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LBW 0010681

GOVERNMENT PAINT CONSUMPTION ADVANCED PRICES IN 1918.

EVERY branch of the paint industry during the year 1918 was affected by the same general conditions. In many different branches there were peculiar conditions; but this does not alter the truth of the statement that general conditions affected all branches of the industry in the same manner. In the first place, there was very much the same increased cost of production, due to the higher cost of labor and in part to the higher cost of raw materials. In some instances the higher cost of raw materials was the result of the higher labor cost, and in some cases a result of the shutting off of foreign supplies. High costs from any reason results in decreased consumption; but under war conditions the decrease in consumption incident to high values was not nearly as important a matter as the decrease in consumption which the government found it necessary to arbitrarily command in order that men and material might be available for the war uses of the government.

The restrictions upon general building operations were such as to make the general domestic demand almost nil. The orders that came in from the government for actual war work were what served to keep the trade going during most of the year. When hostilities finally ceased—at a time when government consumption was at its highest point—the paint industry was largely working for the government. It was government demand that made it possible for the industry to continue in business at a time when war conditions were affecting the industry in every direct and indirect manner conceivable.

Lead Prices Advanced.

The government needed lead. This fact forced an advance of lead pigments. The government needed acids used in the manufacture of certain dry colors. Therefore, acids only became obtainable to color makers, if at all, at unusual prices. So it was with other materials. To offset this the government was a very heavy consumer of almost everything the trade produced, and it was willing to pay the prices which were forced by the situation.

There was no opportunity for the consumption of much paint, because this work was practically confined, by government regulations, to essential war construction. The high cost of material made it inadvisable for repainting to be done; and the whole industry—when the fighting ceased—was doing its bit by delivering as promptly as possible on government orders and neglecting general business.

When the armistice came there was no industry which more quickly recognized that the period of a return to normalcy must be a long one. There was no attempt made to force conditions which permitted of no forcing. There was no sudden let up in government orders for this sort

of goods, as there was in some used for more warlike purposes. There was a decrease in government consumption from the day the fighting ceased, but the decrease was a fairly gradual one. The fact that the government's ambitious shipbuilding plans were to be carried out, at least to a very large extent, made the government continue to be a heavy consumer of many sorts of paints and paint materials.

Contracts Generally Maintained.

In most lines there was no cancelling of contracts previously placed. At the same time there was no immediate improvement in the general domestic demand—nor was such a thing expected. Most consumers looked for lower prices as a result of the end of the war; and were therefore inclined to withhold orders waiting for the price readjustment they so confidently anticipated. This position was a natural and logical one, and yet conditions were all against sudden price changes. The result was that the closing weeks of the year saw a very dull market.

The war was over, the restrictions were being rapidly withdrawn, the outlook for an active domestic and export business was good; and yet it was not a time to attempt to force matters, more especially not a time to invite demoralization by sudden radical changes based upon future possibilities. The end of hostilities was followed by a decline in the price of pig lead and some other basic raw materials in the paint industry; but there was no reduction in the cost of labor—a most important matter in all lines—and none was looked for.

Consumers Waiting for Changes.

The producer, the middleman and the retailer has been waiting since the close of the active warfare in Europe for the ultimate consumer to begin to express his needs in orders. The ultimate consumer has been waiting for a price readjustment to meet his views of the situation. There has been no possibility of any action that would force the situation; but the fact that there was, as a rule, no accumulation of stocks in any hands was a very strong feature of the situation. The producer was not stocked up. He had been working for the government to a great extent, and the government did not refuse delivery on its orders as a rule. The middleman had no incentive to accumulate stocks. The retailer, if he was at all a merchant, had a chance to sell his stocks clean at good profit; so that when the demand starts it will be reflected with wonderful promptness from the consumer to the producer or importer of the basic raw materials of the trade.

A review of the prices of the years means little as a basis of comparison of normal values because general conditions have governed the entire market. These conditions were of so unusual a nature that they will never be known again, and in each separate item of the trade there have been peculiar conditions, now forever things of the past.

Paint Specifications as Established by the U. S. Government.

THE American paint industry was one of the very first at the outbreak of the war to offer the free services of its leaders and experts to the various departments of the government. The history of the unceasing efforts of the War Service Committee of the Paint Industry forms an interesting contribution to this subject. This committee worked out, under most intense pressure, new paints of many types that were immediately required for war use and which involved great skill in preparation. The following list, which covers only part of the paints which they designed, indicates the varied types of paint products used in warfare. Every article, from wood ammunition boxes to steel helmets, received a specially designed coating.

Specifications were drawn up by the War Service Committee of the Paint Industry for the following government departments:—

Ordnance Department.

Paints for Field Artillery.—Very quick drying olive drab paint; reinforced red lead paint; black stencil paste; brown enamel primer; olive drab enamel; orange shellac varnish; raw linseed oil; turpentine; mineral spirits; drier; putty; first coat priming for woodwork.
Projectile Paints.—White; light olive green; blue gray; warm gray; black; green; yellow; blue; vermilion.
Second Section (Paints for Coast Artillery Equipment).—Standard olive drab; special quick-drying olive drab; white paint and tints made on a white base; drab paint for guns, etc.; olive green paint; white green paint for second carriage; reinforced red lead paint; black paint, quick drying; graphite paint; asphaltum paint; brown enamel primer; white paint for targets, etc.; metallic red paint; white paint; white enamel; red paint; stencil; black paint; first coat for woodwork; transparent lacquer; putty; orange shellac varnish; raw linseed oil; turpentine; mineral spirits; drier; steel varnish; stencil white.

Cleaning and Preserving Division.—Ready-mixed paints; olive drab; white enamel; black paint; asphaltum paint; vermilion; lampblack; white lead in oil; white lead, basic carbonate; white lead, basic sulphate; raw or refined linseed oil; turpentine; boiled linseed oil; paint drier; brown enamel primer; red lead paint; helmet paint; castles paint.

Camouflage Division.—Special optically active paint; raw linseed oil; turpentine; mineral spirits; paint drier; solvent naphtha; alcohol; orange shellac varnish; water glass; borax; granular sodium carbonate; hide glue; oil soluble stain; white lead, basic sulphate; leaded zinc; barley; whitening; Indian red; Venetian red; lampblack; ochre; amber; sienna; para red; Prussian blue; ultramarine blue; limeproof green; fluid for heat-resisting paints; fluid for rapid-drying metal paint; medium chrome yellow; orange chrome yellow; lemon chrome yellow; chrome green; resin-linseed oil-water liquid; oil emulsion.

Aircraft Equipment Division.—Special quick-drying olive drab paint. General Engineer Dept.—Metal procedure paint; paint for knock-down houses; raw linseed oil; boiled linseed oil; turpentine; volatile mineral spirits; drier; varnish; asphaltum varnish; black enamel; black paint; blue paint; bright red oxide paint; bronze green paint; brown enamel primer; camouflage colors, yellow, green, cream, black; copper paint; dark red oxide paint; deck and floor paint; exterior camouflage paint, gray; exterior camouflage paint, green; fire retardant paint; interior camouflage paint; graphite paint; gray paint; gray paint, special quick drying; lampblack in oil; leaded zinc; olive drab paint, special quick drying; olive green paint; orange shellac varnish; paint and varnish remover; projectile paint, white; light olive green; blue gray; warm gray; blue, green, vermilion, yellow, black; putty; reinforced red lead paint; seal brown paint; slate paint; stencil; black; stencil white; vermilion paint, liquid; vermilion paint, paste; white enamel; white lead, basic carbonate; white lead, basic sulphate; white lead and tints made on a white base; white target paint; wood filler; steel white paint.

Shipping Board.

Paint for Steel Ships.—White paint; low visibility gray color; boat painting; white varnish; anti-corrosive bottom paint; anti-fouling bottom paint; bituminous solution, asphalt; bituminous enamel, asphalt; bituminous solution, coal tar; bituminous enamel, coal tar; hand-mixed red lead paint.

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Paints for Wood Ships.—White paint; low visibility gray color; boot-topping paint; slate color; copper paint; varnish.

Navy Department.

Bureau of Construction and Repair.—Loaded zinc; copper paint; reinforced red lead paint; black paint; gray paint; low visibility paint; flat finish wall paint; quick-drying primer for knock-down houses.

Department of Agriculture.

Forest Service.—Ivory white and light French gray; light French gray for porch floors; seal brown; roof green; dark red bridge paint.

Signal Corps.

Construction Division.—Dark oak oil stain; raw linseed oil; turpentine; mineral spirits; benzol; Japan drier; flat-finish military wall paint.

Equipment Division.—Ready-mixed paint; paints for hangars and housing buildings; olive drab; grape paint; black paint; brown oxide paint; gray paint; orange shellac varnish; airplane spar varnish; olive drab dull-finish enamel.

Quartermaster Corps.

Ready-mixed paints; low visibility gray; olive drab army standard; flat finish interior wall paint; white enamel; deck and floor paint; graphic paint; black marine paint; copper paint; battleship gray color; dark red oxide paint; black fire retardant paint; reinforced red lead paint; aluminum paint; paste wood filler; paint and varnish remover; mineral spirits; paint drier; varnish; raw linseed oil; turpentine; putty; containers.

Railroad Administration.

General specifications; reinforced red lead semi-paste paint; dark red oxide semi-paste paint; black semi-paste paint; stencil black paste paint; stencil white paste paint; semi-paste body color paint; refrigerator cars; liquid surfacer; knifing surfacer; black enamel; gray cab enamel; front-end paint; raw linseed oil; spar varnish; mineral spirits; turpentine; drier; drop black in Japan; wood preservative; steel car primer; exterior passenger car enamel; primer for composition coating; interior intermediate coating; interior passenger car enamel; passenger car headlining enamel.

Shellac Problems in 1918 and How They Were Solved.

THE history of the shellac market for the year 1918 is a virtual record of the many conferences held between the Shellac Importers' Association and various government bodies created under war conditions to bring industry under the control of Federal bodies co-operating to insure military success. The tonnage question loomed large at the close of 1917 and the attention of the government was early in 1918 directed toward ways and means by which the existing cargo space might be made to yield the greatest value to the war program. So far as shellac was concerned, December of 1917 found the War Trade Board in control, having taken over powers hitherto vested in the British consul.

After a series of conferences held in New York and Washington, the Shellac Importers' Association and the War Trade Board came to an agreement early in 1918. This agreement took the form of a system of distribution control through the medium of guarantees expressed in a series of forms which covered transactions from importers to ultimate consumers. The control began with a special permit requirement under the form used by the British consul from the beginning of the war. As worked out by the War Trade Board, the system took the form of guarantees covering undertakings by importers, dealers and consumers. While issued in the form of bulletin No. 1 by the Shellac Importers' Association under date of January 22, 1918, actual work under the provisions of the guarantees began as far back as November, 1917, as they were applied to shipments leaving Calcutta, India, early in November of that year and arriving on the Pacific coast in January of 1918.

Direct Allocation and Resale Prevention.

Having achieved a medium of control which not only prevented shellac reaching undesirable persons or countries, but also served to eliminate or at least reduce speculation to a minimum, the government next turned to the problem of reducing importations of the material to an amount equal to the actual necessities of, first, the government's war program, and second, the minimum requirements of the shellac consumers in general. The primary object was to reduce as much as possible the cargo space given over to shellac.

The problem was taken up by the War Shipping Board and the War Industries Board. It became clear that the shellac consuming trade must be classified under three major divisions:—Essential consumers, comprehending those directly related to government work, such as munitions, etc.; less essential consumers, embracing those industries contributing indirectly to products included in war materials; non-essential consumers, into which classification fell manufacturers operating in lines totally divorced from war production.

Questionnaires Employed.

Progress was slow and for a time the trade anticipated total prohibition of import. Each governmental body approaching the problem called for data. A series of questionnaires were issued throughout the spring and summer. In June, after a series of meetings held in Washington and New York, the net result of which so far as constructive program was concerned was nil, the War Industries Board called a meeting at Washington, which resulted in a questionnaire requiring definite answers on the following points:—

1. Stocks held by importers January 1, 1918.
2. Imports shown, by months, from January 1 to June 1, 1918.
3. Disposition made of both stocks and imports by months, showing names to whom distributed and amount to each.
4. Recapitulation of above distribution according to industries.
5. Stocks on hand June 1, in this country, stocks afloat to this country and stocks contracted for abroad for shipment, showing separately the shipments to be made each month.

6. Similar statements to be rendered as soon as possible as of July 1 and each month thereafter.

The crux of the questionnaire appeared in the demand of the War Industries Board for definite information covering the less essential and non-essential uses of shellac.

May-June Shipments.

Earlier in the year—at a conference held at the Merchants' Association rooms in New York—importers had stated that if the government would permit them the receipt of their May-June shipments the stocks then in hand, together with the material coming forward, would allow a radical reduction in receipts at least for several months to come. With this condition confirmed by information in the hands of the War Industries Board, the government did not interfere with the May-June shipments and the shellac importers were in most cases sufficiently far-sighted to take advantage of this. So far as possible, shipments were increased with the result that when the government did move, stocks were in good shape.

Early in August the government's survey of the situation was completed. Action followed quickly in the form of a War Trade Board ruling placing shellac on the Restricted Import List. The order was effective August 15, 1918. Under it licenses to import were granted only in accordance with the following specifications:—

1. Shipments from Canada or Mexico by other than ocean transportation.
2. Shipments from Calcutta, between October 1, 1918, and March 31, 1919, inclusive of a total of not to exceed 5,000 tons.
3. Shipments in vessels of the United States Navy of quantities for military or naval use.

Shipment Questionnaire.

With the announcement of curtailment to 5,000 tons import between the date specified came still another questionnaire. Answers on the following points were required:—

1. Shipments of shellac from January 1, 1914 to August 15, 1918, inclusive.
2. Amount afloat on August 15, 1918.
3. Amount under contract.
4. Stocks as of August 15, 1918.
5. Amount of shellac under sales contract on the same date.

The War Industries Board required this information in order to arrive at a definite understanding as to the physical aspects of the trade with especial reference to their bearing on speculative possibilities and probabilities. Further, the question of allocation of material had arisen. Under the allowed importation of 5,000 tons, some form of allocation was necessary that the essential and less essential consumers might be assured of supplies. With a period of no shipment between August 15 and September 31, 1918, a curtailment to the extent of 3,500 tons was expected to be attained with the aid of the naturally lower state of shipments which had featured the year. The government proceeded to study the situation in view of the necessary allocation of the reduced importations. Importers frankly stated that the amount of shellac permitted was sufficient for all needs if the government allotted it wisely and also permitted imports after March 31, 1918, although the government's order did not extend beyond that date.

Temporary Allocation.

In lieu of a definite plan for allocation, importers were placed under a temporary arrangement during the week of September 9, 1918. The plan was drawn up by the Shellac Importers' Association and tentatively approved by the Washington authorities. Under it, buyers were permitted purchase of shellac on a basis of 50 per cent. of their average monthly purchases for the year 1917. In turn, jobbers were permitted to sell not more than five packages to any customer regardless of how much he had ordinarily purchased. The regulations applied to buyers appearing on

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