr. Shannon, seconded by Mr. Neumann, that the report of the Treasurer be accepted. Motion carried.

Report of Budget & Finance Committee
Approval of 1946 Budget

Mr. Foy as Chairman of the Budget & Finance Committee stated that the committee was in session most of yesterday reviewing the proposed budget for 1946. He stated that the estimated receipts for 1946 amounted to approximately $343,000 -

that the proposed budget for 1946 amounted to approximately $301,000 - that actual expense in 1945 was approximately $241,000 and that the increase of approximately $60,000 in the proposed budget over the expense of 1945 is made up of $12,000 increase in salaries to bring the salary structure into line - $33,000 increase in Clean Up and Paint Up budget, as approved by the Executive Committee at its last meeting - $5,000 in building maintenance (painting) - $5,000 Teacher's Manual - $1,200 Year Book publication - $1,600 Cooperative Advertising Campaign and $2,200 increase in traveling expense. Mr. Foy pointed out that on the basis of anticipated income, there was an apparent excess of Income over Expense indicated in the amount of approximately $30,000. Mr. Foy stated that the budget had been carefully considered by the Budget & Finance Committee at its meeting yesterday - that each item had been analyzed and that the Committee recommended the budget for approval. It was moved by Mr. Horn, seconded by Mr. Kinsman, that the budget as proposed for 1946 be approved. Motion carried.

U. S. Navy Certificate of Achievement

President Trigg stated that on January 14th, 1946, the Association received from the Navy Department a letter reading as follows:

> "It is my distinct pleasure to advise you that the Navy's Certificate of Achievement has been awarded to your organization.
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> "This certificate, which is being sent you under separate cover signalizes the Navy's recognition of the splendid effort put forth by the men and women of your organization in support of the war production program.
>
> "We hope you will express to these men and women the Navy's sincere appreciation and thanks."

President Trigg stated that the Certificate reads as follows:

> "United States Navy Certificate of Achievement awarded to National Paint, Varnish and Lacquer Association in recognition of exceptional accomplishment in behalf of the United States Navy and of meritorious contribution to the national war effort."

Signed - H. F. Hensel, Assistant Secretary of the Navy
Dated - December 26, 1945

Retirement Plan

Mr. Foy stated that a great deal of time has been given to the development of a retirement plan and that the Budget & Finance Committee spent much of its time yesterday considering this matter. He pointed out that $100,000 has been set aside by the Executive Committee at their meetings of last July and October and that the Special Committee appointed to consider the matter had reported progress at the October meeting. He stated that there is a difference of opinion both in the Special Committee and in the Budget & Finance Committee as to whether or not a Trusteed Plan or an Insured Plan is the better plan to adopt and he stated that it was finally decided by a majority to adopt the Insured Plan with life insurance coverage through a life insurance company. He stated that the President had been authorized to have the plan drawn up to be referred to the Budget & Finance Committee for final acceptance. Mr. Foy expressed the hope that by the time of the April meeting of this committee it would be possible to report the plan in action.

Report of Scientific Section

Mr. George G. Sward, Assistant Director of the Scientific Section presented the following report:

The visible results of the past quarter are not very imposing, consisting of two circulars, two Abstract Reviews, and the annual indexes for all the circulars and reviews issued during 1945. However, progress has been made on the Resin Index, Preservatives circular, a report on the oil-conservation paints, and a circular designed to call attention to the need for paint after the wartime period of neglect. A circular on testing insecticidal paints is now being reviewed by the Scientific Section Committee.

Still in the mill are numerous activities that should have good results. The most important of them will be mentioned in this report.

Pursuant to instructions of the Scientific Section Committee, a plan has been outlined for obtaining increased GROWING OF DRYING OIL CROPS. Playing a principal role will be visits to agricultural experiment stations, farm organizations, chambers of commerce, and to others who already are or might become interested in this subject. Every opportunity to direct attention will be seized. At the present time experimental culture by us is not contemplated. It is hoped that our moral support will result in experimental work by those more qualified than we. It is a long range project and has been placed under the direction of Mr. Scofield to whom is due the credit for most of the details. Mr. Scofield is right now planning a trip through the Southeastern states and as far as Texas in the Southwest.

A conference has been held with Mr. Donald Tulloch, Jr., Manager of the Asbestos-Cement Products Association to discuss plans for COOPERATIVE PAINT TESTING. This testing would be on a practical scale in several places where dirt collection seriously detracts from good appearance. We are asked to supply the paint and the other Association will apply it. This project was first mentioned in my October report.

The attention of our membership has been directed to regulations of the Corps of Engineers relative to the use of fiberboard in buildings used for certain types of occupancy, where FIRE RESISTANCE is demanded. Since the regulations may be extended by other authorities to a wider field of construction, a demand for fire resistant paint may be imminent

Considerable time has been used in conference with Mrs. Kiefer in the preparation of the text for "Paint Power -- and How to Sell It".

A survey of the scientific research activities of some thirty trade associations has been completed and summarized and is ready for the consideration of the Scientific Section Committee at its next meeting.

The adjustment of secretarial and stenographic work necessitated by the retirement of Mr. Butler has proceeded smoothly. Mr. Butler naturally was familar with every phase of Scientific Section activity. However, Mrs. Edwards is alert and eager to serve and there is every indication that the secretarial work will be properly done.

The personnel situation in the laboratory is somewhat improved by the addition of Mr. Alexander Bolton to the staff. Mr. Bolton is of junior standing in college and was in the Army for 34 months where he was a photographer in a bomber. He was in 19 missions over Europe.

Major Van Heuckeroth who has been in the Corps of Engineers since February 1941 will be placed soon on inactive status and has advised us that he will remain at Fort Belvoir in a civilian status in charge of the laboratory and will not return as a member of the staff of the Scientific Section.

After ten years of effective service, Mr. Frank Sulzberger has declined reappointment as chairman of the Scientific Section Committee, but will continue to serve as a member. Mr. Sulzberger has been succeeded by Mr. E. W. Fasig, well known to all of you. Mr. Fasig is familiar with the work of the committee, having been a member for three years, and his chairmanship is certain to bear excellent fruit.

In answer to a question by Mr. Lane regarding "Aquella", Mr. Sward referred to a letter issued by the National Bureau of Standards (Exhibit No. 6) in which it was stated that "Aquella" was not included in their test to the extent referred to in recent magazine articles. Mr. Horn stated that "Aquella" is just another Portland Cement base paint - that it was not used to waterproof the Maginot Line as indicated in the advertising - and he expressed the opinion that "Aquella" was reground Portland Cement with color added. Mr. Kinsman expressed the opinion that the entire situation was hardly worth consideration. In answer to a question by Mr. Sulzberger regarding "fireproof paints", Mr. Sward stated that in certain types of occupancy where fire resistant construction is required, fibreboard may be used provided it is covered with asbestos cement or other board of equal resistance — or if it is painted with a suitable fire resistant paint. The test for fire resistance is rather severe, namely twenty minutes in a flame developing a temperature of 800°C. The material must be no worse than "slow burning". Only one paint has been found to pass the test. The Scientific Section has not examined this paint and has no information regarding its composition. Mr. Sward stated that in-so-far as he knew the requirements of the Corps of Engineers have not been adopted by any other Governmental Agency.

Titanium

President Trigg stated that three persons are present who should be able to give the Committee up to the minute information regarding the titanium situation: Mr. Ralph Neumann, New Jersey Zinc Company - Mr. J. P. Daley, E. I. duPont de Nemours Company - and Mr. D. W. Robertson, Titanium Pigments Corporation.

Mr. Robertson expressed the opinion that there is very little new to bring to the members of the Committee regarding the titanium situation. He stated that all of the titanium producers are doing everything possible to increase their production and he expressed the opinion that the total production of all plants might be increased from 140,000 tons to 150,000 tons by the first of next year. Mr. Robertson stated that he had heard some comment regarding the possibility of substantial increases in production by the end of July 1946 but he stated that due to steel and electrical strikes, it was improbable that there could be any substantial increase in production before the end of the year and he pointed out that it takes from fifteen to sixteen months to complete any substantial additions to production facilities barring strikes. In answer to a question regarding the possibility of importing titanium pigments from Europe, Mr. Robertson stated that these pigments are more scarce in Europe than they are in this country and that our manufacturers are being urged to make their products available for export. He stated there are two plants - one in England and one in Germany - producing titanium and that there are no idle titanium plants in Europe. Mr. Robertson stated that the titanium producers were doing everything possible to relieve the shortage and he expressed the opinion that there is nothing the Association can do at the present time to change the picture, since everything is being done that can be done. He stated that approximately 150,000 tons - 300,000,000 pounds - might be a good guess for production by Fall of 1946 and he stated that the present demand is for two or three times the current production.

In answer to a question by Mr. Bownes, Mr. Robertson stated that the demand for titanium pigments has doubled every five years and he pointed out that there has been no increase in equipment during the last five years. He reported that two or three years ago, his company with other producers, endeavored to get WPB approval for extension of plants but that it was only recently that the request was granted. In answer to a question by Mr. Kurfees, Mr. Robertson stated that the Navy is planning to purchase more titanium pigments than in any year in the past - that they hope to produce their entire requirements of paints and do not plan any heavy paint purchases. In answer to a question by Mr. Steudel, Mr. Robertson stated that there is no problem in sight for the next two years insofar as supply of ore is concerned. In answer to a question by Mr. Lane, Mr. Robertson stated that in the distribution of titanium, all industry quotas will be maintained and that no one industry will be penalized in favor of any other industry. He stated that if and when production is increased, the increase will be spread over all industry needs.

Mr. Daly stated there was very little he could add to what Mr. Robertson had already said. He stated that his guess on total production is 134,000 tons and he stated that the Navy will take 6% of their production during the first quarter of this year, which is somewhat less than their estimated needs. Mr. Daley stated that the paint industry will get their full percentage of the total production. He expressed the opinion that his company was not so hopeful regarding the raw material situation and stated that the State Ruler in India has expressed some opposition to the continued removal of Ilimite from his country. Mr. Daley stated that the India Ilimite is the best ore anywhere available, having a 60% titanium content in comparison to Adirondack 45%.

In answer to a question by Mr. Horn, Mr. Daley stated that the increase of paper pulp does not reduce the demand for titanium since the paper industry had learned during the war of the value of titanium in their product. Mr. Daley stated that his company is doing considerable work in an effort to develop new deposits of Ilimite in the United States.

In answer to a question by Mr. Daley, President Trigg stated that when the paint industry reaches its billion dollar volume (estimated to be 1948) that figure will be 66 2/3% higher than the production in 1941 and he expressed the belief that the requirements for titanium will exceed the percentage increase in paint production and might be as much as 80%.

In answer to a question by President Trigg, Mr. Daley stated that he agreed with the figures stated by Mr. Robertson to the effect that titanium requirements had increased 100% every five years and that from 1941 to 1946 there was no appreciable increase in production facilities. He stated that the paint industry took 70% of the titanium production in 1941 and that the paper industry received 12%.

In answer to a question by Mr. Kinsman, President Trigg stated that the Association's estimate of probable increase in paint production was based on government figures for national income plus a careful analysis of the amount of our product required on the proposed production of houses, refrigerators, radios, automobiles, etc. Mr. Kinsman stated that he believed most people would agree with the estimated figures for the next three years but he expressed some doubt beyond that point.

Mr. Neumann stated that there was very little he could add to what had already been said regarding the titanium situation, and he expressed some doubt as to where other raw materials were to come from to make the projected increase in paint production possible. He stated that there are two bottlenecks in connection with zinc sulphide, first equipment and second, zinc raw materials and he expressed doubt as to where zinc raw materials in sufficient quantity were to be found. In answer to a question by Mr. Sulzberger, Mr. Neumann stated that there has been a 30% reduction in the production of lithopone during the past ten years but that every bit of usable equipment is now being used in the production of zinc pigments.

In answer to a question by Mr. Horn, Mr. Robertson stated that there is no possibility of increasing the production of titanium by delivering it to customers in a semi-finished form to be flushed.

Membership

The Secretary stated that the following firms had been elected to membership in the Classifications indicated by a mail ballot since the last meeting of the Executive Committee:

Class A

Art-Tex Adhesive Products, Inc., Brooklyn, N. Y.
Sealed Paint & Varnish Corporation, Brooklyn, N. Y.
Standard Enamel and Paint Corporation, Indianapolis, Indiana
Studebaker Chemical Company, Elyria, Ohio

Class B

Filtered Rosin Products, Inc., Brunswick, Georgia

The Secretary stated that applications had been received from the following concerns for membership in the classifications indicated and he recommended approval:

Class A

Best Bros. Paint Factory, Clifton, N. J.
H. A. Carroll & Company, Memphis, Tenn.
Logan-Long Company, The, Cincinnati, Ohio
Mid-City Paint Company, Memphis, Tenn.
Preserve Surface Company, Inc., Detroit, Michigan
Robertson Co., Inc., Louisville, Kentucky
Wenatchee Paint & Glass Co., Wenatchee, Washington
Wolverine Finishing Materials Co., Grand Rapids, Michigan

Class B

Pan American Refining Corporation, Texas City, Texas

Class E

Cadillac Wall Paper Co., Detroit, Michigan

It was moved by Mr. Walter Clark, seconded by Mr. Jarden that the applications for membership as presented be approved. Motion carried.

Metal Containers

In answer to a question by President Trigg, Mr. Stolk stated that the present situation with regard to metal containers, due to the steel strike, was not at all

...eful. He stated that there was no opportunity to build up any inventory - that ...stainer manufacturers are in a position to supply the needs for from two to three weeks at the most but that they are hopeful the steel strike will be settled in the very near future. He stated that his company is planning to use their inventory down to the last sheet.

Adjournment

There being no further business to come before the Committee, the meeting adjourned at 3:00 P.M.

Secretary

Exhibit No. 6

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January 25, 1946

AIR MAIL

MR. H. S. MARGETTS, Secretary
W. P. Fuller & Company
301 Mission Street
San Francisco, Calif.

Dear Mr. Margetts:

This is intended to confirm, and perhaps to amplify, Mr. Trigg's telephone conversation with you today.

He discussed the labeling problem with Dr. Watson in considerable detail. Briefly, Dr. Watson is of the opinion that perhaps the best approach to a solution would be:

(1) To except paints and other coatings from Section 94 and consider the paint labeling problem separately in a new section. It is very difficult to deal with the proposed labels now covered by Section 94.5 as they deal not only with the chemicals but with our finished products. The hazards are different. A clear separation, and a separate consideration may render clear thinking easier.

(2) It may be advisable to be prepared to except from a proposal to use a general caution label, products containing benzol or methanol. They are recognized as dangerous. If the Department has in mind our use of a mere caution label on these products it might resist. If special labels are accepted by our industry for these products, it is possible that the State authorities may be inclined to accept the general labels.

In view of the fact that most manufacturers in California use formula labels, this fact may be used to support the general label proposal. Not one, but all ingredients are disclosed. In the event of an industrial illness, all information useful to a physician is disclosed. Of course, it is undesirable to invite formula legislation, but universal voluntary formula labeling might be persuasive.

Dr. Watson expects to arrive on February 11th and to confer with our members on the 12th.

Very truly yours,

/s/ M. Q. MACDONALD

General Counsel

MQM:mo
cc - Mr. C. H. Sondhaus
Dr. Warren Watson

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