

December 26, 1940

Mr. P. E. Sprague

WAR DEPARTMENT
OFFICE OF QUARTERMASTER GENERAL
WASHINGTON, D.C. - INFORMATION INVITATION
FOR BID NO. 146, dated Nov. 29, 1940

You will note from copies of other letters I have written that apparently the Carbonate of Lead industry is not going to enjoy any business under this contract. Since to me, at least, this is a very important matter, the outcome of which is exceedingly disappointing, I think it would be well to review all the facts pertaining to this large amount of business, because I think that the White Lead industry needs to do something to protect its interest.

Briefly this business involves the purchase on the part of the War Department of paint to be used for painting wooden buildings in Army cantonments being constructed at various camps in the United States. The Army Quartermaster Corp has divided the United States up into ten districts or regions for this purpose. The construction of these cantonments is being done by private contractors on the basis of competitive bidding, which, I believe, in the beginning must have included not only the construction work but the actual painting, because the original plan was that the private contractors would purchase all the paint materials required.

It appears that originally the general contractors, who have sublet the painting work to painting contractors, were instructed from Washington that they could not only buy the painting materials, but that they were to prepare a paint according to certain definite specifications, and that this paint was to be mixed on the job.

Fundamentally, the paint was to be made from White Lead Carbonate with small proportions of zinc and inert to be added on the job, and White Lead in Oil was to be purchased for this purpose. Actually, in many cases, the contractors sent out invitations to bid on the White Lead in Oil required. Subsequent to this, the contractors were informed by the War Department Quartermaster Corp that the plan was to be changed in respect to paint purchases, and instead of the contractors themselves making the purchase of paint, this paint was all to be purchased in Washington under the above invitation.

The country was then divided into ten districts, and the provision was made that awards would only be made to one company in each district, and, furthermore, that a successful contractor in one district could not qualify for a contract in another district. At the same time, specifications were changed to read that in three out of the ten districts the paint would be purchased under Federal Paint Specification TT-P-158, which designates that Dry Carbonate of Lead must be used for the White Lead portion of the total pigment. In the other seven districts, the paint was to be purchased under Federal Paint Specification TT-P-38A, which permits the use of Lead in any form, either as Carbonate of Lead, Sulphate of Lead or Leaded Zinc. In such a specification the paint manufacturer uses the cheapest source of Lead, which at the present time is the high lead content Leaded Zinc.

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Within the past few days, awards have been made to ten paint manufacturing concerns and the specifications have been further modified to make it possible for a contractor to furnish the paint for all ten districts under the specification TT-P-36A. This means that apparently no Carbonate of Lead in any form will be required by any of the contractors furnishing this paint.

Now, of course, without any firsthand knowledge on my part, it is impossible to say what, if any, influences were brought to bear in the beginning to change this purchase of White Lead in Oil over to ready mixed paint. The practical effect of this, of course, has been to distribute the business among ten paint manufacturing concerns located in various parts of the United States with a broad geographical distribution, whereas if White Lead in Oil had been purchased of course there would have been a smaller number of contractors, representing the various units in the White Lead manufacturing industry.

When it was proposed to manufacture the paint for three districts under this specification TT-P-156, we estimated that about 1,100 tons of Dry Carbonate of Lead would be required. Now that all the Lead will be furnished as Leaded Zinc, undoubtedly the total tonnage of Leaded Zinc will be several times this amount.

As I see this picture now, substantially all, if not all, of this Leaded Zinc business will go to one manufacturer, the Eagle Picher Lead Company, because the high lead content Leaded Zinc (either 70 or 75% Leaded) will be purchased, and only this one company is in a position to furnish such a pigment. Information coming to me from various sources leads me to believe that the Eagle-Picher Sales Co. have extended to the paint industry the same type of protection on the purchase of 70 or 75% Leaded Zinc which they recently offered to extend on Dry Carbonate of Lead, which was entirely out of proportion to any protection which the paint manufacturer was entitled to under his contract.

We have a situation then whereby ten paint manufacturers are enjoying a substantial amount of business which originally would have gone to about five White Lead manufacturers, and one pigment manufacturer will apparently enjoy all the pigment business, with exception of the small amount of inert which I understand it is permissible to incorporate in this 70-20-10 ready mixed paint under the specification TT-P-36A.

The unusual discounts at which Leaded Zinc and Sulphate of Lead are selling at the present time relative to Carbonate of Lead, makes the use of Leaded Zinc more economical for this formulation than under ordinary circumstances.

Obviously the White Lead industry needs to change from a defensive attitude in connection with matters of this character to a militant offensive position in placing the merits of Carbonate of Lead before the authorities who control the specifications governing the purchase of these materials for War Department purposes.

A. R. Knight

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